

# 2022-2023 Mid-Year Budget Amendment

## April 3, 2023





# Fiscal Year 2022-2032 Mid-Year Amendment

## Today's Agenda:

- Proposed FY23 mid-year budget amendment
- Update on federal recovery fund investments

# Our Budget Reflects Our Values, Focused on Who We Serve

## OUR CORE VALUES



### EQUITY

We know that our diversity is a community treasure, and we are committed to dismantling practices and systems that perpetuate inequities, being actively anti-bias, anti-racist, and working toward justice and opportunity for all.



### CHARACTER

We are honest, trustworthy, and have high standards of behavior. We make decisions based on what our students and community need, and we do the right thing even when it is hard.



### EXCELLENCE

We work together to give Tulsa the world-class schools it needs and deserves. We expect a lot of one another, and we support one another in achieving our shared, high expectations.



### TEAM

We care for one another and work together to celebrate success, learn from struggles, and work to help every team member be their best selves.

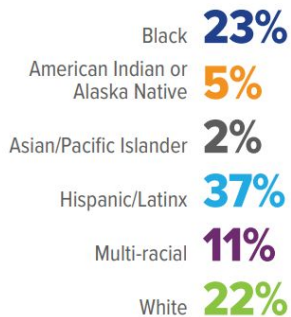


### JOY

Joy at school and at work makes us more productive, because when we create, innovate, and imagine, our motivation grows. Also, we love to have fun!

## OUR 33,873 STUDENTS\*

### RACIAL/ETHNIC DISTRIBUTION\*



Economically disadvantaged  
**80%**

Gifted and talented  
**11%**

Students with disabilities  
**13%**

Multilingual learners  
**36%**



\*As of October 1, 2022.

