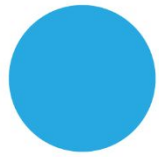




# **Fiscal Year 2020-2021 Preliminary Budget**

**June 18, 2020**





# Goals for Tonight

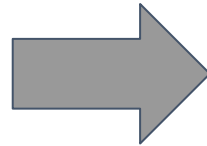
- 1) Update to the current fiscal year (2019-20)
- 2) Summary of new fiscal year 2020-21 Budget
- 3) A closer look at the new fiscal year 20-21 General Fund
  - And 2020-2021 School Year Budget Planning

**We are adapting our budget plan to the COVID-19 reality**

## **Shape Our Future Budget Redesign (Pre-COVID-19)**

In Fall 2019, we engaged the community in a budget process to shape a resilient, sustainable future for our students.

*Tonight, we will ground in the Pre-COVID-19 budget proposal to build shared understanding...*



## **Shape Our Future & COVID-19 Planning**

Now, we must adapt our budget plan to support the COVID-19 reality.

*...And we will focus our time and discussion on the path forward for COVID-19 budget planning*



But First, Current Year (FY19-20) Update





# Status of the current fiscal year 2019-2020

- Similar to any large organization, there are two overarching themes which impact the budget:

## Revenue and Expenses

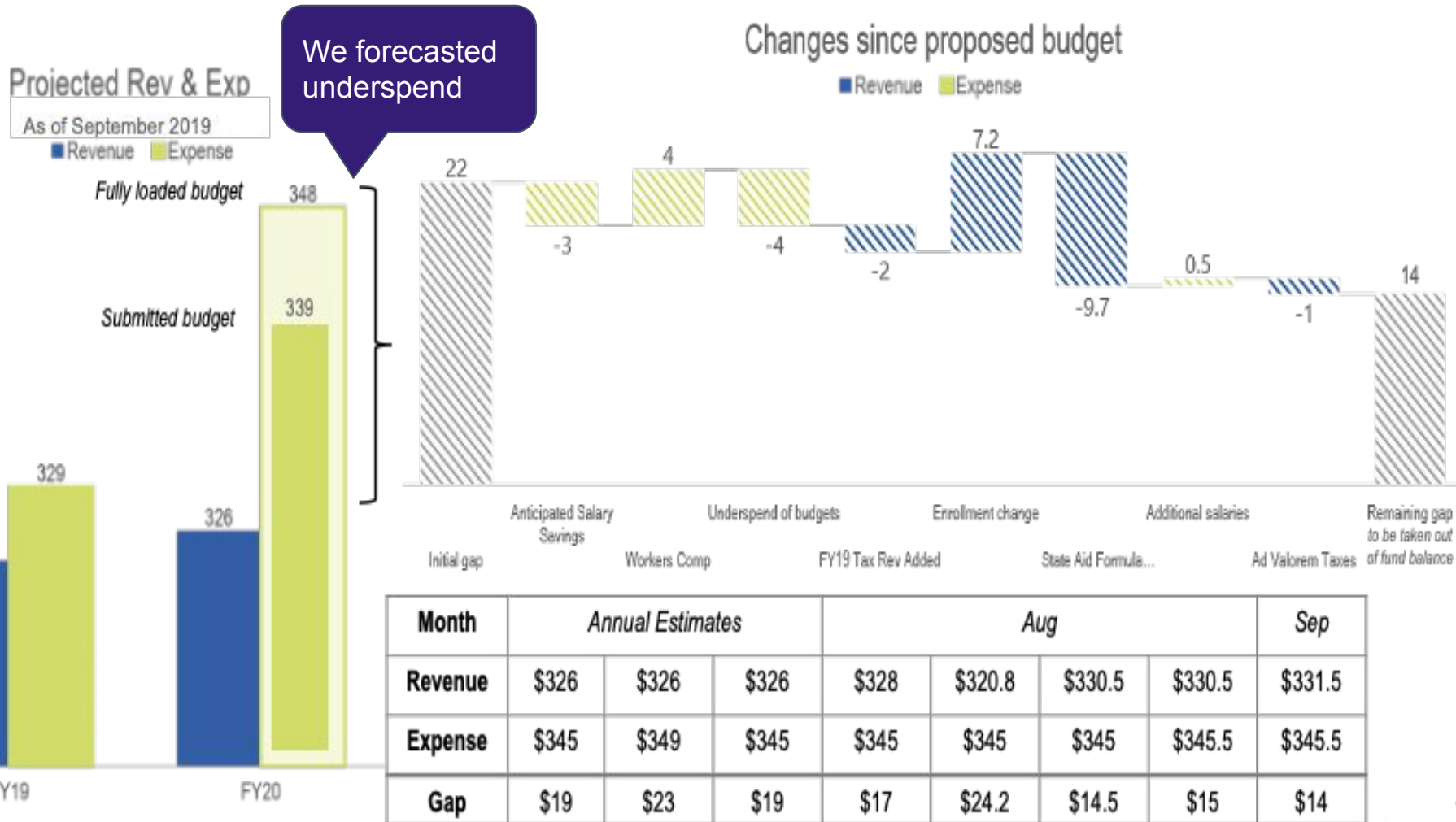
- We forecast revenue primarily on student enrollment and property taxes.
- We forecast expenses primarily based on hiring trends and previous years of underspend.
  - Underspend is when not all of a budget is spent; i.e. the expenditure rate is below what was originally forecasted to build the budget.
  - The expenditure rate can be impacted for a variety of reasons, but general trends do materialize over time.

# Status of the current fiscal year 2019-2020

- Although there may be trends we can account for, there are also unexpected activities and situations that impact the budget. Therefore, we can't predict with 100% accuracy.
- When building the budget for the current year, we are using available data from spring of the previous year; hence why it's the Preliminary budget.
- As the year progresses, we track and update these events and, in the spring of the each year, submit a mid-year adjustment to account for many of these changes.

# Status of the current fiscal year 2019-2020

Trend towards Fall:



# Status of the current fiscal year 2019-2020

Trend towards Winter:

