



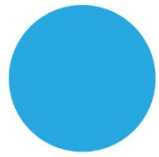
Budget Redesign Staff Report

November 4, 2019



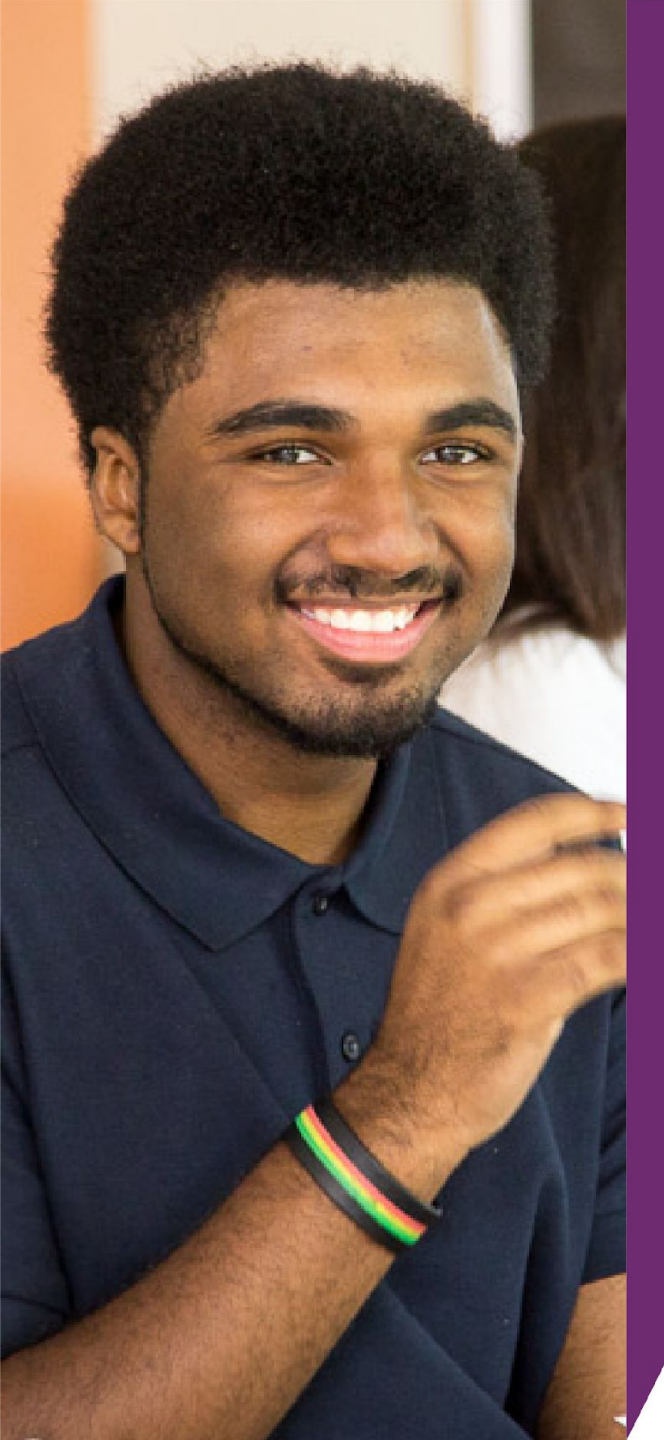


School Finance 101



Summary of Preliminary FY19-20 Budget

Category	General Fund	Building Fund	Child Nutrition	Capital Impv (Bond)	Debt Service	Total
Revenue	\$326,048,841	\$15,006,427	\$25,596,036	\$54,001,000	\$78,111,247	\$498,832,642
Lapsed	\$1,200,000	\$100,000	\$100,000	\$3,000,000	\$0	\$4,400,000
Prior Year Fund Balance	\$28,172,044	\$4,096,850	\$1,224,961	\$9,000,000	\$79,413,255	\$121,906,485
TOTAL REVENUE	\$355,344,359	\$19,203,277	\$26,920,997	\$66,001,000	\$157,524,502	\$624,994,135
TOTAL EXPENDITURES	\$339,488,945	\$18,703,277	\$25,920,997	\$66,001,000	\$157,524,502	\$607,638,721
Ending Fund Balance	\$15,855,414	\$500,000	\$1,000,000	\$0	\$0	\$17,355,414

