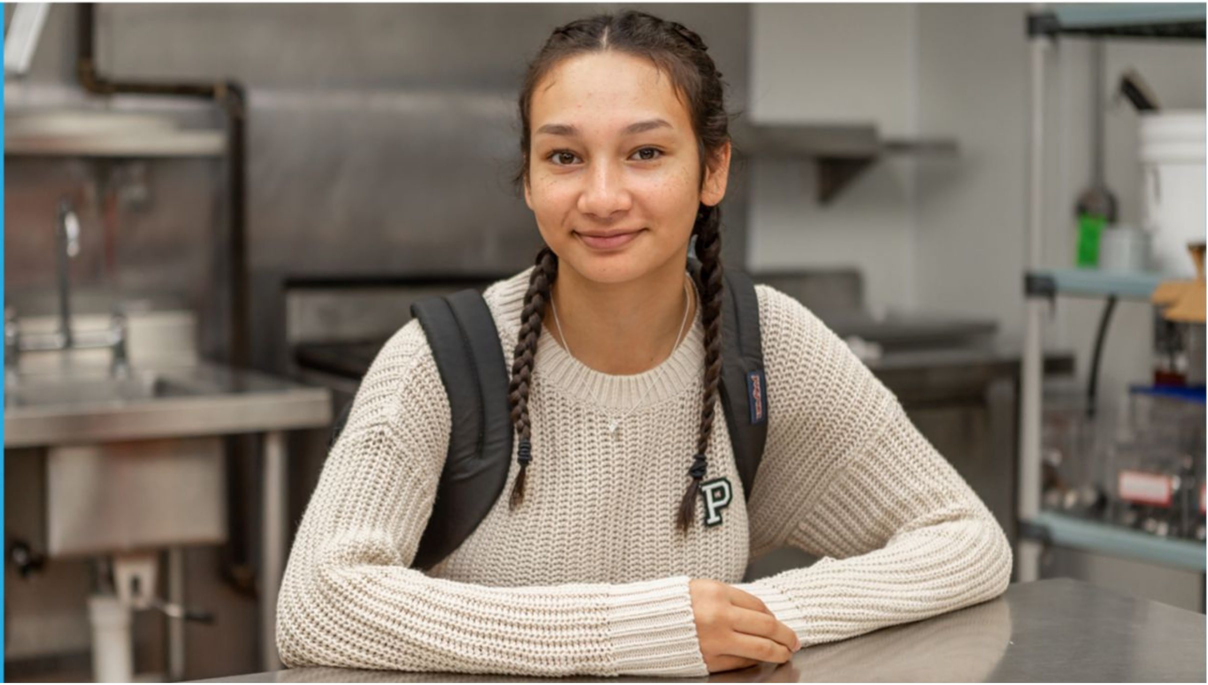
TULSA PUBLIC SCHOOLS

2023-2024 Mid-Year Budget Amendment
March 4, 2024



TULSA PUBLIC SCHOOLS

Fiscal Year 2023-2024 Mid-Year Amendment

Today's Agenda:

- Proposed FY24 mid-year budget amendment
- Update on federal recovery fund investments

Our Budget Reflects Our Values, Focused on Who We Serve

TULSA PUBLIC SCHOOLS

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 33,572 STUDENTS*

RACIAL/ETHNIC DISTRIBUTION*

Black	22%
American Indian or Alaska Native	4%
Asian/Pacific Islander	3%
Hispanic/Latinx	38%
Multi-racial	11%
White	21%

Economically disadvantaged	84%
Gifted and talented	13%
Students with disabilities	13%
Multilingual learners	36%

*As of October, 2023.
**Represents both current and former multilingual learners

Tulsa Public Schools Board Budget Governance

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FY 24 Preliminary Budget (approved)
June 2023

FY23 Year End (update)
September 2023

FY24 Mid-year Amendment (for approval)
March 2024

FY25 Preliminary Budget (for approval)
May or June 2024

Monthly Budget Reports (for approval or update)

- Monthly budget update to the board (new, 1 per month)
- Expenditure report (new, 1 per month)
- Encumbrance report (for approval, 2 per month) - revised format
- Board agenda items (for approval, 2 per month)
- Monthly Board Finance Committee meetings

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Proposed FY24 Mid-Year Amendment

Objectives for FY24 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 SY23-24, and current expectations in revenue and expenses for the reminder of the year.

FY 24 Preliminary Budget +/- Revenue Mid-Year Adjustments +/- FY24 Expense Adjustment +/- Investment Changes = FY24 Mid-Year Budget Amendment

FY 24 Preliminary Budget

- Built and adopted in June, 2023.
- 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.

FY24 Expense Adjustment

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

Investment Changes

- Incorporate any new proposed investments into FY24 budget to address needs identified to support district initiatives.