\*\*Represents both current and former multilingual learners

## OUR SCHOOLS

**45**  
ELEMENTARY  
SCHOOLS

**10**  
MIDDLE  
SCHOOLS

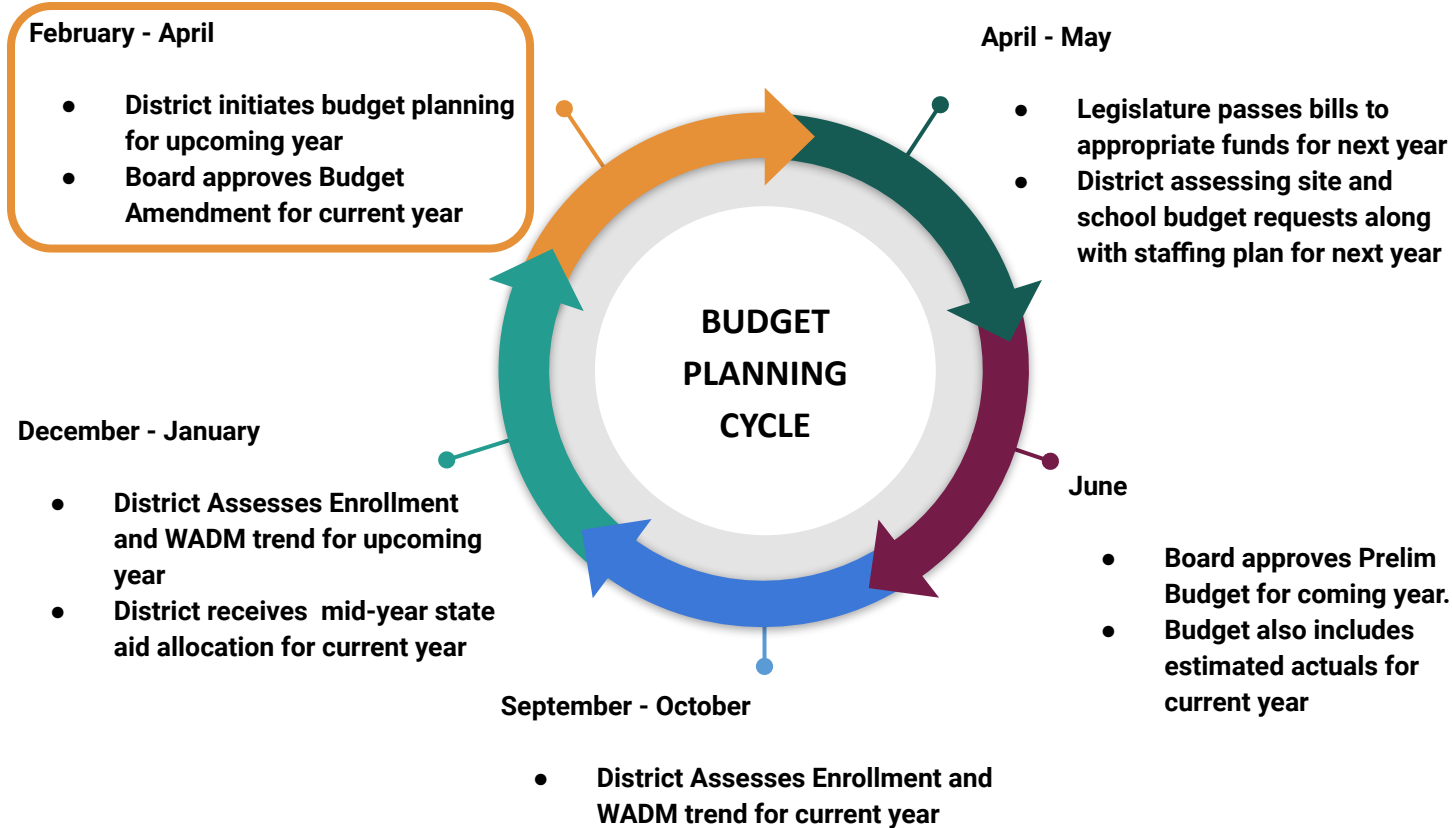
**9**  
HIGH  
SCHOOLS

**7**  
ALTERNATIVE  
SCHOOLS

**6**  
DISTRICT-  
AUTHORIZED  
CHARTER SCHOOLS

**1**  
VIRTUAL  
SCHOOL

# Tulsa Public Schools Budget Timeline





# Proposed FY23 Mid-Year Amendment

# Objectives for FY23 Budget Update

This mid-year amendment is an adjustment to the preliminary budget to reflect the changes we experienced during the first semester of our SY22-23, and current expectations in revenue and expenses for the remainder of the year.



## FY 23 Preliminary Budget

- Built and adopted in June, 2022.
- Expense assumptions used to build budget reflect best information and analysis available at the time.
- Revenue forecast uses enrollment projections vs. actuals.

## Revenue Mid-Year Adjustments

- The State does a mid year adjustment when they distribute the 1-2% State aid hold back based on actual October counts.

## FY23 Expense Adjustment

- Adjustment to reflect unanticipated dynamics during the first semester.
- Update expense projections for the remainder of the year.

## Investment Changes

- Incorporate new proposed investment into FY23 budget to address needs identified to support district initiatives.

## FY23 Mid-Year Budget Amendment

- The mid-year budget amendment becomes the new official budget for the district replacing the preliminary budget.



# Changes since FY23 Preliminary Budget - General Fund



## Revenue - Mid-Year Adjustments



+\$13.1 million



+\$9.3 million



-\$8.6 million



**Net Change**  
+\$13.8 million  
(3.4% increase)

Preliminary  
Budget -  
REVENUE  
\$401.6  
million

- A larger than anticipated state mid-term adjustment
  - Enrollment growth of 2% for two consecutive years
  - Increase in State aid factor
- Ad valorem valuation, and other local source increase
- A larger than anticipated carryover mainly due to vacancies last year
- ESSER spending and reimbursement collections pushed to FY24

Mid-Year  
Adjusted  
Budget  
REVENUE  
\$415.5  
million



# Changes since FY23 Preliminary Budget - General Fund



## FY23 Expense Adjustment



**Preliminary Budget - EXPENSES**  
**\$368.0 million**

- Salary and benefit reduction due to vacancies. Largest variances are in teachers, teacher assistants, paras, bus drivers, custodians, and various central office positions.

- Purchased professional services for sub-teacher contract.

- Investment on FY23 compensation adjustments for hourly support professionals & teachers.

• Total investment is \$4.7 million (\$2.6 is from general fund).

- This is a sustained investment
- The work included multi year planning & building the reserves to sustain for future years

**Mid-Year Adjusted Budget EXPENSES**  
**\$356.7 million**





# Changes since FY23 Preliminary Budget - all other funds



## Revenue Mid-Year Adjustments

### Building Fund



+\$3.5 million

- Larger than anticipated fund balance. Valuations increased more than expected.