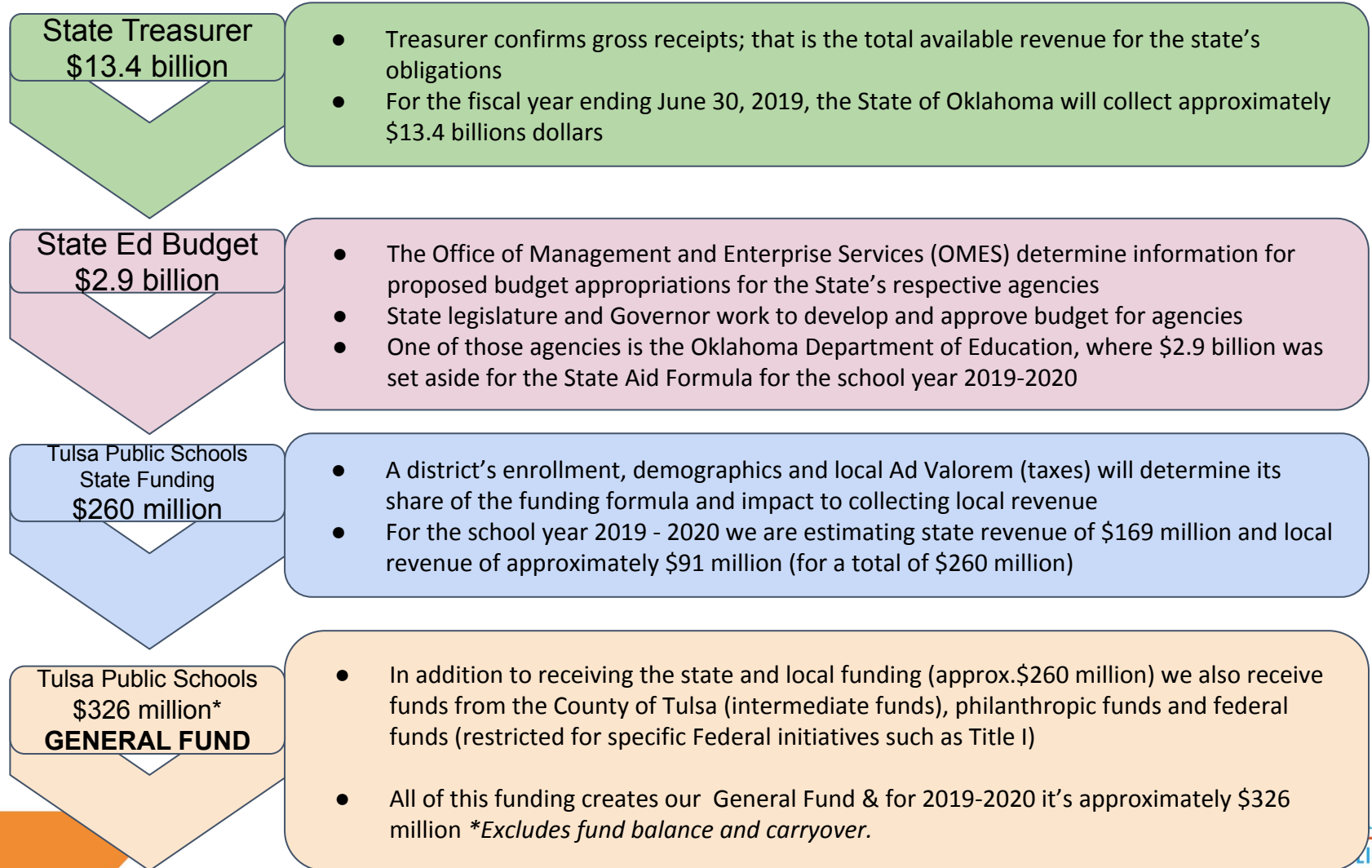


General Fund: State and Local Revenue



State & Local Funding Overview

So how does it all get started for the General Fund?





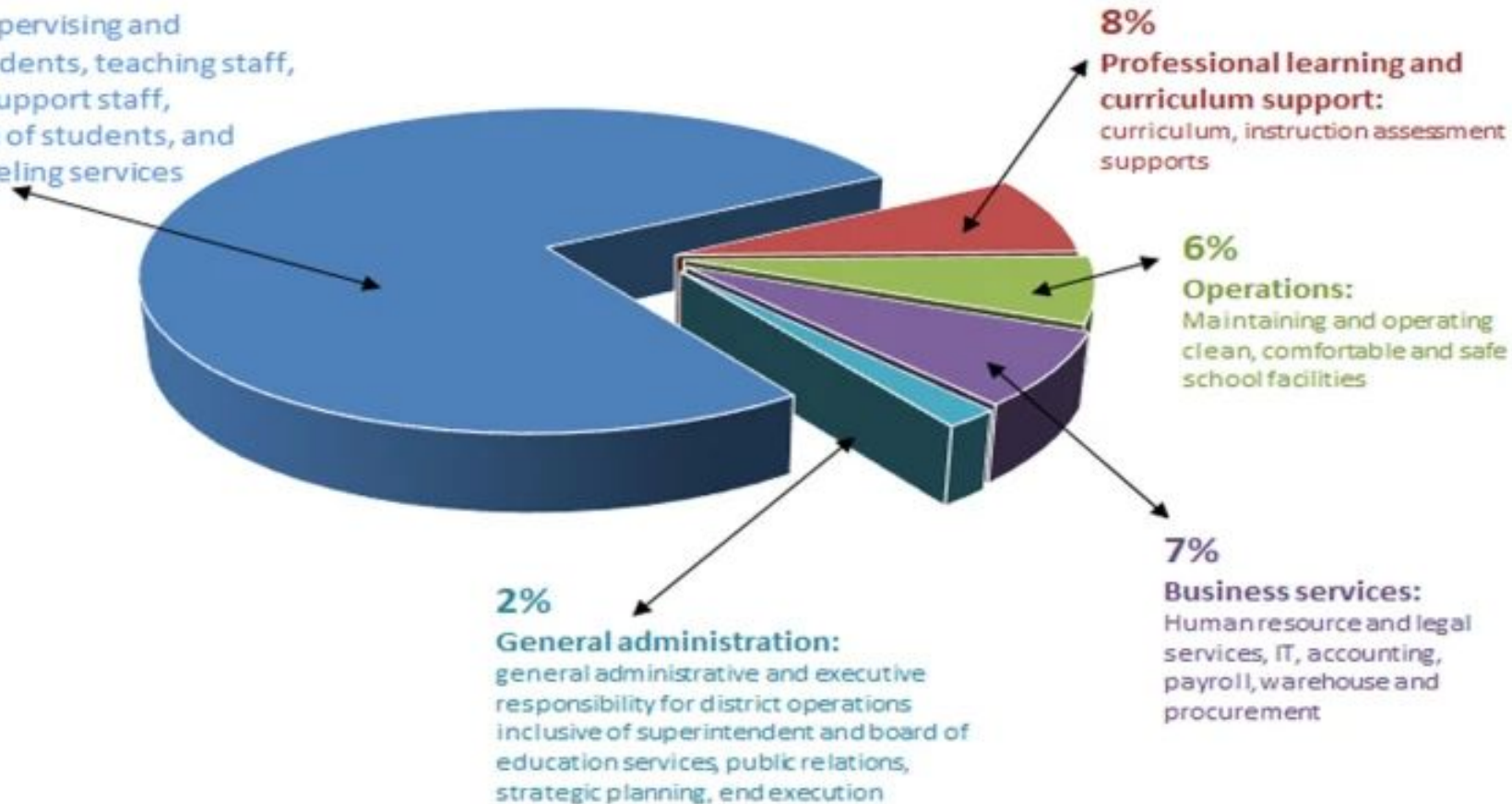
Tulsa Public Schools General Fund

General Fund Preliminary FY 20 Expenditure Budget Where does the money go?

77%

Classroom and school

services: supervising and supporting students, teaching staff, instructional support staff, transportation of students, and student counseling services



8%

Professional learning and curriculum support: curriculum, instruction assessment supports

6%

Operations: Maintaining and operating clean, comfortable and safe school facilities

7%

Business services: Human resource and legal services, IT, accounting, payroll, warehouse and procurement