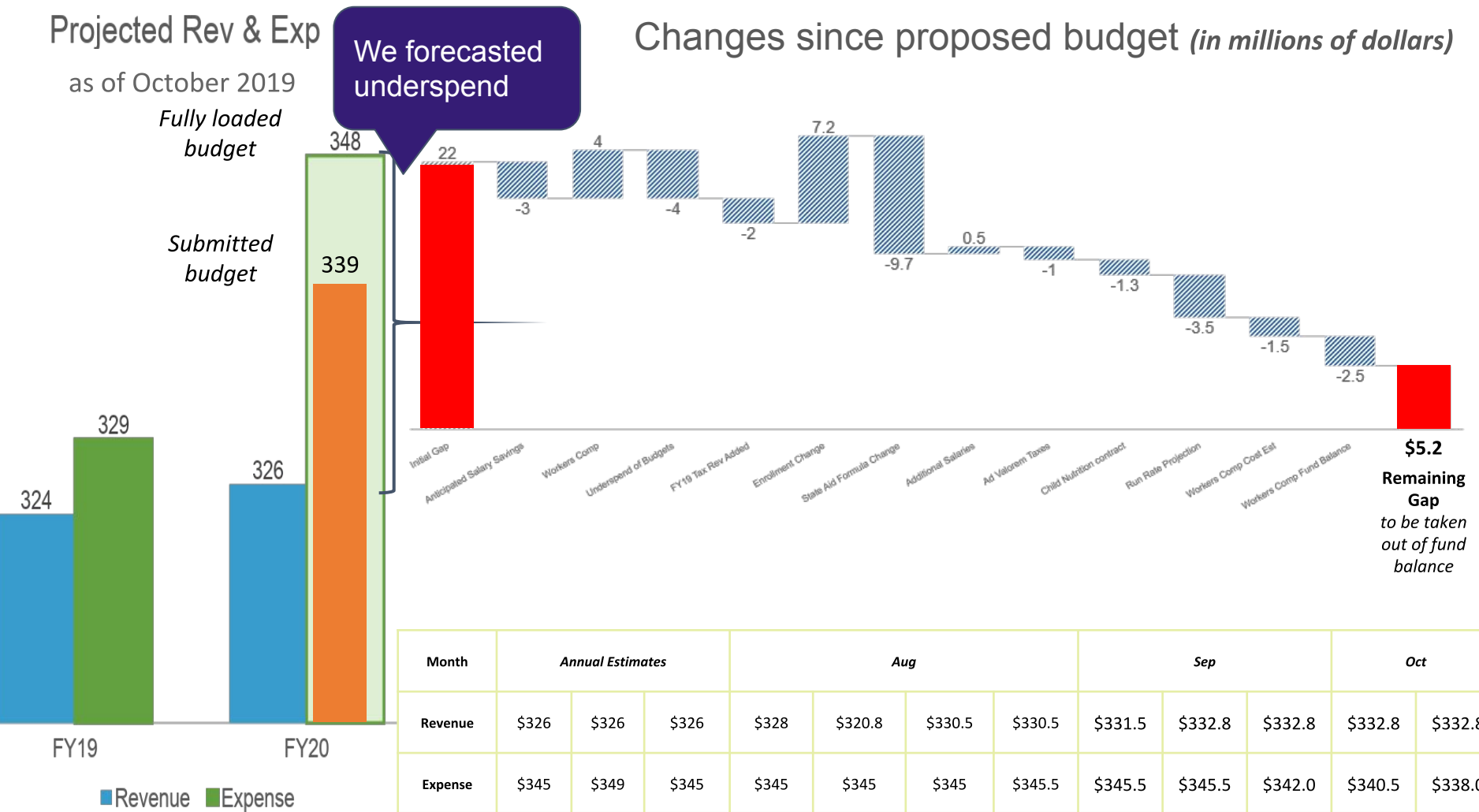
Projected Rev & Exp  
as of October 2019

Fully loaded  
budget

Submitted  
budget

We forecasted  
underspend

Changes since proposed budget *(in millions of dollars)*



Month	Annual Estimates			Aug				Sep			Oct	
Revenue	\$326	\$326	\$326	\$328	\$320.8	\$330.5	\$330.5	\$331.5	\$332.8	\$332.8	\$332.8	\$332.8
Expense	\$345	\$349	\$345	\$345	\$345	\$345	\$345.5	\$345.5	\$345.5	\$342.0	\$340.5	\$338.0
Gap	\$19	\$23	\$19	\$17	\$24.2	\$14.5	\$15	\$14	\$12.7	\$9.2	\$7.7	\$5.2

# Status of the current fiscal year 2019-2020

Trend leading into Spring:

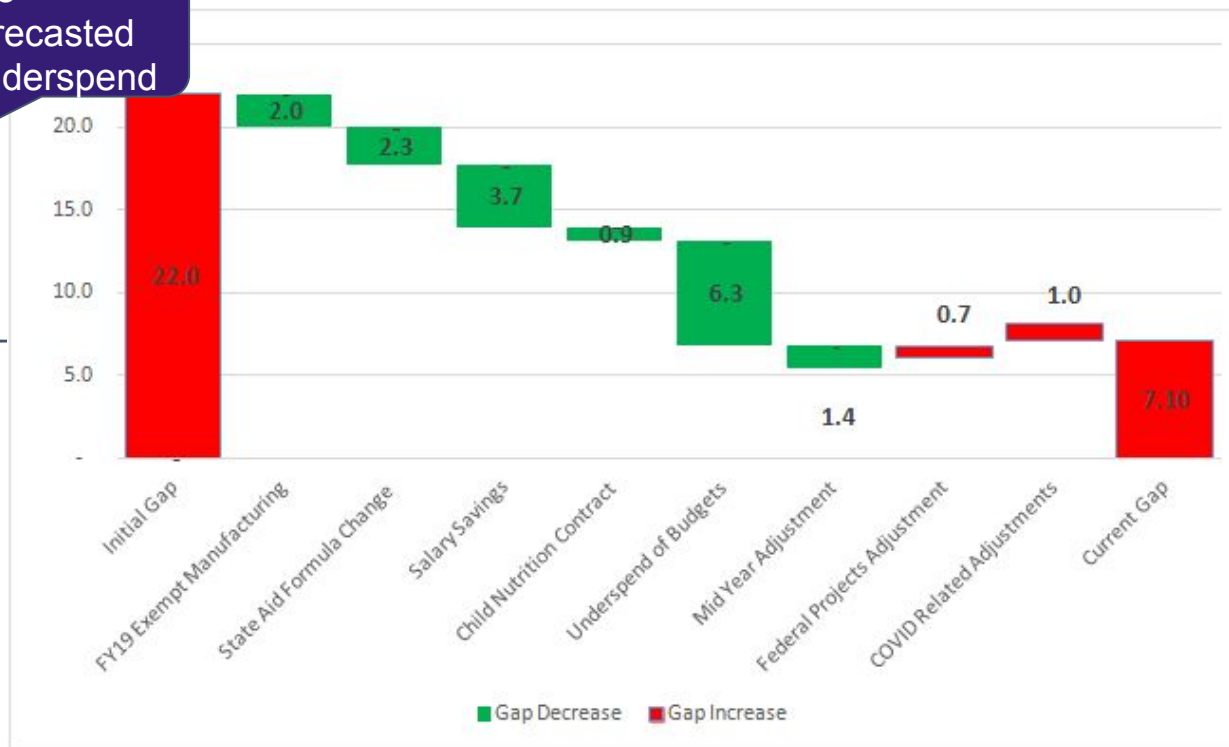
Projected Rev & Exp  
as of July 2019

Fully loaded  
budget

Submitted  
budget

We  
forecasted  
underspend

Changes since proposed budget as of March 2020



Remaining  
Gap  
to be taken  
out of fund  
balance

324

329

326

348

339

FY19

FY20

Revenue Expense

Rev	\$326	\$328	\$330.3	\$330.3	\$331.2	\$331.20	\$332.6	\$332.6	\$331.1
Exp	\$348	\$348	\$348	\$344.3	\$344.3	\$338.0	\$338.0	\$338.7	\$338.2
Gap	\$22.00	\$20.00	\$17.70	\$14.00	\$13.10	\$6.80	\$5.40	\$6.10	\$7.10

# Status of the current fiscal year 2019-2020

Trend leading into June:

Projected Rev & Exp  
as of July 2019

Fully loaded  
budget

Submitted  
budget

We  
forecasted  
underspend

Changes since proposed budget





# Status of the current fiscal year 2019-2020

## In Summary:

- The fully loaded budget projected use of approximately \$22 million of the fund balance, however, based on historical trends we projected approximately \$9 million of underspend in the preliminary budget, resulting in an estimated use of approximately \$13 to \$14 million from the fund balance.
- As the year progressed, we tracked the fluctuations in revenues and expenditures, and the major highlight is there was close to \$16million in underspend primarily from:
  - Vacancies approximately \$10million
  - Operational underspend approximately \$4million
  - Estimating \$2million in additional COVID related underspend
  - Net result will be minimal change to our fund balance and remain close to approximately \$30million
    - We need approx.\$19million to maintain healthy cash-flow
  - The fund balance which will play a key role into FY21 & FY22 (i.e. next two years) contingency planning