### Child Nutrition Fund



-\$3.0 million

- Adjustment due to expected lower meal reimbursements (elimination of USDA Covid waiver).

### Bond Fund



+\$23.7 million

- Valuation increase allows us to issue more bonds.

### Sinking Fund



+\$9.1 million

### Workers Comp Fund



+\$0.6 million



## FY23 Expense Adjustment

### Building Fund



+\$1.7 million

- \$.6 million increase in salary & benefits plus \$.6 million insurance cost and \$.5 million increase in purchased services.

### Child Nutrition Fund



-\$3.0 million

- Adjustment of expenses due to expected lower meal reimbursements (elimination of USDA Covid waiver).



# Investment Proposal for FY23 Mid-Year Amendment



## Investment Changes

### FY23 Compensation adjustment proposal

- **Hourly support professional** roles and **teachers**
- We are **committed to lead a multi-year compensation effort** to improve the conditions for our teachers and support professional, and to address recruitment challenges.
- The work is complex and it requires us to address our compensation system in order to implement the types of changes needed.
- We are proposing to re-invest FY23 savings to implement a **compensation adjustment this year**
  - It requires approval of the FY23 Mid-Year Amendment & approval of the modifications to the SY22-23 bargaining agreements with TCTA and AFT Tulsa Local 6049
- We have been **actively managing revenue and expenses**, and have **built our fund balance**, which allows us to **sustain the proposed changes in future years** thanks to the rainy-day fund we have been building for this purpose.



# Investment Proposal for FY23 Mid-Year Amendment



## Investment Changes

### FY23 Compensation adjustment proposal

- Teachers
  - **Additional 1% to retirement contribution** (retroactive to July 1, 2022)
  - **Increase apprentice teacher salary by \$5K** (effective April 4, 2023 if approved)
- Hourly Support Professionals
  - Provide a **\$2/hour increase to all hourly support professionals** (retroactive to January 1, 2023)
  - Expand salary bands and change compensation grade level for selected positions to support increase
- Total estimated investment in FY23: \$4.7 million



# Proposal for FY23 Mid-Year Amendment - All Funds

Category	Preliminary Budget	Mid-Year Amendment
<b>All Funds</b>		
<i>Revenue</i>	\$690,691,008	\$738,247,318
<i>Expenses</i>	\$653,501,209	\$673,514,558
<b>General Fund</b>		
<i>Revenue</i>	\$401,680,421	\$415,521,273
<i>Expenses</i>	\$368,005,274	\$356,701,335
<b>Building Fund</b>		
<i>Revenue</i>	\$22,145,486	\$25,630,747
<i>Expenses</i>	\$19,740,004	\$21,447,842
<b>Child Nutrition Fund</b>		
<i>Revenue</i>	\$30,942,290	\$27,693,177
<i>Expenses</i>	\$29,928,290	\$26,693,177
<b>Bond Fund</b>	\$80,071,960	\$103,781,895
<b>Sinking Fund</b>	\$152,991,681	\$162,140,309
<b>Workers Comp Fund</b>	\$2,859,170	\$3,479,917



# FY23 Mid-Year Amendment Recap

- We are proposing adjustments to both revenue and expenses to better reflect what has happened in the first half of FY23 and what we expect for the second half.
- The enrollment growth of two consecutive years is helping sustain higher revenues for the district.
- We are investing in our hourly support professionals and teachers now.
- We are committed to lead a multi-year compensation effort and we have been actively managing revenue and expenses; we have built our fund balance to support this work.
- We are unable to incorporate any potential impact of new legislation at this point.



# Update on Federal Recovery Fund Investments



# Federal Recovery Funding

- We have been allocated 3 rounds of federal recovery funds since March of 2020. These funds are reimbursed by the state after submission of claims that meet the ESSER investment criteria established by the federal government.
- Federal recovery expenditures have 3 levels of accountability for legal compliance with the grant:
  - Tulsa Public Schools staff review
  - Oklahoma State Department of Education review
  - External independent auditors
- Per federal guidance, all of these funds must be used to "prevent, prepare for, respond to, and recover from Coronavirus."