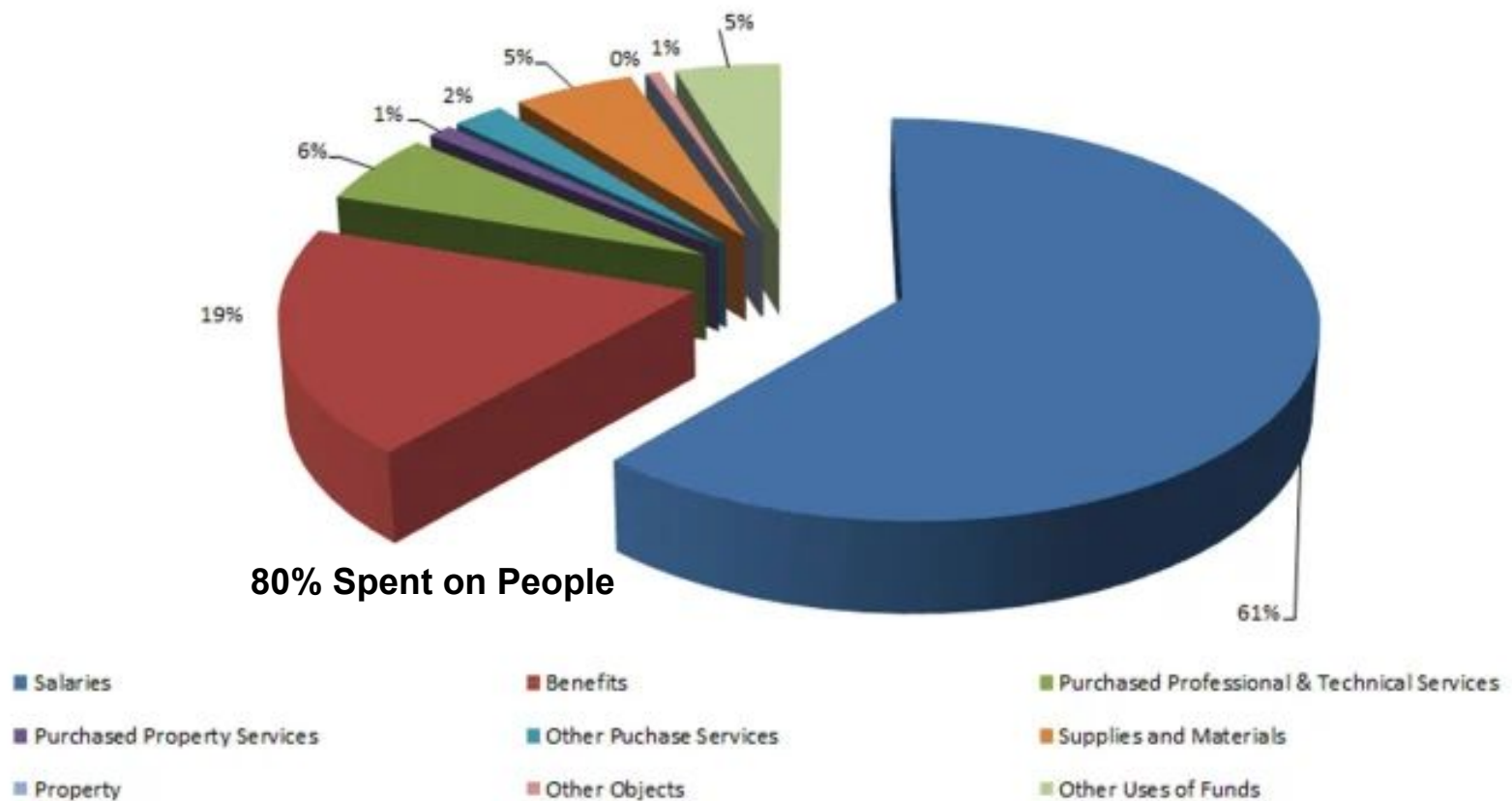
2%

General administration: general administrative and executive responsibility for district operations inclusive of superintendent and board of education services, public relations, strategic planning, and execution



Tulsa Public Schools General Fund

General Fund Preliminary FY 20 Expenditures How are Dollars Spent?





General Fund: The State Aid Formula



State & Local Funding

- Understanding the components of the general fund is important, but as important is understanding how the money makes its way to the school district's general fund
 - A school district's number of students and the demographic composition of the student population determines how much revenue it receives.
- The state aid formula provides funding per student based on weight levels to account for various needs and those whose circumstances may require a greater number of dollars to educate (see appendix for full listing of weights).

State & Local Funding

- Weights are applied to each student depending on grade level, gifted status, bilingual, disability, and if they are economically disadvantaged.
 - This creates the “WADM,” which is the weighted average daily membership.
- Based on the State’s annual education budget, a state aid factor is determined. This factor is a dollar value that is based per student.
 - For the 2019-20 school year, the state aid factor was \$3,592/WADM.

State Aid Example

Taking the weights into account, if Clarisa is a second grader who is bilingual and has a speech impairment, she would generate a weight of 1.651.

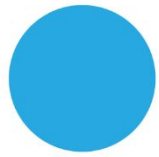
Category	Weight
Second Grade	1.351
Speech Impaired	0.05
Bilingual	0.25
TOTAL STUDENT WEIGHT =	1.651

This weight multiplied against the state aid factor:

$$1.651 \times \$3592 = \$5,930$$

This student generates \$5,930 in state funding.

As a district, the Tulsa Public Schools' weighted average is about 1.6 per student.



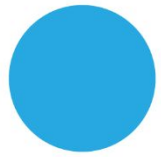
Weighted Average Daily Membership

- As we consider our student population in order to determine revenue for the general fund, the State allows districts to use:
 - the highest of our two previous year ends' weighted enrollment (WADM), or
 - the current year first quarter weighted average daily membership.
 - Districts select the higher count because it provides for more revenue.
- For the 2019-20 school year, we will be using the 2017-18 year end WADM of 62,113.
 - Our current WADM is approximately 61,267



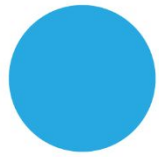
General Fund: The equalizing effect





Chargeables

- The Oklahoma state education funding formula takes into account a school district's local and county taxes (e.g. ad valorem, vehicle tags) and deducts that from its state funding - these deductions are known as chargeables.
 - This means the more a city or county contributes to schools (for example, through increase property values, new businesses or construction), the less it receives from the State.
- The goal behind the chargeables is to equalize the formula and assist school districts in rural areas or where their ability to collect local and county taxes is minimal.



Chargeables

- Because a school district with larger local and county revenue receives less in state aid funding, it therefore leaves more funding available at the State level to distribute to school districts with minimal local and county revenue.
- However, for a district like Tulsa Public Schools, it makes it difficult for the city and county government to propose funding measures to support the school district. If new revenue is generated, then it is offset at the State level and doesn't actually result in an increase in funding for the district.

Chargeable	% Against State Aid
Ad Valorem Taxes	100%
County 4-mill	75%
School Land Earnings	100%
Gross Production	100%
Motor Vehicle Taxes	100%
REA Tax	100%

Chargeables “equalize” the formula.

The Equalization Effect Example

- If we project that weighted average daily student membership will be 62,113 and the State Aid Factor to be \$3,592 (therefore $\$3,592 \times 62,113 = \223 million)
- **AND** if the applicable local and county revenues (chargeables) that Tulsa Public Schools projects to collect are approximately \$120 million, then...
- We would have general fund revenue of (\$120 million + \$223 million) = \$343 million!!!
...But because of chargeables, that's not the case :-)

The Equalization Effect Example

- Our state aid of \$223 million is reduced by the local collected amount of \$120 million.
- Therefore, the state aid actually received is closer to \$100million not the combined \$343 million.
- Ultimately, instead of receiving the full state aid factor revenue AND the local & county revenue we receive a reduced amount.

Fund Balance

- Now that we know about the sources of revenue that make up the general fund, what happens to the funds that are not spent?
- Once the school year is over, there is usually a balance of funds that are not encumbered (i.e. not an obligated expenditure).
- This could be for a variety of reasons such as fuel costs being less than budgeted, vacancy savings because an employee was hired mid-year, vendors providing services at a discount, etc.
- These unspent (unencumbered) funds carry over to the next year which creates a fund balance.