## Fiscal Year 2020-2021 Overview





# District Budget Planning Cycle

## February - April

- District initiates budget planning for upcoming year
- Board approves Budget Amendment for current year

## December - January

- District Assesses Enrollment and WADM trend for upcoming year
- District receives mid-year state aid allocation for current year

## April - May

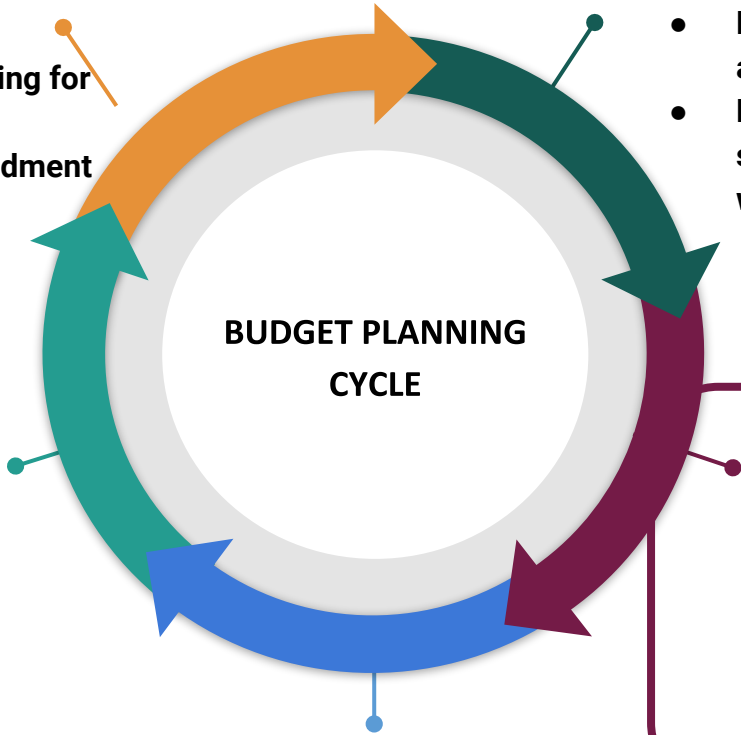
- Legislature passes bills to appropriate funds for next year
- District assessing site and school budget requests along with staffing plan for next year

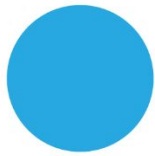
## June

- Board approves Prelim Budget for coming year.
- Budget also includes estimated actuals for current year

## September - October

- District Assesses Enrollment and WADM trend for current year





# The Funds Behind the School Budget

Fund	Purpose	Primary Sources of Revenue
General Fund	General operating expenses that are noncapital in nature	<ul style="list-style-type: none"><li>• State Aid (unrestricted)</li><li>• Ad Valorem (unrestricted)</li><li>• Federal (restricted)</li><li>• Flexible Benefit Allowance (restricted)</li><li>• County 4 Mill</li><li>• Philanthropic Grants and Contributions (restricted)</li><li>• Motor Vehicle (unrestricted)</li></ul>
Building Fund	<ul style="list-style-type: none"><li>• Repair and maintenance of buildings</li><li>• Purchase of furniture, equipment and computer software</li><li>• Energy and utility costs</li><li>• Fire and casualty insurance</li><li>• Security</li></ul>	<ul style="list-style-type: none"><li>• Ad Valorem</li><li>• Flexible Benefit Allowance</li></ul>
Child Nutrition	All expenses related to the child nutrition program	<ul style="list-style-type: none"><li>• Federal</li><li>• Contracts</li></ul>
Capital Improvement (Bond)	Approved bond proposal <ul style="list-style-type: none"><li>• Construction</li><li>• Technology</li><li>• Textbooks and other durable goods</li><li>• Buses</li></ul>	<ul style="list-style-type: none"><li>• Bond sales</li></ul>
Debt Service	Repayment of bonds and judgements and related interest.	<ul style="list-style-type: none"><li>• Ad Valorem</li></ul>





## Revenue





# FY 2021 Preliminary Budget – Revenue Update

Fund	2020 Amendment (April 2020)	2021 Initial (July 2020)	Change
General Fund	\$ 360,554,583	\$ 367,102,222	\$ 6,547,639
Building Fund	19,973,377	17,800,446	(2,172,931)
Child Nutrition Fund	28,457,410	25,733,775	(2,723,635)
Capital Improvement Fund (Bond)	68,112,789	96,591,000	28,478,211
Debt Service Fund	<u>157,704,011</u>	<u>153,739,937</u>	<u>(3,964,074)</u>
Total	\$ 634,802,170	\$ 665,365,558*	\$30,377,551

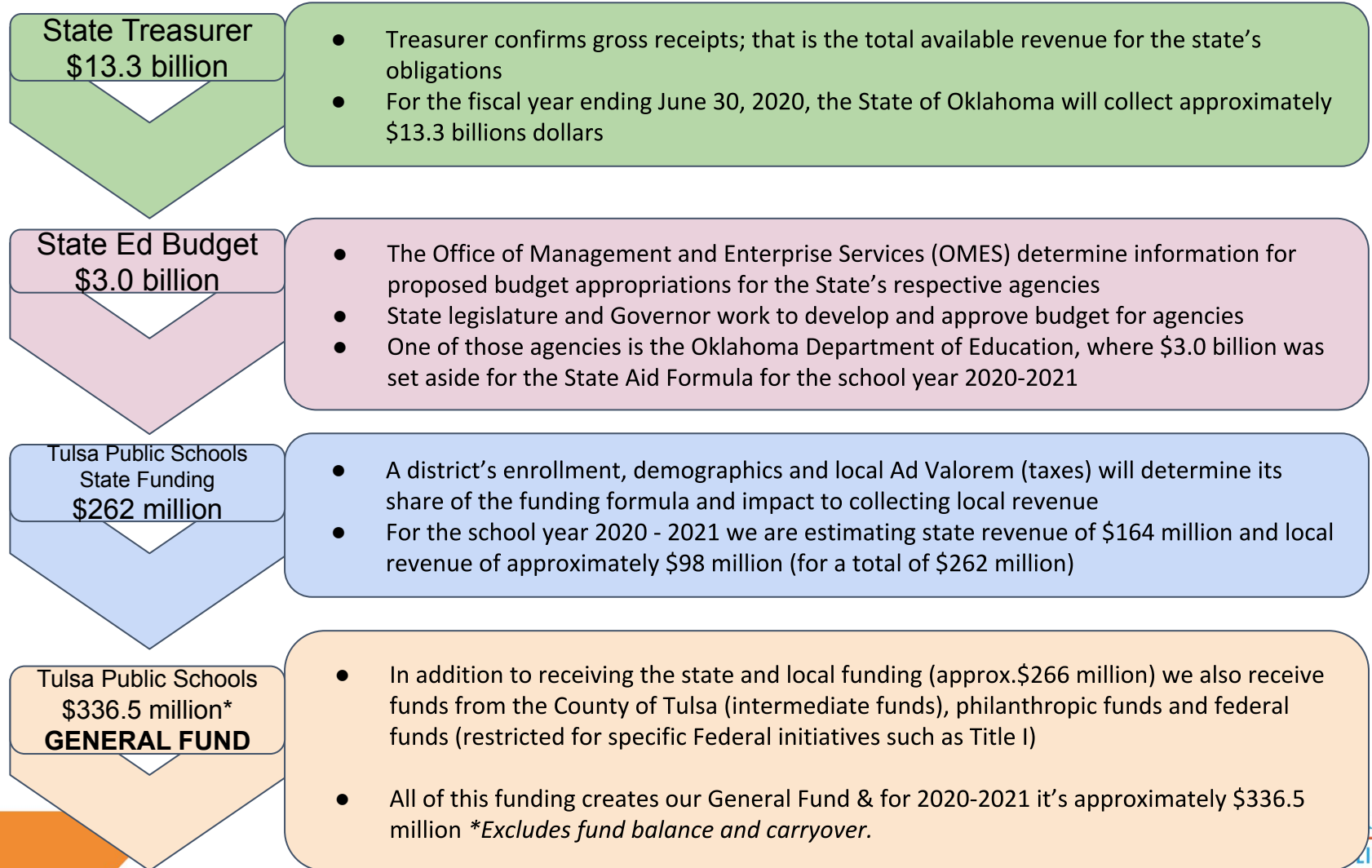
*\*Includes each funds applicable carry over balances*

**Increase primarily due to additional  
bonds issuances**



# State & Local Funding Overview

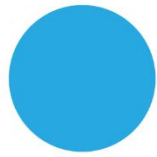
So how does it all get started for the General Fund?