FY24 Mid-Year Budget Amendment

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

Proposal for FY24 Mid-Year Amendment - All Funds

Category	Preliminary Budget	Mid-Year Amendment	Change
All Funds			
Revenue	$755,367,103	$791,851,197	Increase
Expenses	$696,575,613	$708,366,429	Increase
General Fund			
Revenue	$427,027,914	$451,739,016	Increase
Expenses	$371,561,278	$371,561,278	No change
Building Fund			
Revenue	$25,235,968	$25,218,144	Minor adjustment
Expenses	$22,711,114	$22,711,114	No change
Child Nutrition Fund			
Revenue	$23,393,944	$26,839,997	Increase
Expenses	$22,593,944	$26,039,997	Increase
Bond Fund	$106,781,895	$114,274,597	Increase
Sinking Fund	$170,259,379	$170,510,165	Minor adjustment
Workers Comp Fund	$2,668,003	$3,269,278	Increase

Changes since FY24 Preliminary Budget - General Fund

FY24 Expense Adjustment

FY24 monitoring:

- We have been monitoring General Fund expenses in our monthly reporting
- Our financial planning capabilities are strong - our month-end estimates have consistently fallen within a 2% margin of error
- For this reason, we are **not proposing any change to the FY24 General Fund budget.** We will continue to monitor monthly expenses as we close out the year

Changes since FY24 Preliminary Budget - General Fund

FY25 and future planning

FY25 and future planning:

- We project we will add between $15M-$20M to the fund balance at the end of this year. This is in line with our fiscal planning to ensure sustainable funding for the district strategic priorities, as well as for establishing a fiscal runway instead of a fiscal cliff for multi-year planning - particularly as stimulus funds expire
- As we prepare for the FY25 preliminary budget, we plan to make **additional investments in our compensation strategy for teachers and support professionals** and investments that support **Board goals**

Changes since FY24 Preliminary Budget - General Fund

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Revenue - Mid-Year Adjustments

Preliminary Budget - REVENUE **$427.0** million

$5.7 million

- Ad valorem valuation up $3.7 million
- Interest earnings up $1.1 million
- Other local sources up $.9 million

$7.1 million

- A larger than anticipated carryover mainly due to vacancies last year

$11.9 million

- ESSER spending and reimbursement collections pushed to FY24 (up $3.7 million)
- $6.6 million in adjustments to expected federal spend
- Other Federal programs up $1.6 million

Net Change
+$24.7 million
(5.8% increase)

Mid-Year Adjusted Budget REVENUE **$451.7** million

Changes since FY24 Preliminary Budget - all other funds

Revenue Mid-Year Adjustments

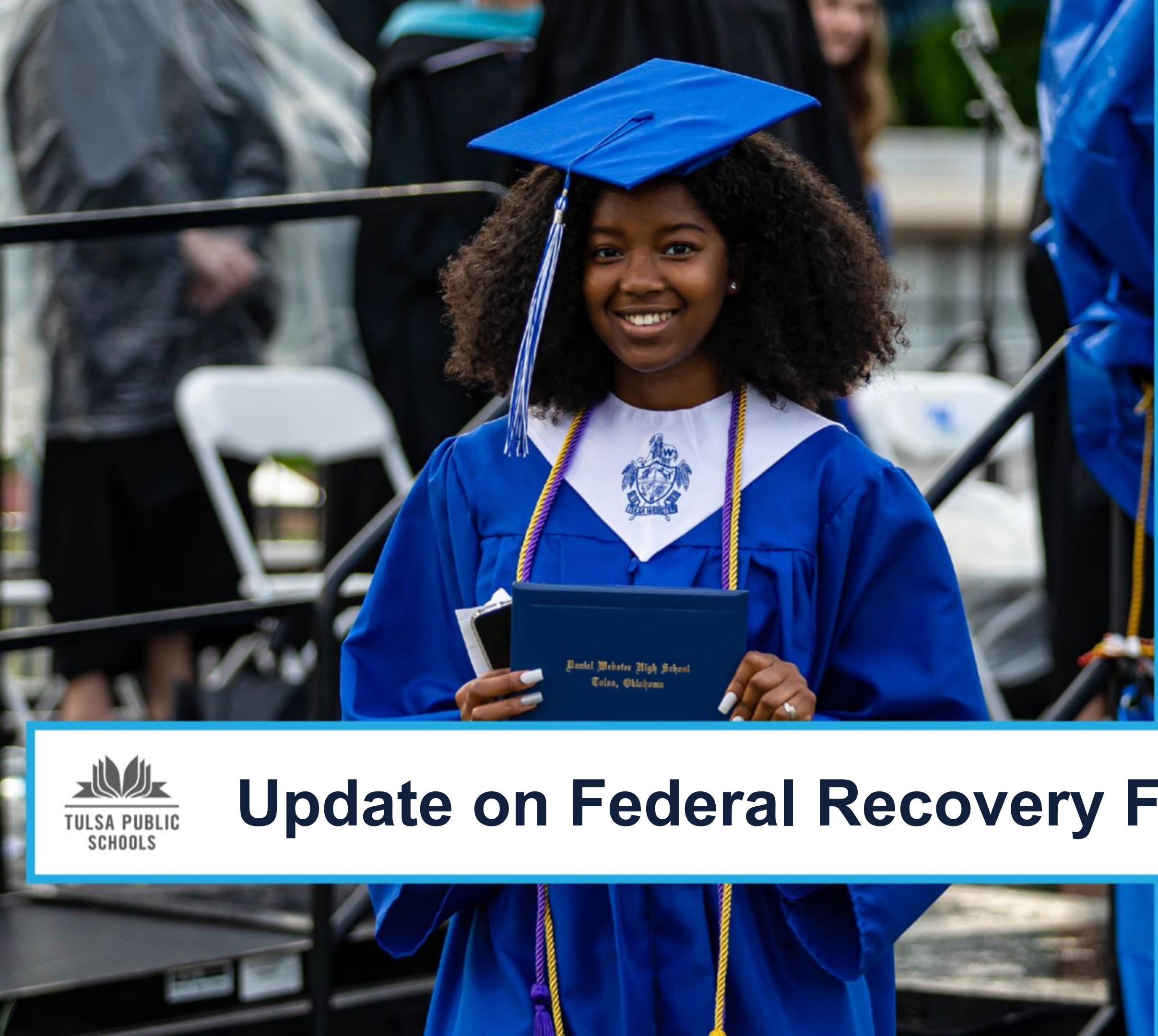
Building Fund	Child Nutrition Fund	Bond Fund	Sinking Fund	Workers Comp Fund
Unchanged	$3.4 million	+$7.5 million	+$.3 million	+$0.6 million
	• Meals served and reimbursement rate up	• Valuation increase allows us to issue more bonds. • Higher than expected fund balance		