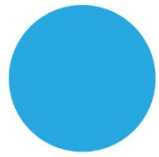
Fund Balance

- Because the district does not receive all of its revenue in a consistent cycle that matches the spending cycle, we need money in the bank to pay bills before the next infusion of revenue is received.
 - State aid is sent to us monthly August through June.
 - Almost 97% of ad valorem taxes are collected between January 1 and June 30
 - Around 85% of federal reimbursements are collected between January 1 and June 30



The Deficit





What reductions have we already made?

Year	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Amount	-\$3 million	-\$11 million	-\$7.2 million	\$0	-\$1.2 million
Reductions	Adjustments to funding sources for staffing	102 positions cut from district office Changes to school staffing plan and bell-times Reductions in athletic programming	28 positions cut from district office Reduction in custodial expenses School closures and consolidations	To stabilize our district after three years of cuts, we used \$4 million from our fund balance to fill our budget gap.	Reduction in general operating expenses

\$22 million
in district cuts from 2015-2020



What are we working to prevent?

In order to prevent a \$20 million deficit in 2020-2021, we must make incredibly difficult decisions that may impact a range of programs, services, and supports across our district.

2018-2019

We used **\$4 million** from our fund balance.

2019-2020

We will use **\$13-\$17 million** from our fund balance.

2020-2021

We will have a deficit of **\$20 million.**

We must make structural changes to our budget so that we can continue to invest more equitably and efficiently despite our challenges.



What are we working to prevent?

2018-2019

We used **\$4 million** from our fund balance.

2019-2020

We will use **\$13-\$17 million** from our fund balance.



2020-2021

We will have a deficit of **\$20 million**.

Why \$13 to \$17?

The Oklahoma School Budget Act requires us to submit a preliminary budget before June 30th (annual routine process). At that point the fiscal year has not ended and our accountants don't do a "hard close" until closer to October. Therefore we submit our approximation in June, understanding that there may be revenue fluctuations and expenditure fluctuations. For FY20 (the current year) we estimated expenditures above new revenue (i.e. the need to use the fund balance as):

- Carry over approximately \$4million from last year
- Approximate increase of \$5million in operating costs (step and salary increases, contract increases)
- Loss of approximately \$7.5million in student aid

But we also understand that this is an estimate and there are underspends/unfilled vacancies and in the the winter the state provides a mid-year adjustment.

Ultimately resulting in another (routine) annual requirement by the Oklahoma School Budget Act that mandates school districts to submit a mid-year adjustment to the budget and we do this in the March time frame. At that point we'll have an updated estimate of our progress.



What are we working to prevent?

2018-2019

We used **\$4 million** from our fund balance.

2019-2020

We will use **\$13-\$17 million** from our fund balance.

2020-2021

We will have a deficit of **\$20 million.**



Why \$20million?

For the record we are NOT ALLOWED to submit a negative budget. The Oklahoma School Budget Act requires us to submit a balanced budget. But the approximate \$20million represents the expenditures above our projected revenue if we did nothing to adjust our expenses.

- Carry over approximately \$14 to \$17 million from last year
- Approximate increase of \$5million in operating costs (step and salary increases, contract increases)
- Projected loss of approximately \$1.5million in student aid for FY2020-2021

There is also a dynamic here regarding the fund balance. If we dip into our fund balance this current year AND it goes below our cash-flow needs, we may need to increase reductions to replenish it and support cashflow (currently need about \$20million for cashflow and current balance is about \$30million)



What are we working to prevent?

Another way to think about it...

If standard salary & benefit increases for the district are approximately \$3.5million per year and if we project that on average the per pupil funding is close to \$8,700*, then...

- to keep up with salary expenditures we need to grow by about 400 students a year
 - Approximately 5 new students to Tulsa Public Schools at each one of our 75 schools or
 - Approximately 8 new students to Tulsa Public Schools at each one of our 49 elementary schools
- critical for the State to continue to fund education because if enrollment holds steady, costs will still go up (i.e. no increase in state aid is akin to a cut!)

**There could be some variation based on student weights, the state aid factor and census data*









Schools & Distribution of Resources





Fixed Costs & Investments


But that other district _____ can do _____ !

Principal Assistant Principal \$175,000	Principal Assistant Principal \$175,000	Principal Assistant Principal \$175,000
		
Student Enrollment 550	Student Enrollment 550	Student Enrollment 550

Principal Assistant Principal \$175,000	Principal Assistant Principal \$175,000	Principal Assistant Principal \$175,000
		
Student Enrollment 550	Student Enrollment 550	Student Enrollment 550

Administrative Investment =
\$1,050,000
Total Students = 3,300
Per Pupil Expenditure = \$318

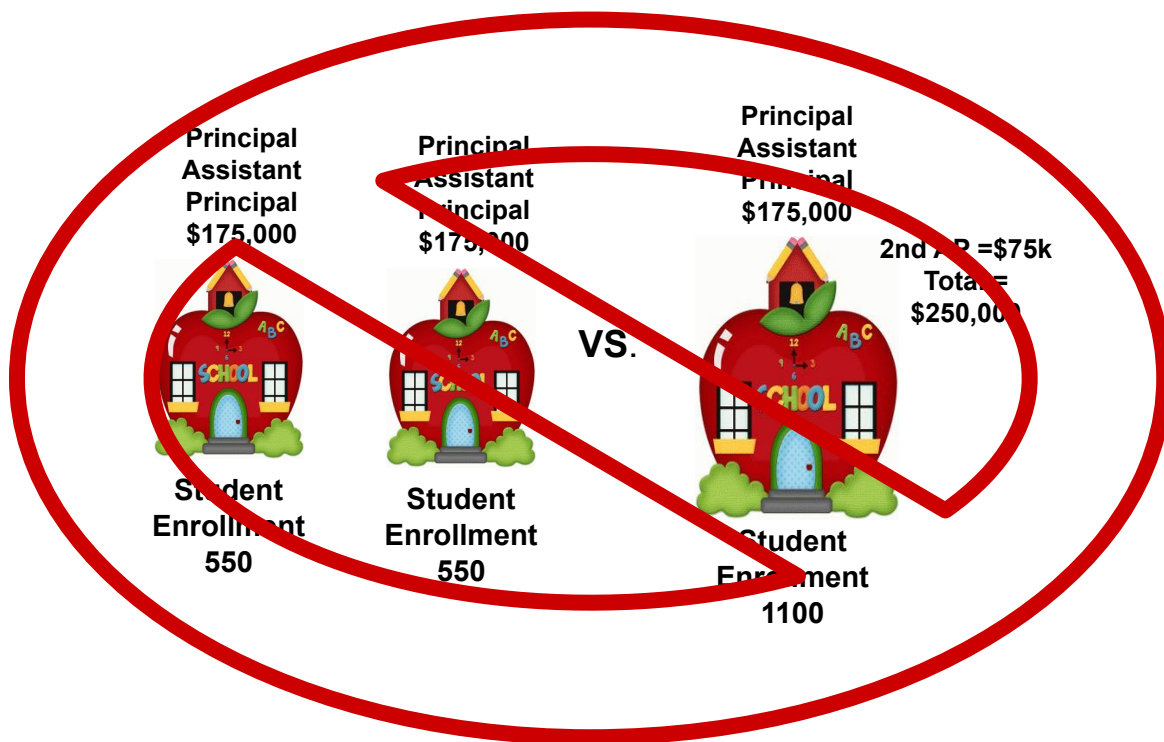
Principal Assistant Principal \$175,000	Principal Assistant Principal \$175,000
	