# Federal Recovery Funding

Round of recovery funds	Amount and date	Current status	Investment Categories
CARES/ESSER I - March 2020	~\$16.6M available through 9/30/22	This funding is fully spent.	Personal protective equipment, hot spots, Tulsa Virtual Academy, student learning supports, transportation, and equitable services
ESSER II - December 2020	~\$58M available through 9/30/23	We have plans to spend these funds to support our strategic plan and other needs. <b>We had \$3.2M remaining as of July 1, 2022.</b>	Improving air quality, professional development, direct and indirect academic supports for schools, <i>Ready. Set. Summer!</i> , Tulsa Virtual Academy, fiscal sustainability, and hot spots
ESSER III - March 2021	~\$131M available through 9/30/24	We have plans to spend these funds to support our strategic plan and other needs. <b>We had \$103.2M remaining as of July 1, 2022.</b>	COVID prevention and mitigation, strategies to address learning loss, other resources to support the strategic plan, and additional investments





# Federal Recovery Funding

Planning for Fiscal Years 23 and 24 began in April of 2022, when we engaged the community and considered survey feedback. We also examined our ever-evolving needs of the district as we continue to respond to Covid-19. Based on these needs, we developed a plan to spend the remaining \$106.4M of our stimulus dollars.

<b>FY 23 and 24 - Investment Type</b>	<b>Investment Amount</b>
Covid prevention and mitigation strategies	\$34M
Strategies to address learning loss	\$35.4M
Other resources to support the strategic plan	\$26.5M
Additional investments	\$10.5M
<b>Total</b>	<b>\$106.4M</b>



# Federal Recovery Funding

For a full list of investments, please refer to [www.tulsaschools.org/recoveryfunds](http://www.tulsaschools.org/recoveryfunds).

Below we have provided the major investments in each of the 4 categories.

Investment Type	Major investment
<b>Covid prevention and mitigation strategies</b>	Air quality improvements
<b>Strategies to address learning loss</b>	Expanded Learning: Primary focus on <i>Ready. Set. Summer!</i> through July 2024
<b>Other resources to support the strategic plan</b>	Recruitment and retention incentives
<b>Additional investments</b>	Network support staff to provide dedicated support to schools and school leaders as well as the finance staff



# Federal Recovery Funding - To Date Since 2020

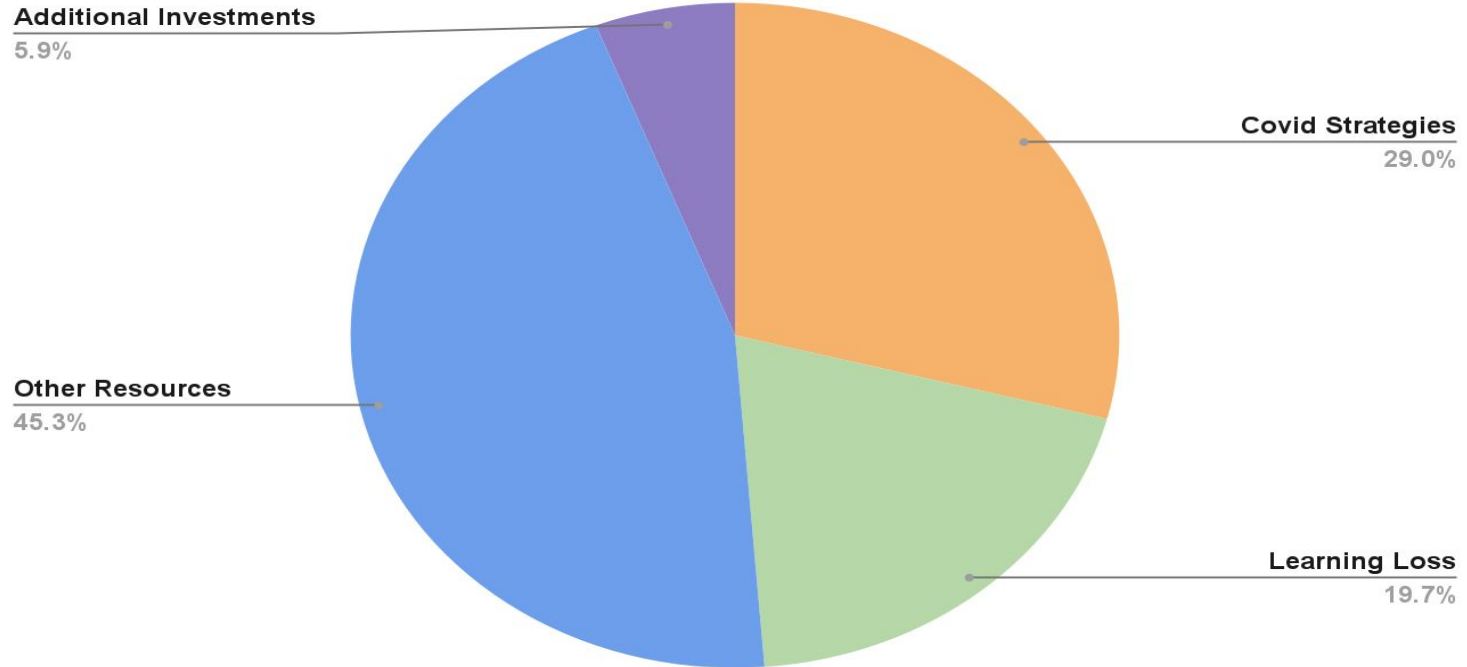
## Total ESSER Expenditures - 2020 through 2/28/2023