FY24 Expense Adjustment

Building Fund	Child Nutrition Fund
Unchanged	$3.4 million
	• Increased staffing expenses due to support professional raises and increased meals served

FY24 Mid-Year Amendment Recap

- We are proposing adjustments to both revenue and expenses to better reflect what has happened in the first half of FY24 and what we expect for the second half
- Legislation passed last year has contributed to higher revenues
- We are committed to continue 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 monitoring enrollment trends and will assess how this impacts revenue and expenses for next year



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Update on Federal Recovery Fund Investments

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	This funding is fully spent.	Improving air quality, professional development, direct and indirect academic supports for schools, *Ready. Set. Summer!*, 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. We had $55.8M remaining as of July 1, 2023. **We estimate to have ~$9M remaining to spend for the period 7/1/24 - 9/30/24.**	Improving air quality, direct and indirect academic supports for schools, R*eady. Set. Summer!*, Tulsa Virtual Academy, and fiscal sustainability

Federal Recovery Funding

- We are in the process of closing out stimulus funds in FY25.
- Our plans include:
  - *Ready. Set. Summer!* June and July 2024
  - HVAC air quality improvements
- We have allocated the remaining funds and anticipate exhausting the funds; meeting the September 30, 2024 deadline. We are actively managing for external factors that might affect our ability to spend as planned.

Federal Recovery Funding

Throughout the life of stimulus dollars, we carefully planned to ensure avoiding any “funding cliffs.” We intentionally invested in one-time or short-term priorities, knowing that they would not need to be sustained. Examples include our HVAC air quality improvements and recruitment and retention incentives.

These dollars have enabled us to build our fund balance and give us a runway to continue our compensation efforts and priorities that support Board goals.

Appendix

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The Funds included in the School District's Budget

Fund	Purpose	Primary Source of Revenue
General Fund	General expenses that are non capital in nature.	• State aid (unrestricted) • Ad valorem (unrestricted) • Federal (restricted) • Flexible benefit allowance (restricted) • County 4 mill • Philanthropic grants & contributions (restricted) • Motor vehicle (unrestricted)
Building Fund	• Repair & maintenance of buildings • Purchase of furniture, equipment and computer software • Energy & utility costs • Fire & casualty insurance • Security	• Ad valorem • Flexible benefit allowance
Child Nutrition	All expenses related to the child nutrition program.	• Federal • Contracts
Capital improvement (bond)	Approved bond proposal - construction, technology, textbooks and other durable goods, buses.	• Bond sales
Debt Service	Repayment of bonds and judgments and related interest.	• Ad valorem

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 *less* recovery dollars on these types of investments?	What could make us spend *more* 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