2nd AP = \$75k Total = \$250,000	2nd AP = \$75k Total = \$250,000
Student Enrollment 1100	Student Enrollment 1100

Principal Assistant Principal \$175,000

2nd AP = \$75k Total = \$250,000
Student Enrollment 1100

Administrative
Investment =
\$750,000
Total Students =
3,300
Per Pupil
Expenditure =
\$227

\$300,000
available for
other needs

Fixed Costs & Investments



- This isn't about small schools vs large schools, small schools have amazing benefits!
- But rather grounding in the math. Non strategic reductions, don't impact this dynamic and it is further exacerbated in a declining enrollment environment.
- Then there is the facility reality, if we wanted larger schools we don't have many large buildings
- We need to work towards finding the right balance between the operational strategy, the instructional strategy and the math.



Tulsa Public Schools Staffing Plan

What is its purpose?

- Tulsa Public Schools uses a staff allocation model to distribute resources to schools and this is primarily accomplished via a staffing plan. The first formalized staffing plan was approved in school year 2001-2002.
- The goal of the staffing plan is to document the criteria or formula used to allocate administrative, teaching, clerical, and other positions funded with unrestricted district dollar for all school sites.
- This staffing plan results in schools having consistent expectations across the district.
 - It does provide supplemental allocations to support some schools' unique programmatic needs.
- Title I provides additional differentiated funds based upon a school's poverty level.
 - Funds are used to support students as identified in the school's Title I plan and can be used to purchase additional allocations (e.g. Academic Engagement Teacher, reading interventionist, or teacher assistants).



Tulsa Public Schools Staffing Plan

What happens after the plan is approved?

- Principals have the flexibility to convert allocations earned for one purpose into something to be used for another purpose that may better serve the students of the school or more closely align with the instructional plan
 - For example, a school can convert a counselor to a dean, or a teacher to 3 teacher assistants.
- Schools are given an initial allocation sheet late winter/early spring along with several other data inputs so they may plan for the upcoming school year



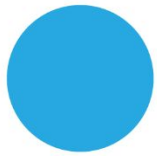
Tulsa Public Schools Staffing Plan

What formula is used to determine number of classroom teachers for elementary schools?

- Currently, elementary classroom teacher allocations are based upon number of students in each grade. For secondary schools it is based on the populations for the entire school.
- The following is an excerpt from our 2019-2020 [staffing plan](#) for the distribution of general elementary school teachers. These allocations are not inclusive of enrichment allocations.

Grade	Student Count Range	Allocations
Kindergarten-3 rd Grade	<27	1
	27-52	2
	53-78	3
	79-104	4
	105-130	5

School	Student Count (per Grade)	Allocations (per Grade)	Teacher Student Ratio
School A	28	2	14
School B	53	3	18
School C	78	3	26
School D	80	4	20



Tulsa Public Schools Staffing Plan

What formula is used to determine number of classroom teachers for elementary schools?

- Let's Focus on School D

School	Student Count (per Grade)	Allocations (per Grade)	Teacher Student Ratio
School D	80	4	20

- Because every school is different, school leaders can exercise discretion to accommodate their school's needs
- In an situation like School D, this a school leader could potentially:
 - Keep 3 teacher allocations, thus class ratios of 27 and
 - Use the 4th allocation to increase Enrichment (e.g. P.E. Art teacher) or convert to 3 teacher assistants, or trade for a Dean, etc. or other strategic uses
- Although the staffing plan provides resources based on specific ratios, it still provides for some flexibility for school leaders to design with

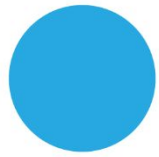


How does the math play out?



Staffing Plan Dynamics - Ratio/Average

- The ratio of 16 students to 1 teacher was calculated by dividing the number of Tulsa Public School certified teachers that are active and have students in their classroom(s) by the total of currently enrolled students in Tulsa Public Schools.
 - Using October 4th numbers, this translates to 2,272 teachers divided by 35,706 students for a ratio of 15.7. This includes teachers in very small “classes” like self-contained special education classes and special education teachers, psychologists and other certified staff at a school who “push in” to classes and may not have a class assigned to them.
- The average class sizes were calculated by rank ordering all classes with students of 10 or more and reporting the middle point that separated the top 50% classes in terms of size from the bottom 50% classes in terms of size.
 - This number was 20 for kindergarten, 21 in elementary and 24 for secondary. This calculation excludes teachers who do not have a class assigned to them and teachers with very small classes (which are typically classrooms serving special student populations).



Staffing Plan Dynamics - Ratio/Average

- Using a different methodology to estimate average class sizes would have been to use the mean. That methodology results in very similar numbers: 21 in kindergarten, 21.3 for elementary, and 23.5 for secondary.
 - If we include only core classes (i.e. math, science, ELA, social studies), then the average/median class sizes stay the same at elementary but go up by about 3 for secondary.
- **It is important to note that averages are just that: they describe a statistical mean or median, which does not necessarily reflect the experience of every teacher and student in our schools and classrooms. Those experiences are distributed along a range of classroom sizes.**

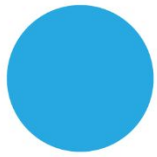


Staffing Plan Dynamics - Range

The range in class sizes is due to our staffing plan. For example, if a school has 32 5th graders, they'll have one 5th grade class of 32 kids. If they have 33 5th-graders, they'll have two 5th grade classes of 16 and 17 kids.

What are current class sizes in the district?*

- **90%** of elementary school classes have **26 students** or less
- **95%** of elementary school classes have **28 students** or less
- **90%** of secondary school classes have **32 students** or less
- **95%** of secondary school classes have **35 students** or less.
- **1.4%** of secondary school classes have more than **40** students.

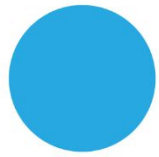


Tulsa Public Schools Staffing Plan

In this example, an elementary school lost 37 students, but its teacher allocations did not decrease since the changes were in individual grade levels. Those changes at the individual grade level are still in line with the respective student ratio per the staffing plan.