Covid Prevention and Mitigation - 29%	\$38,458,824
Strategies to Address Learning Loss - 19.7%	\$26,125,104
Other Resources to Support the Strategic Plan - 45.3%	\$60,019,840
Additional Investments - 5.9%	\$ 7,805,154
<b>TOTAL:</b>	<b>\$132,408,922</b>



# Federal Recovery Funding - To Date Since 2020

## ESSER Expenditures from 2020 to 2/28/23





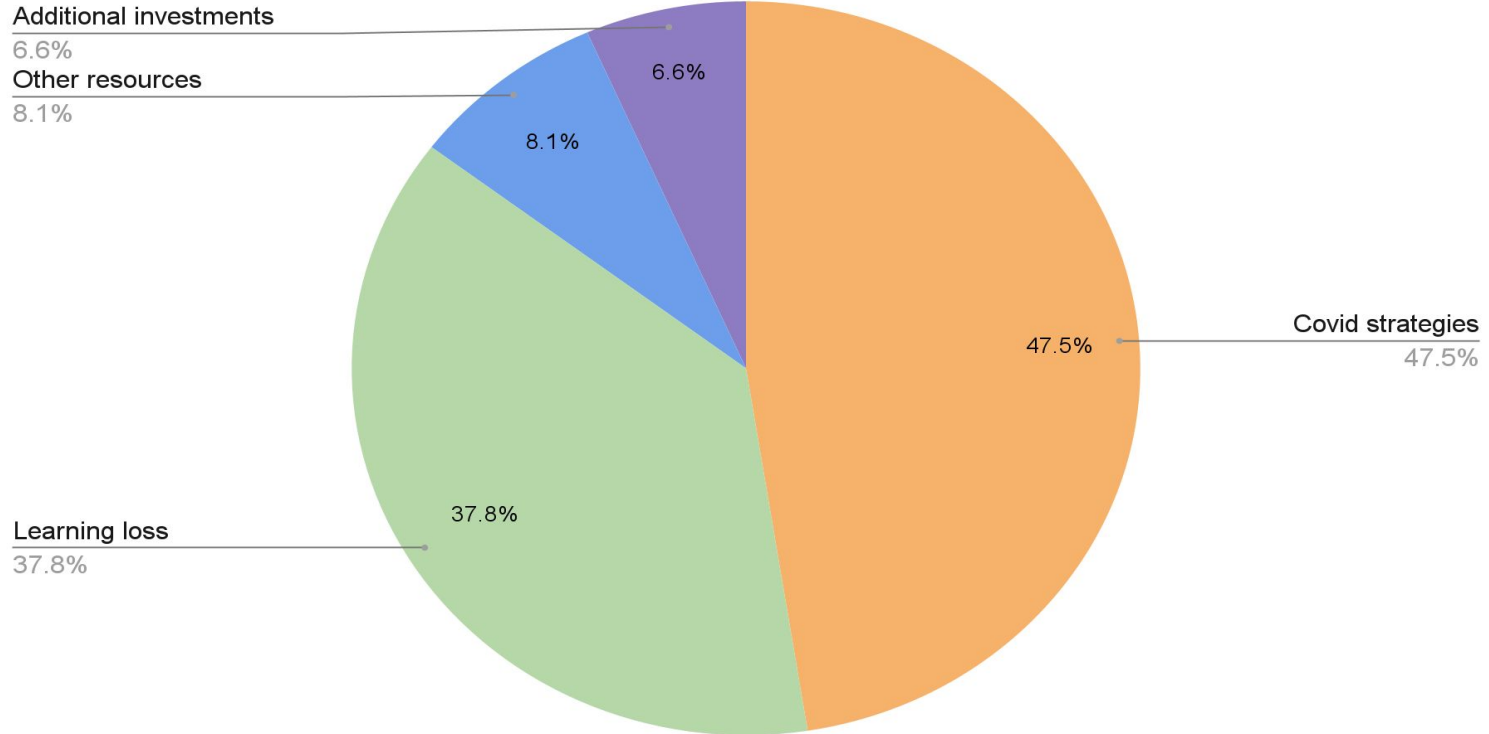
# Federal Recovery Funding - FY23

Fiscal Year 23	Expenditure Data
Total Estimated Spend	\$51,320,206
Spent/Encumbered	\$44,022,000
Remaining	\$ 7,298,206



# Federal Recovery Funding - FY23

ESSER Expenditures FY23





# Federal Recovery Funding

- We are in the process of finalizing stimulus plans for FY24.
- Our plans thus far include:
  - *Ready. Set. Summer!* July 2023 and 2024
  - Air quality improvements
  - Network and support positions to advance work at schools
- We have plans to spend all of our dollars by the September 2024 deadline, and we are actively managing for external factors that might affect our ability to spend as planned.



# Federal Recovery Funding

- We are seeing the positive impact of these additional resources on supporting students recover from the pandemic, and on keeping our students and families safe.
- Going forward, Federal recovery dollars will continue to be important on advancing recovery efforts, and will also enable launching important strategic initiatives to advance work towards achieving board goals.
- As investments are identified and prioritized, we are working to avoid creating any “funding cliffs” with stimulus dollars and are actively addressing structural deficits in the system to set us up for success post-stimulus.





# Appendix



# The Funds included in the School District's Budget

Fund	Purpose	Primary Source of Revenue
<b>General Fund</b>	General expenses that are non capital 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 &amp; contributions (restricted)</li> <li>• Motor vehicle (unrestricted)</li> </ul>