## Expenditures



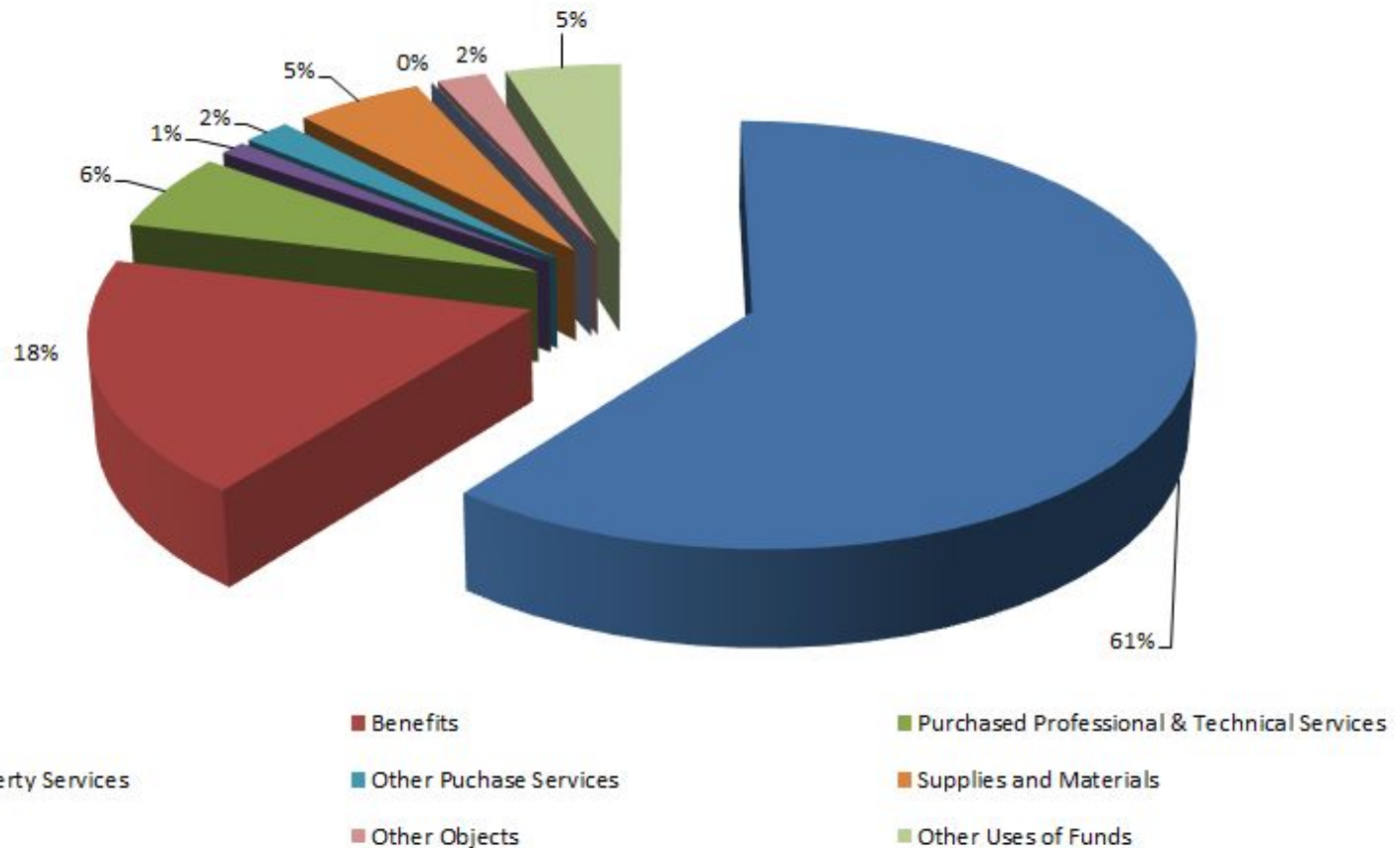


# FY 2021 Preliminary Expenditure Budget

Fund	Amended 20	FY Preliminary FY 21	Change Amended FY 20 vs Prelim 21
<b>General Fund</b>	<b>\$ 338,245,221</b>	<b>\$ 338,024,671</b>	<b>\$ (220,550)</b>
Building Fund	19,473,377	17,300,446	(2,172,931)
Child Nutrition Fund	27,657,410	24,933,775	(2,723,635)
Capital Imprv (Bond)	68,112,789	96,591,000	28,478,211
Debt Service Fund	157,704,011	153,739,937	(3,964,074)
Worker's Comp	<u>0</u>	<u>4,398,178</u>	<u>4,398,178</u>
<b>Total</b>	<b>\$ 611,192,808</b>	<b>\$ 634,988,007</b>	<b>\$ 23,795,199</b>

# General Fund Preliminary FY 21 Expenditures

## How are Dollars Spent?



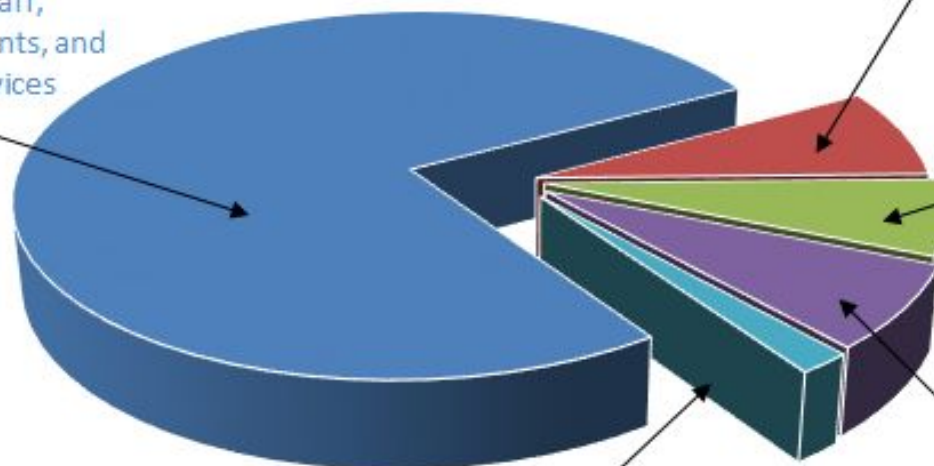
# General Fund Preliminary FY 21 Expenditure Budget

## 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

\$338,024,671





## A Closer Look at the FY21 Budget...





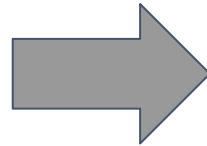
# Shaping a resilient, sustainable future for our students

We are adapting our budget plan to the COVID-19 reality

## Shape Our Future Budget Redesign (Pre-COVID-19)

In Fall 2019, we engaged the community in a budget process to shape a resilient, sustainable future for our students.