Grade	Projected Student Count	Allocations	Actual Student Count	Allocation	Change in Student Count
Pre-K	20	1	20	1	0
Kdgn	50	2	35	2	15
1st	49	2	42	2	7
2nd	45	2	39	2	6
3rd	51	2	49	2	2
4th	50	2	45	2	5
5th	42	2	40	2	2
Total	307	13	270	13	37

Approximately a \$300k loss in revenue, but no offsetting expenses. In essence, the staffing plan provides a subsidy in order to hold the school harmless, but nonetheless, that \$300k has to come from somewhere else (fund balance, district office reductions, etc.)



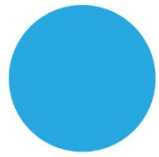
Staffing Plan Dynamics

Between FY17 and FY19	Weighted Staffing Plan Ratio	Projected Reduction of Reg Ed Teachers	Actual Reduction
1,553 Reduction in Elementary Students	28	55	12

- A reduction of 1,553 elementary students represents approximately \$12million dollars in loss revenue
- One would assume that a correlating decline in expenditures would also occur
 - 55 less teacher allocations thus about \$2.5million less expenditures
- However, with an actual reduction of 12 allocations, that translated closer to \$500k in reduced expenditures that are associated with teacher allocations
 - Therefore an additional investment of almost \$2million into the staffing plan
 - Another way of thinking about it is, \$2million in savings needed to be found somewhere else (e.g. central office, school closures, use of fund balance, etc.).

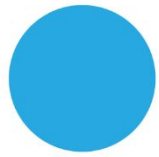


Dynamics of Our Public School System



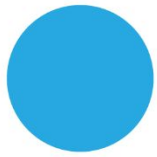
What is the context in which our students are learning and growing?

Neighborhood Factors	How does this impact Tulsa Public Schools students?	What does this mean for our larger Community?
Mobility	2 out of 10 students experience mobility during the school year	Tulsa has the 11th highest eviction rate in the country
Life Expectancy	9 out of 10 students live in neighborhoods with life expectancy below the national average	Oklahoma has the fourth lowest life expectancy at birth in the nation
Trauma & Economic Hardship	3 out of 10 students live in neighborhoods with median household incomes below \$30,000	Oklahoma has the largest percent of youth with 3 or more adverse childhood experiences
Education	9 out of 10 students live in neighborhoods where fewer adults have a college degree than the county average	Only 1 out of 4 adults in Oklahoma have a bachelors degree or higher
Community Access	4 out of 10 students live more than a mile away from a grocery store with fresh produce	Oklahoma has the 7th highest rate of child food insecurity



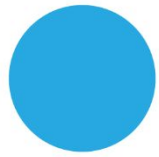
How are we supporting students as they navigate those challenges?

- Intentional focus around relationships, relevance, and rigor in learning experiences, with strong adult/student relationships as foundational to student achievement;
- Integration of social emotional learning across grade levels and disciplines to help students learn to identify and cope with their emotions, solve problems, and resolve conflict productively;
- Continued partnerships with community organizations to provide social services, mental health supports, and expanded access to out-of-school time learning opportunities and support services.



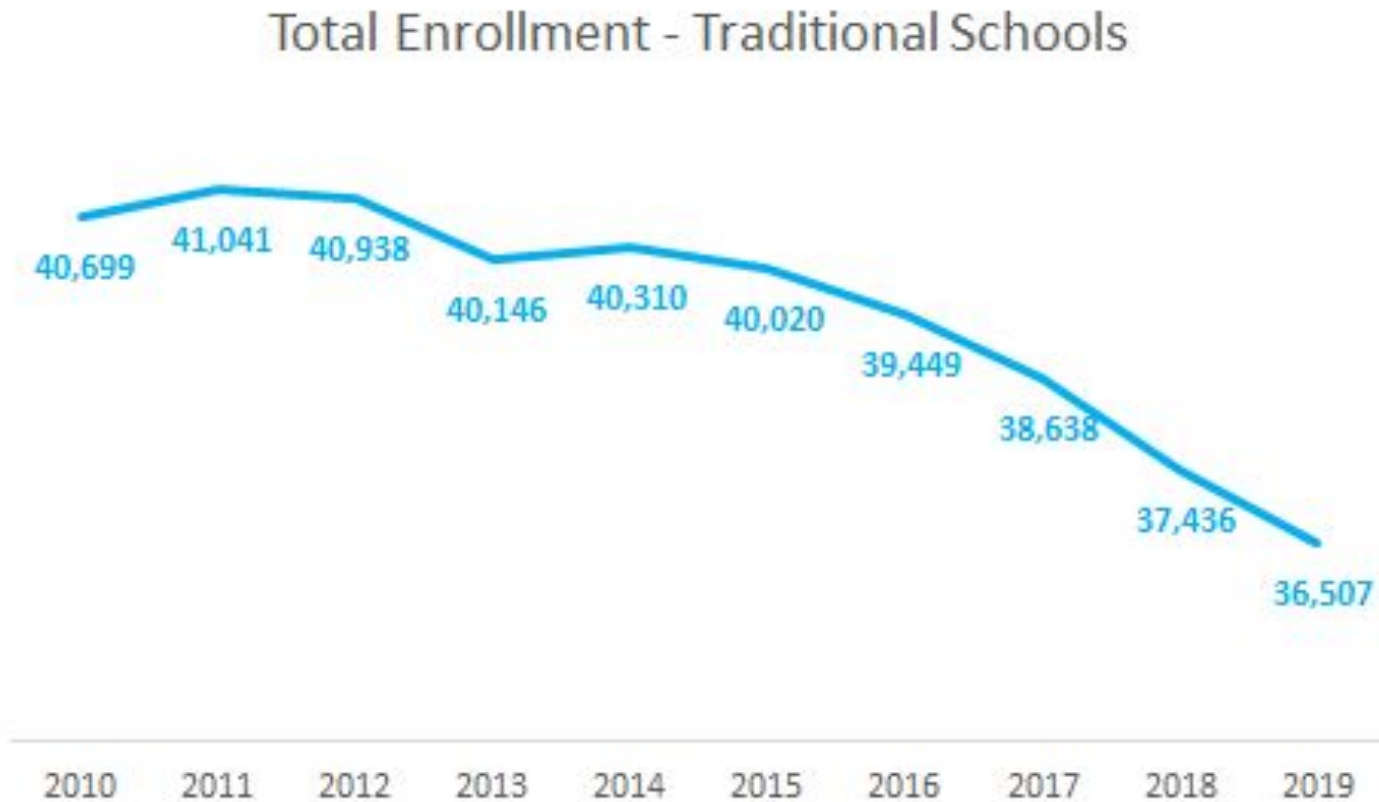
What makes Tulsa different from area suburban districts?