<b>Building Fund</b>	<ul style="list-style-type: none"> <li>• Repair &amp; maintenance of buildings</li> <li>• Purchase of furniture, equipment and computer software</li> <li>• Energy &amp; utility costs</li> <li>• Fire &amp; casualty insurance</li> <li>• Security</li> </ul>	<ul style="list-style-type: none"> <li>• Ad valorem</li> <li>• Flexible benefit allowance</li> </ul>
<b>Child Nutrition</b>	All expenses related to the child nutrition program.	<ul style="list-style-type: none"> <li>• Federal</li> <li>• Contracts</li> </ul>
<b>Capital improvement (bond)</b>	Approved bond proposal - construction, technology, textbooks and other durable goods, buses.	<ul style="list-style-type: none"> <li>• Bond sales</li> </ul>
<b>Debt Service</b>	Repayment of bonds and judgements and related interest.	<ul style="list-style-type: none"> <li>• Ad valorem</li> </ul>



# Federal Recovery Funding

We have plans to spend all of our dollars by the September 2024 deadline, but we are aware of external factors that might affect our ability to spend as outlined.

Type of investment	What could make us spend <i>less</i> recovery dollars on these types of investments?	What could make us spend <i>more</i> recovery dollars on these types of dollars?
Staff	We may have difficulty hiring, which will lead to long-term vacant positions	We may choose to expand programming and hire additional staff
Goods/materials	If we receive additional funding for these costs, ESSER funds will be freed up and can be reallocated toward other investments.	Continued supply chain issues; rising costs due to inflation
Services	We may find that the program is not achieving the results we want to see and may choose to modify it; the program may grow too expensive to sustain	High interest in program from students, family, and staff, leading to a decision to expand access