***Tonight, we will ground in the Pre-COVID-19 budget proposal to build shared understanding...***



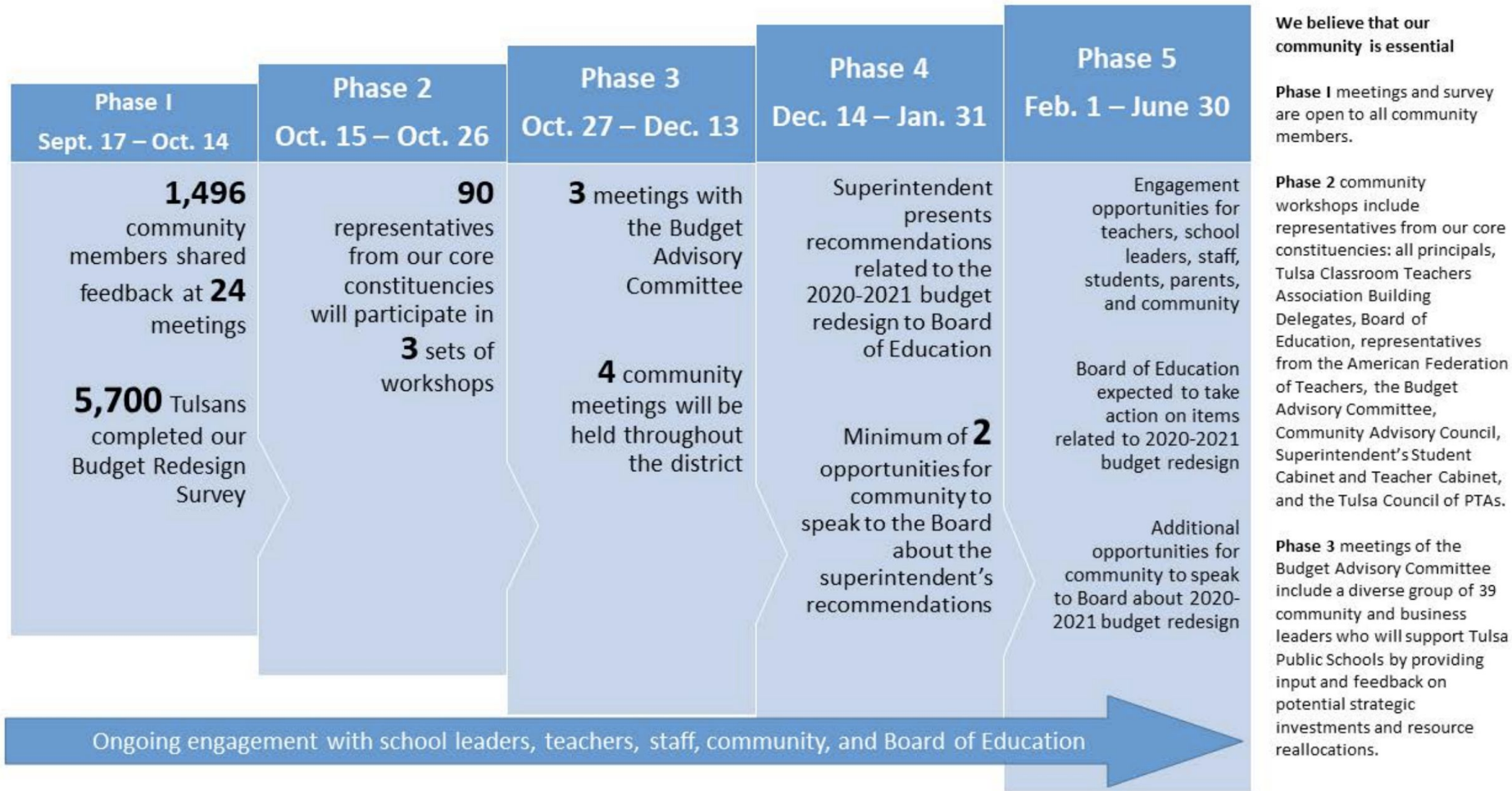
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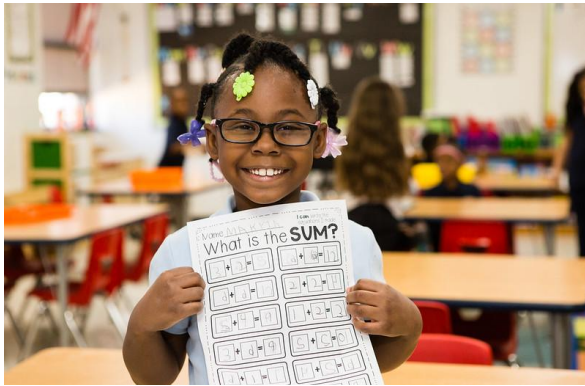
# Shaping a resilient, sustainable future for our students

## Shaping Our Future – Tulsa Public Schools Budget Redesign Community Engagement Overview



# Shaping a resilient, sustainable future for our students

## Whole Child



- Strengthen behavioral and mental health supports
- Invest in social emotional learning
- Bolster the arts and athletics

## Academic Excellence



- Continue to build strong instructional practice
- Enhance our standards-aligned, culturally-relevant classroom materials
- Retain and support experienced teachers

## Strong Schools



- Provide equitable access to quality learning within each of our feeder patterns
- Create equitable access to specialized programs in our neighborhood schools
- Expand opportunities for college and careers

# Shape Our Future Budget Redesign (Pre-COVID-19)

Reduction/changes in district office services **\$11million** (*approx.*)

- *Personnel approximately \$5 to \$6 million*
- *Non-personnel approximately \$6million\**

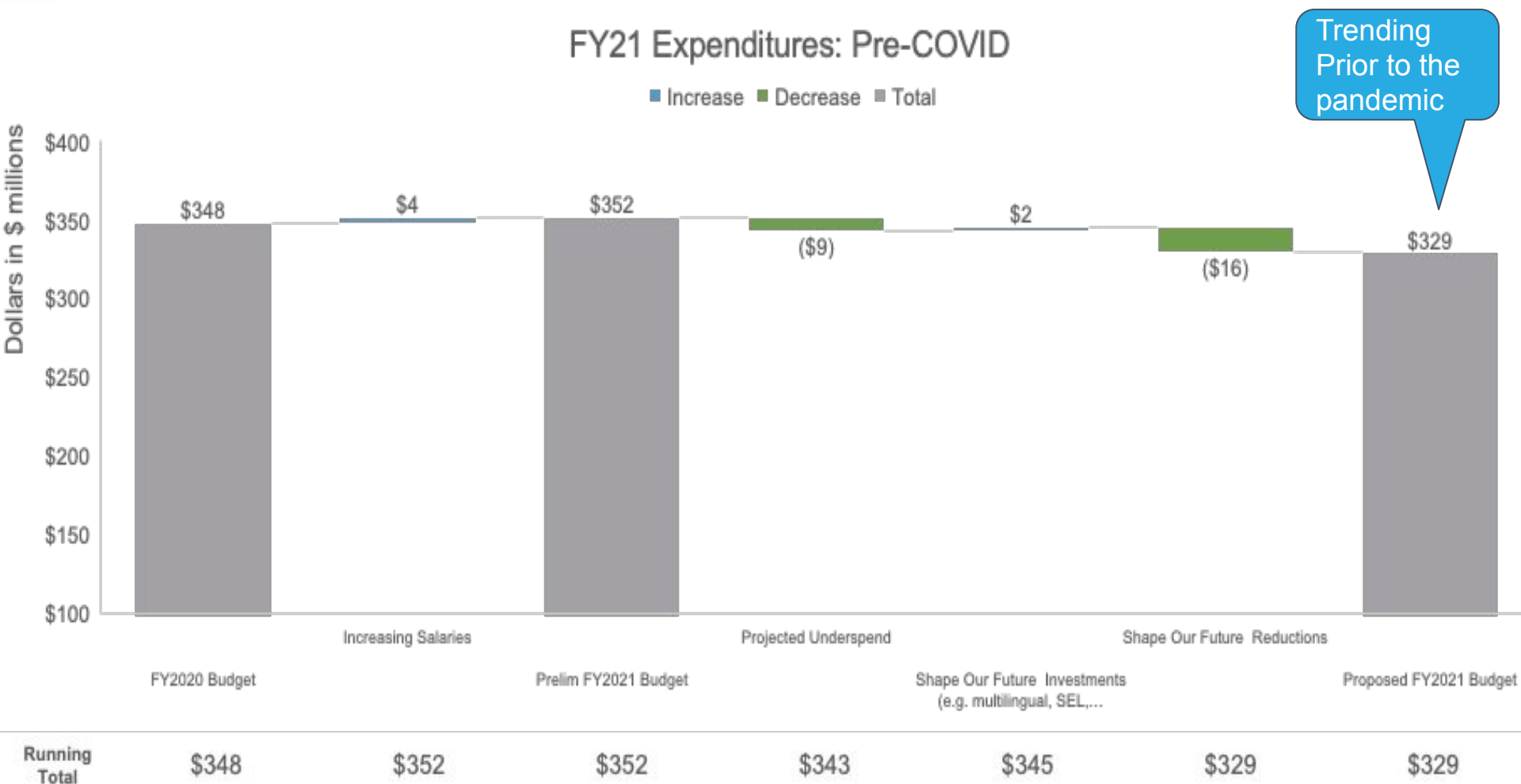
School closures and consolidations **\$3 million** (*approx.*)