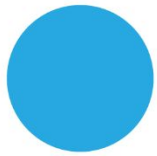
- District size
 - We are geographically larger than suburban district - our district is 173 square miles,
 - Our bus drivers cover more than 13,000 miles each day transporting students to school; and
 - Student transportation carries a cost of approx. \$10 million annually.
- Needs of our student population
 - Our student population include 19% students with disabilities and 22% multilingual learners, and these groups require additional supports.
- District design
 - Our district is designed around neighborhood schools: we have 49 neighborhood elementary schools, 10 neighborhood junior high/middle schools, and 9 neighborhood high schools.
 - The small neighborhood schools design becomes challenging as neighborhood demographics change over time



What are Tulsa's enrollment trends?

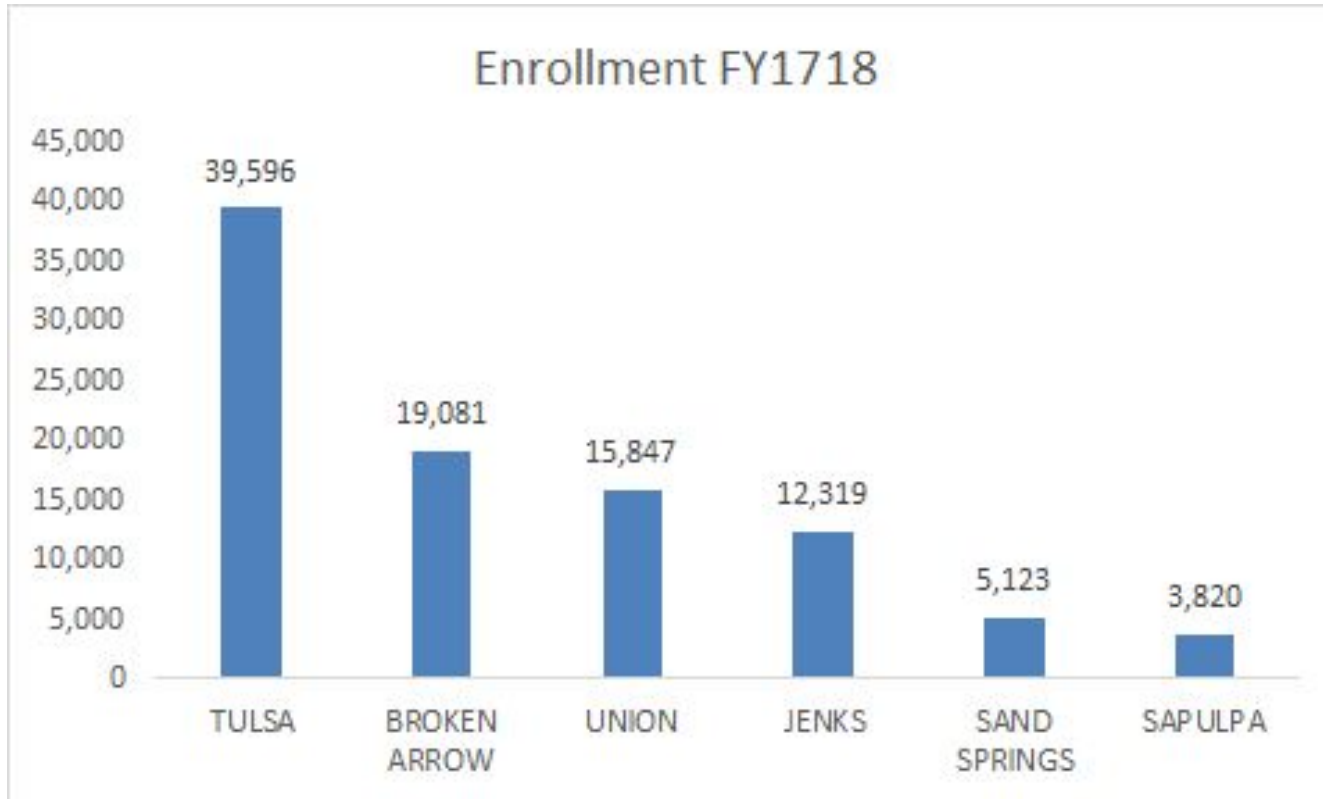
We know the enrollment in neighborhood schools has been declining...





