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

Our 33,572 Students

**Racial/Ethnic Distribution**

- Black: 22%
- American Indian or Alaska Native: 4%
- Asian/Pacific Islander: 3%
- Hispanic/Latino: 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

**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
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 remainder of the year.

- **FY 24 Preliminary Budget**
  - 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

<table>
<thead>
<tr>
<th>Category</th>
<th>Preliminary Budget</th>
<th>Mid-Year Amendment</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All Funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$755,367,103</td>
<td>$791,851,197</td>
<td>Increase</td>
</tr>
<tr>
<td>Expenses</td>
<td>$696,575,613</td>
<td>$708,366,429</td>
<td>Increase</td>
</tr>
<tr>
<td><strong>General Fund</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$427,027,914</td>
<td>$451,739,016</td>
<td>Increase</td>
</tr>
<tr>
<td>Expenses</td>
<td>$371,561,278</td>
<td>$371,561,278</td>
<td>No change</td>
</tr>
<tr>
<td><strong>Building Fund</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$25,235,968</td>
<td>$25,218,144</td>
<td>Minor adjustment</td>
</tr>
<tr>
<td>Expenses</td>
<td>$22,711,114</td>
<td>$22,711,114</td>
<td>No change</td>
</tr>
<tr>
<td><strong>Child Nutrition Fund</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>$23,393,944</td>
<td>$26,839,997</td>
<td>Increase</td>
</tr>
<tr>
<td>Expenses</td>
<td>$22,593,944</td>
<td>$26,039,997</td>
<td>Increase</td>
</tr>
<tr>
<td><strong>Bond Fund</strong></td>
<td>$106,781,895</td>
<td>$114,274,597</td>
<td>Increase</td>
</tr>
<tr>
<td><strong>Sinking Fund</strong></td>
<td>$170,259,379</td>
<td>$170,510,165</td>
<td>Minor adjustment</td>
</tr>
<tr>
<td><strong>Workers Comp Fund</strong></td>
<td>$2,668,003</td>
<td>$3,269,278</td>
<td>Increase</td>
</tr>
</tbody>
</table>
Changes since FY24 Preliminary Budget - General Fund

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:

- 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

Revenue - Mid-Year Adjustments

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

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

Preliminary Budget - REVENUE $427.0 million

Mid-Year Adjusted Budget REVENUE $451.7 million
Changes since FY24 Preliminary Budget - all other funds

### Revenue Mid-Year Adjustments

- **Building Fund**: Unchanged
- **Child Nutrition Fund**: $3.4 million
- **Bond Fund**: +$7.5 million
- **Sinking Fund**: +$.3 million
- **Workers Comp Fund**: +$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**: Unchanged
- **Child Nutrition Fund**: $3.4 million
  - Increased staffing expenses due to support professional raises and increased meals served
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.
Update on Federal Recovery Fund Investments
# Federal Recovery Funding

<table>
<thead>
<tr>
<th>Round of recovery funds</th>
<th>Amount and date</th>
<th>Current status</th>
<th>Investment Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>CARES/ESSER I - March 2020</td>
<td>~$16.6M available through 9/30/22</td>
<td>This funding is fully spent.</td>
<td>Personal protective equipment, hot spots, Tulsa Virtual Academy, student learning supports, transportation, and equitable services</td>
</tr>
<tr>
<td>ESSER II - December 2020</td>
<td>~$58M available through 9/30/23</td>
<td>This funding is fully spent.</td>
<td>Improving air quality, professional development, direct and indirect academic supports for schools, Ready. Set. Summer!, fiscal sustainability, and hot spots</td>
</tr>
<tr>
<td>ESSER III - March 2021</td>
<td>~$131M available through 9/30/24</td>
<td>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. <strong>We estimate to have ~$9M remaining to spend for the period 7/1/24 - 9/30/24.</strong></td>
<td>Improving air quality, direct and indirect academic supports for schools, Ready. Set. Summer!, Tulsa Virtual Academy, and fiscal sustainability</td>
</tr>
</tbody>
</table>

We estimate to have ~$9M remaining to spend for the period 7/1/24 - 9/30/24.
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.
# The Funds included in the School District’s Budget

<table>
<thead>
<tr>
<th>Fund</th>
<th>Purpose</th>
<th>Primary Source of Revenue</th>
</tr>
</thead>
</table>
| **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  
                        |                                                                               | ● Ad valorem  
                        |                                                                               | ● Flexible benefit allowance                                                                 |
                        | ● Purchase of furniture, equipment and computer software  
                        |                                                                               |                                                                                      |
                        | ● Energy & utility costs  
                        |                                                                               |                                                                                      |
                        | ● Fire & casualty insurance  
                        |                                                                               |                                                                                      |
                        | ● Security  
                        |                                                                               |                                                                                      |
| **Child Nutrition**   | All expenses related to the child nutrition program.                    | ● Federal  
                        |                                                                               | ● Contracts                                                                 |
| **Capital improvement**  | 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                                                                 |

[The image contains a table summarizing the funds included in the School District’s Budget, including the purposes and primary sources of revenue for each fund.]

- **General Fund**: General expenses that are non-capital in nature. Sources include State aid (unrestricted), Ad valorem (unrestricted), Federal (restricted), Flexible benefit allowance (restricted), County 4 mill, Philanthropic grants & contributions (restricted), Motor vehicle (unrestricted).
- **Building Fund**: Includes repair & maintenance of buildings, purchase of furniture, equipment, and computer software, energy & utility costs, fire & casualty insurance, and security. Primary sources are Ad valorem and Flexible benefit allowance.
- **Child Nutrition**: All expenses related to the child nutrition program. Sources are Federal and Contracts.
- **Capital Improvement (Bond)**: Approved bond proposal for construction, technology, textbooks, and durable goods, including buses. Source is Bond sales.
- **Debt Service**: Repayment of bonds and judgments, and related interest. Source is 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.

<table>
<thead>
<tr>
<th>Type of investment</th>
<th>What could make us spend less recovery dollars on these types of investments?</th>
<th>What could make us spend more recovery dollars on these types of dollars?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>We may have difficulty hiring, which will lead to long-term vacant positions</td>
<td>We may choose to expand programming and hire additional staff</td>
</tr>
<tr>
<td>Goods/materials</td>
<td>If we receive additional funding for these costs, ESSER funds will be freed up and can be reallocated toward other investments.</td>
<td>Continued supply chain issues; rising costs due to inflation</td>
</tr>
<tr>
<td>Services</td>
<td>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</td>
<td>High interest in program from students, family, and staff, leading to a decision to expand access</td>
</tr>
</tbody>
</table>