Change to elementary staffing plan **\$2.5 million** (*approx.*)

- *Average increase of 1*

*\*Bell Time savings are not included; this will be re-assessed based on enrollment and COVID re-entry data*

# Shape Our Future (Pre-COVID-19)



We are adapting our budget plan to the COVID-19 reality

## Shape Our Future Budget Redesign (Pre-COVID-19)

In Fall 2019, we engaged the community in a budget process to shape a resilient, sustainable future for our students.

*Tonight, we will ground in the Pre-COVID-19 budget proposal to ensure shared understanding...*

## Shape Our Future & COVID-19 Planning

Now, we must adapt our budget plan to support the COVID-19 reality.

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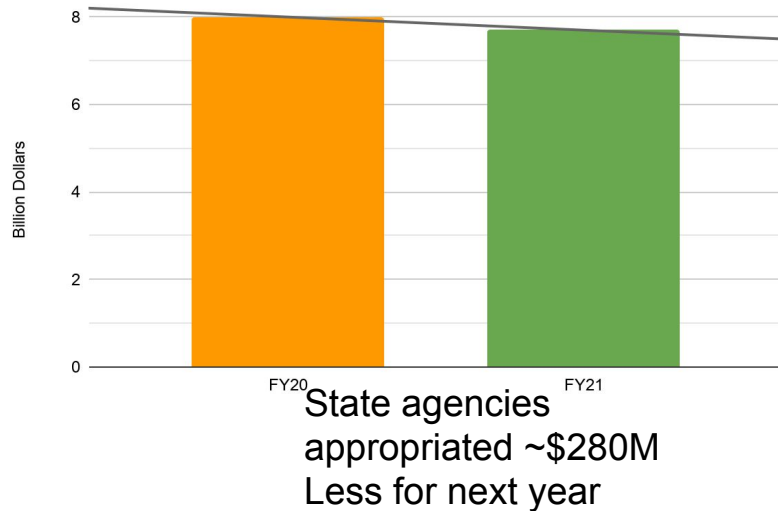


# Shape Our Future & COVID-19 Planning

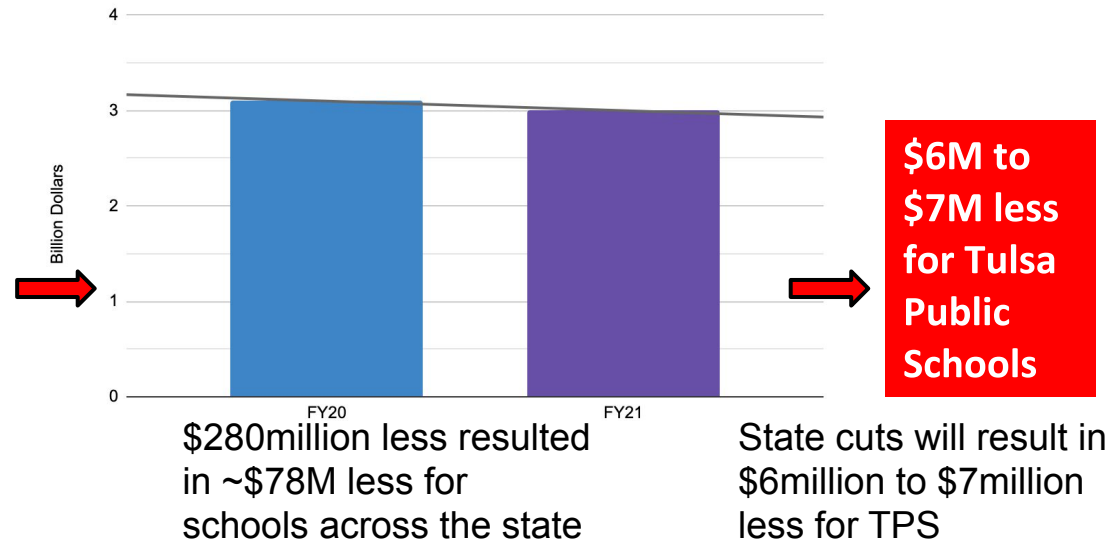
## FISCAL IMPACT DUE TO COVID-19 Pandemic

- The State of Oklahoma's FY21 budget of \$7.7 billion is approximately \$280 million or about 3.5% less compared to the initial FY20 State budget
- The State's FY21 budget has resulted in a ~2.5% reduction in school funding, resulting in about \$78million less for schools next year
- For Tulsa Public Schools this has resulted in an estimated cut between six and seven million dollars

Appropriated State Budget FY19-20 vs. FY20-21



OK State Education Budget FY19-20 vs. FY20-21



...what about the \$2.2 trillion CARES Act?