Tulsa Area Public Schools Enrollment Comparison

Tulsa Area Public Schools Enrollment Comparison

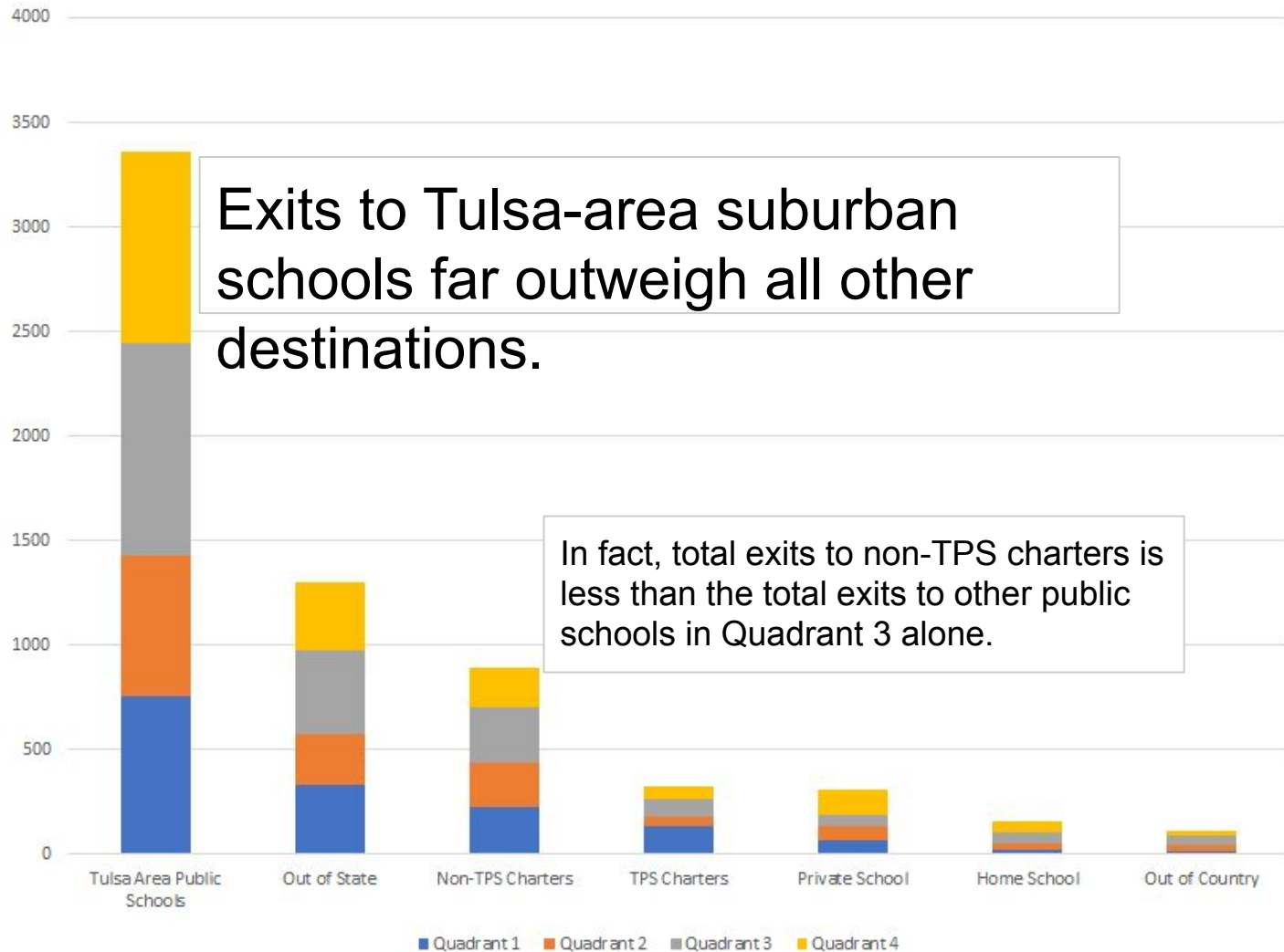


If all of the students who ever transferred from TPS to Union stayed through the 17/18 school year, then 28% of Union's enrollment are former TPS students.

State enrollment counts are reflective of October membership reports



Exits by Destination/Quadrant



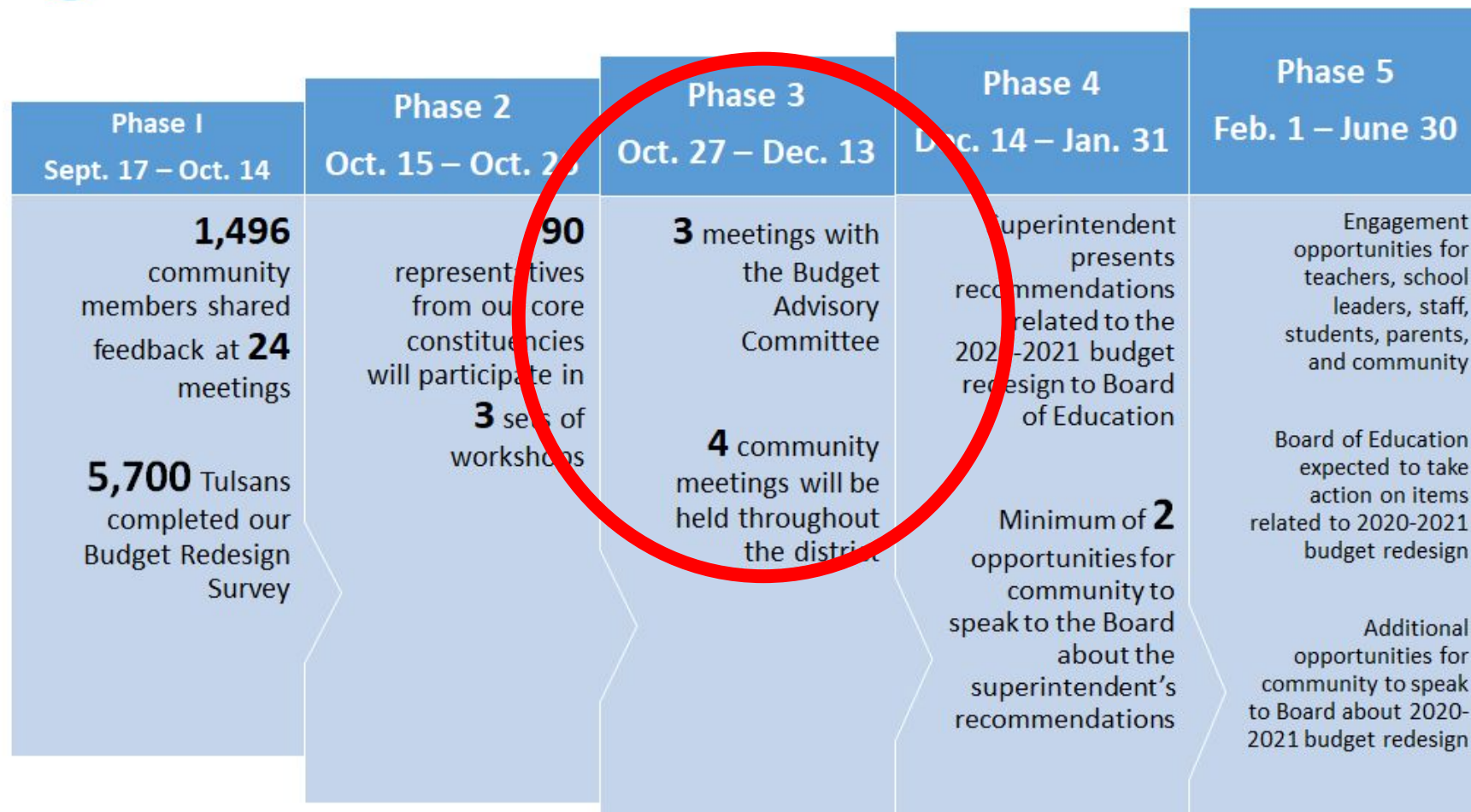


What's Next?

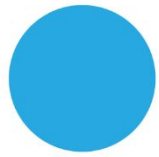




Where are we in the budget redesign process?



Ongoing engagement with school leaders, teachers, staff, community, and Board of Education



How are we developing potential reduction scenarios?

Stakeholder Engagement

- Board engagement
- Community meetings
- Community survey
- Small group meetings
- School leader conversations
- Media interviews
- One-on-one and group conversations

Fiscal Assessments

- Catalogue district initiatives
- Investment interviews
- Understand alignment to strategic priorities
- Estimate multi-year fiscal & strategic requirements
- Assessing services at district office (optimizing/eliminating)

We work to identify reductions that are **furthest away from the classroom** - starting with the district office.



When and where are our next community meetings?

B U D G E T R E D E S I G N

COMMUNITY MEETINGS



MONDAY, DEC. 9

5:30–7 P.M.

**MCLAIN HIGH SCHOOL
FIELDHOUSE**

Spanish interpretation services available.

TUESDAY, DEC. 10

5:30–7 P.M.

**MEMORIAL HIGH SCHOOL
GYMNASIUM**

Spanish interpretation services available.

WEDNESDAY, DEC. 11

5:30–7 P.M.

**EAST CENTRAL HIGH SCHOOL
GYMNASIUM**

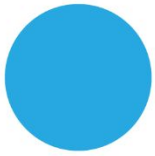
Spanish interpretation services available.

THURSDAY, DEC. 12

5:30–7 P.M.

**WEBSTER HIGH SCHOOL
ALLEN FIELDHOUSE**

Spanish interpretation services available.



Discussion