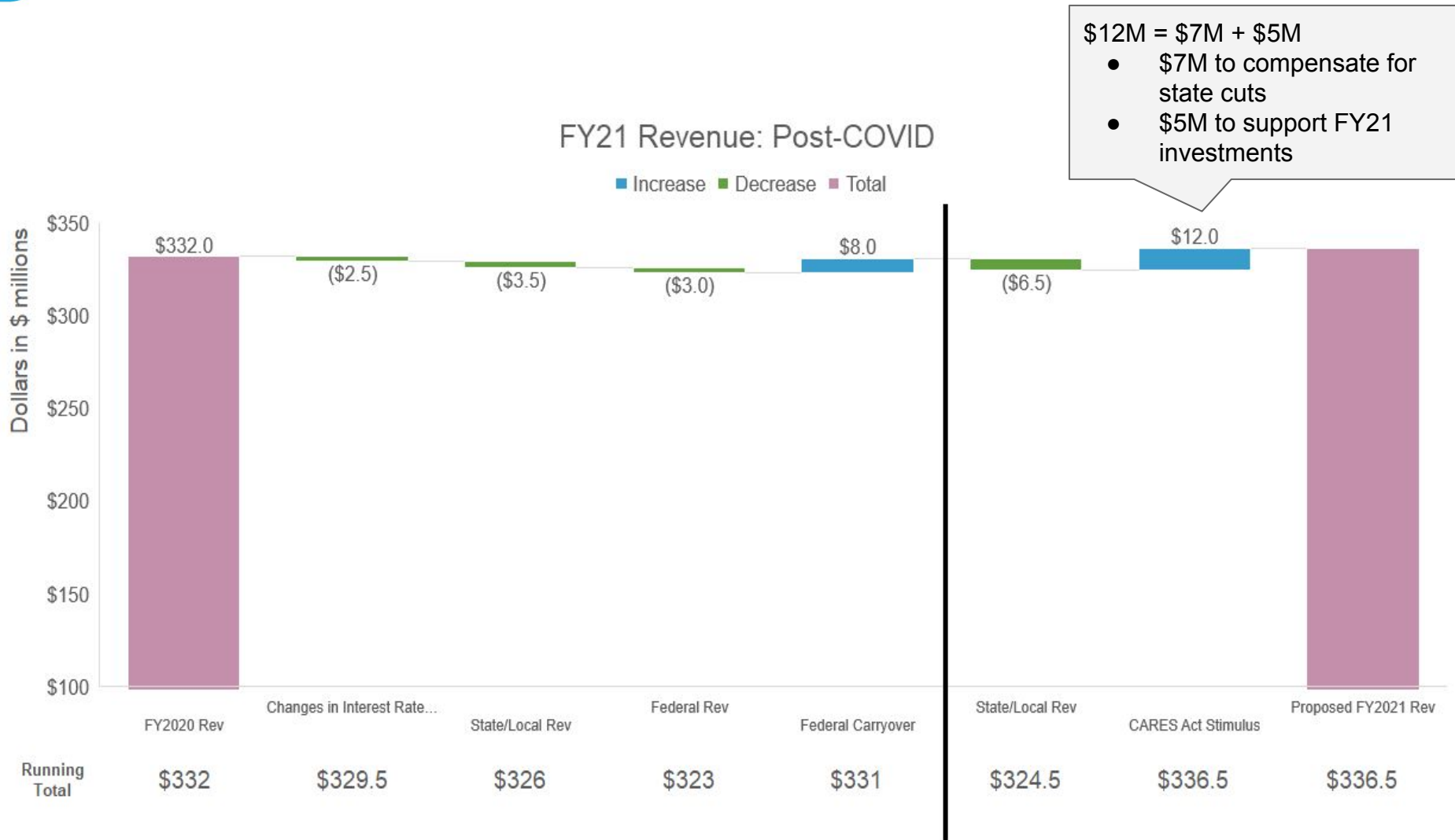
# CARES Act Funding

Relevant Categories	Federal Amount	Amount for Oklahoma	Estimates for Tulsa Public Schools	Comments
K-12	\$13.2 billion	\$160.9 million	Approx. \$16.3 million	After the State takes its portion, there will be about \$145 million to distribute to public school districts via Title I formula, but school districts must provide equitable share to nonpublic/private schools. These funds can be used to support personnel related expenses.
Governor's Discretion	\$3 billion	\$37.9 million	TBD	If all the money was put through the state aid formula, that would be approximately \$2 million for TPS. However, \$8million will be used for incentive grants that districts can apply for.
Rethink K-12 Models	\$180 million	TBD	TBD	Grant is open to state educational agencies; <a href="#">primarily to create new virtual models and support distant learning</a> . State Supt Hofmeister indicated OSDE has applied.
Project SERV	\$100 million	TBD	TBD	Grant is open to states and districts to secure funding to <a href="#">help them recover from a violent or traumatic event in which the learning environment has been disrupted</a> .

# How are we using the CARES Act across FY21 and FY22?

Total CARES Act stimulus	\$16.3M
Private school portion*	\$0.5M - \$1.8M
Compensating for FY21 state budget cuts ( <i>preserving TPS budget and avoid COVID recession cuts</i> )	\$7M
Supporting FY21 investments to support safety, social/emotional/mental supports, and educational recovery ( <i>Note: the current estimate for PPE alone is \$1.5M</i> )	\$5M
To be Determined based on future potential state revenue shortfall and/or ongoing COVID investments in FY22 ( <i>and potentially FY21</i> )	\$3.8M
*Required & may increase depending on student count calculation	

# Shape Our Future & COVID-19 Planning



## How are we using the CARES Act across FY21 and FY22?

<b>Total CARES Act stimulus</b>	<b>\$16.3M</b>
Private school portion*	\$0.5M - \$1.8M
<b>Compensating for FY21 state budget cuts (<i>preserving TPS budget and avoid COVID recession cuts</i>)</b>	<b>\$7M</b>
<b><i>Supporting FY21 investments to support safety, social/emotional/mental supports, and educational recovery</i></b>	<b>\$5M</b>
To be Determined based on future potential state revenue shortfall and/or ongoing COVID investments in FY22 ( <i>and potentially FY21</i> )	\$3.8M
*Required & may increase depending on student count calculation; being discussed at the national level	

# School Year 2020-2021 Planning

## FY21 Expenditures: Post-COVID

■ Increase ■ Decrease ■ Total

\$9M = \$5M + \$4M

- \$5M from CARES Act
- \$4M in federal carryover





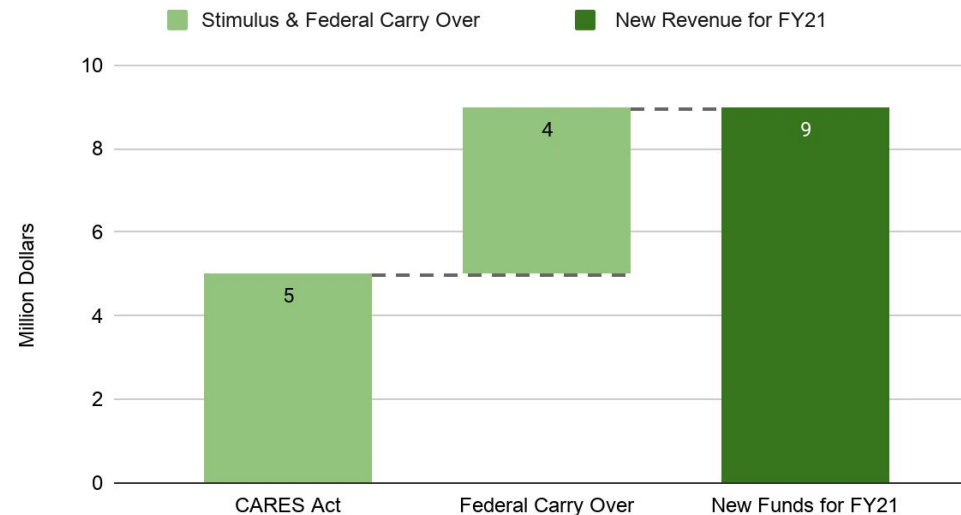
# School Year 2020-2021 Planning

**The \$9million are dollars that were not available prior to the COVID-19 Pandemic.**

These nine million dollars are available as a result of the action the State and Federal government took to address the developing challenges caused by the health and subsequent economic crisis.

\$5million originates from the CARES Act stimulus funding and \$4million is from new waivers the state department of education applied to and were granted by the US Department of Education which allow school districts to increase the amount of Federal\* carry over into the following year.

Additional Funds Available Because of COVID-19



# School Year 2020-2021 Planning

Out of the approximate \$9million for start of school planning approximately \$4 million will come from Federal<sup>1</sup> carryover, but why \$5 million from CARES Act?

**We have the opportunity for additional dollars** from the Oklahoma State Department of Education (incentive grants will vary from \$50,000 up to \$500,000<sup>2</sup>) **if we spend ~\$5 mil of the CARES Act**, that is, 30% of our share of the \$16 million **in at least two of the following areas:**

- A. **Expanding connectivity** for students to enable distance learning (i.e., purchasing devices, hot spots, access points, etc.);
- B. Purchasing content from a statewide contract approved by the OSDE for a **Content Management System (CMS) or Learning Management System (LMS)**;
- C. Providing mental health supports for students through **social and emotional learning** tools;
- D. Providing compensatory services to **students identified to be at risk** as a result of the closure of school buildings in spring 2020 (i.e., English learners, students with disabilities, students needing credit recovery, etc.); and
- E. Providing training in the **science of reading** for teachers in Pre-kindergarten through fifth grade, with a specific focus on delivering instruction remotely.

1) Federal carryover investments must be compliant with federal requirements for each program (e.g., Title I, II, or IV).

2) The State's incentive grants cannot be used for personnel expenses.

# School Year 2020-2021 Planning

## Investing in our families and community organizations as learning partners

Parents, guardians, and families have always been our most important partners in education. During the spring of 2020, we experienced what an enormous role families played in student success during distance learning. We will make significant new investments in leveraging community partners to engage families while partnering with families to help students reach new levels of academic and personal success.

## Delivering grade-level learning and rigorous instruction

We will continue our system-wide focus on grade-level learning. We will focus on providing high-quality curriculum, masterful teaching, thoughtful assessment, and analysis of student work to assess rigor, throughout both in-person and distance learning settings.

The approximate \$9million to support our priorities for the start of school is based on using \$5M from the CARES Act and an additional \$4M of Federal carry over dollars; this may change and we will monitor and adjust once the year starts

## The safety of our students, families, and staff

We will make decisions and investment to prioritize student, family and staff needs, even when those investments are unpopular, inconvenient, or have other, unintended, side effects. We will exercise conservative, non-reactionary prudence in making decisions related to safety. When in doubt, we will err on the side of reasonable caution.

## The well-being of our students, families, and staff

We believe that social and emotional well-being during a crisis is a necessary precondition for sustainable teaching and learning. In order to create the necessary social and emotional conditions necessary for learning, we will further elevate tools and resources for fostering inclusive classrooms, communities and teams. We will continue to invest time and resources in supporting our students and their families. Sometimes, this investment will come at the cost of other priorities.

## Five Priorities for the 2020-2021 School Year

## Preparing and supporting educators

We will focus on developing skills and comfort with the tools our educators will need during the 2020-2021 school year. We will also support the physical, social, emotional, and pedagogical needs of our teachers on an ongoing basis as these are connected components.

# School Year 2020-2021 Planning

We will leverage our planning priorities to align to the State's priorities and apply for the additional grants:

## OK State Dept. of Ed Priorities

- A) Expanding connectivity
- B) Content or Learning Management System (CMS, LMS)
- D) Compensatory services to students identified to be at risk
- C) Social and emotional learning tools
- E) Training in the science of reading (for remote instruction)

## TPS Start of School Priorities

Delivering grade-level learning and rigorous instruction.

The well-being of our students, families, and staff.

Preparing educators for re-entry

# School Year 2020-2021 Planning In Conclusion...

- We began the year by engaging the community in a budget redesign process to shape a resilient & sustainable future for our students
- Although we identified approximately \$16million in reductions, we now find our community in a health, economic, mental and education crisis
- The pandemic has resulted in state cuts to education that translate to Tulsa Public Schools' budget being reduced by approximately \$6M to \$7M in state funding for FY21 (next year)
- The Coronavirus Aid, Relief, and Economic Security (CARES) Act will provide Tulsa Public Schools with approximately \$16million\*
  - ~\$7M to make up for state cuts
  - ~\$5M to support with COVID-19 reentry planning
  - The balance of ~\$4M to support continued planning over the next two years and/or make up for additional state cut

*\*Between \$0.5M to \$1.8M will be paid out to local private schools, per CARES Act and relevant federal statutes*

# School Year 2020-2021 Planning In Conclusion...

- **We need additional funding** to support our staff and students during this health, economic, mental and education crisis
- Examples of potential investments and school opening design considerations:
  - New Masks at \$3.50ea for ~40,000 staff and students = \$140,000 per purchase. If masks were to be replaced every 5-days, that is a potential investment of \$4.5million for the year
    - Then there is variability: if only half the masks at twice a month are needed, that could reduce the annual expenditure to approximately one million dollars.
  - Transportation: In order to practice current social distancing guidelines, a bus' capacity would have to be reduced to about one-third resulting in the need to triple our transportation capacity to support pre-covid ridership.
    - We would need to make some major (and unreasonable) tradeoffs in order to invest in what would need to be an approximate \$30million transportation budget. We need additional funding to design with less constraints.



# School Year 2020-2021 Planning In Conclusion...

- **We need additional funding** to support our staff and students during this health, economic, mental and education crisis
- Examples of potential investments and school opening design considerations:
  - Virtual Academy: start up requires investment in teacher positions and we will need to determine how to keep other schools whole.
    - For example, 5000 virtual students in a 50:1 ratio represents the need for 100 teachers, an approximate investment of \$5million.
    - If these 100 teachers are from existing schools, then will we have to design a rebalance that is both fiscally prudent against other needs but also, strategically prudent to support the remaining schools.
- Budget planning will be a combination of leveraging all of our available funds to support opening of schools
  - Such as Fund Balance, Bond dollars, CARES Act and Federal carryover

# School Year 2020-2021 Planning

## Investing in our families and community organizations as learning partners

Parents, guardians, and families have always been our most important partners in education. During the spring of 2020, we experienced what an enormous role families played in student success during distance learning. We will make significant new investments in leveraging community partners to engage families while partnering with families to help students reach new levels of academic and personal success.

## Delivering grade-level learning and rigorous instruction

We will continue our system-wide focus on grade-level learning. We will focus on providing high-quality curriculum, masterful teaching, thoughtful assessment, and analysis of student work to assess rigor, throughout both in-person and distance learning settings.

When we look across our priorities we will create a crossmap that aligns our available funding streams (e.g. General Fund, Bond Dollars, Federal Grants, Incentive Grants, Fund balance, etc.) to maximize student learning upon the start of schools.

## The safety of our students, families, and staff

We will make decisions and investment to prioritize student, family and staff needs, even when those investments are unpopular, inconvenient, or have other, unintended, side effects. We will exercise conservative, non-reactionary prudence in making decisions related to safety. When in doubt, we will err on the side of reasonable caution.

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## Preparing and supporting educators

We will focus on developing skills and comfort with the tools our educators will need during the 2020-2021 school year. We will also support the physical, social, emotional, and pedagogical needs of our teachers on an ongoing basis as these are connected components.

# School Year 2020-2021 Planning In Conclusion...

- State budget challenges are expected to continue into FY22: Uncertain economic and health outlook
- We are currently not planning to receive additional CARES Act Stimulus for FY22 because Congress has not approved additional relief.
- We are setting aside ~\$4M of the CARES ACT to cover future potential state revenue shortfall and/or ongoing COVID investments in FY22, but this is unlikely to cover the full magnitude of revenue shortfall and investments

# School Year 2020-2021 Planning In Conclusion...

- Without additional federal dollars in FY22, the State will be expected to make up the \$6 to \$7million cut and
- Support the annual cost of living adjustments, that for Tulsa Public Schools is approximately \$4million
- That is already ~\$11million in funding needs that Tulsa Public Schools will have to solve for in FY22, barring further State cuts
- We will monitor closely through next year and continue to not only design the best fiscal strategy to support our staff, students and families but also, to maximize learning for our students.



# Discussion

