TULSA PUBLIC SCHOOLS

FY25 Preliminary Budget Preview

Fiscal Year 2024-2025 Budget Preview

Today's Agenda:

- FY25 preliminary budget preview
    - We will bring the official numbers back on June 3rd for the board vote

Tulsa Public Schools Board Budget Governance

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)
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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ABOUT OUR STUDENTS

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

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Annual budget cycle

In June, the board will vote on the preliminary budget for 2024-2025. This budget will be built on the best information available at the time and will include our assumptions for revenue and expenses, as well as take into account our recent work on compensation.

+/- +/- +/- =

FY 25 Preliminary Budget

- Board vote will be on 6/3/24
- 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.

FY25 Expense Adjustment

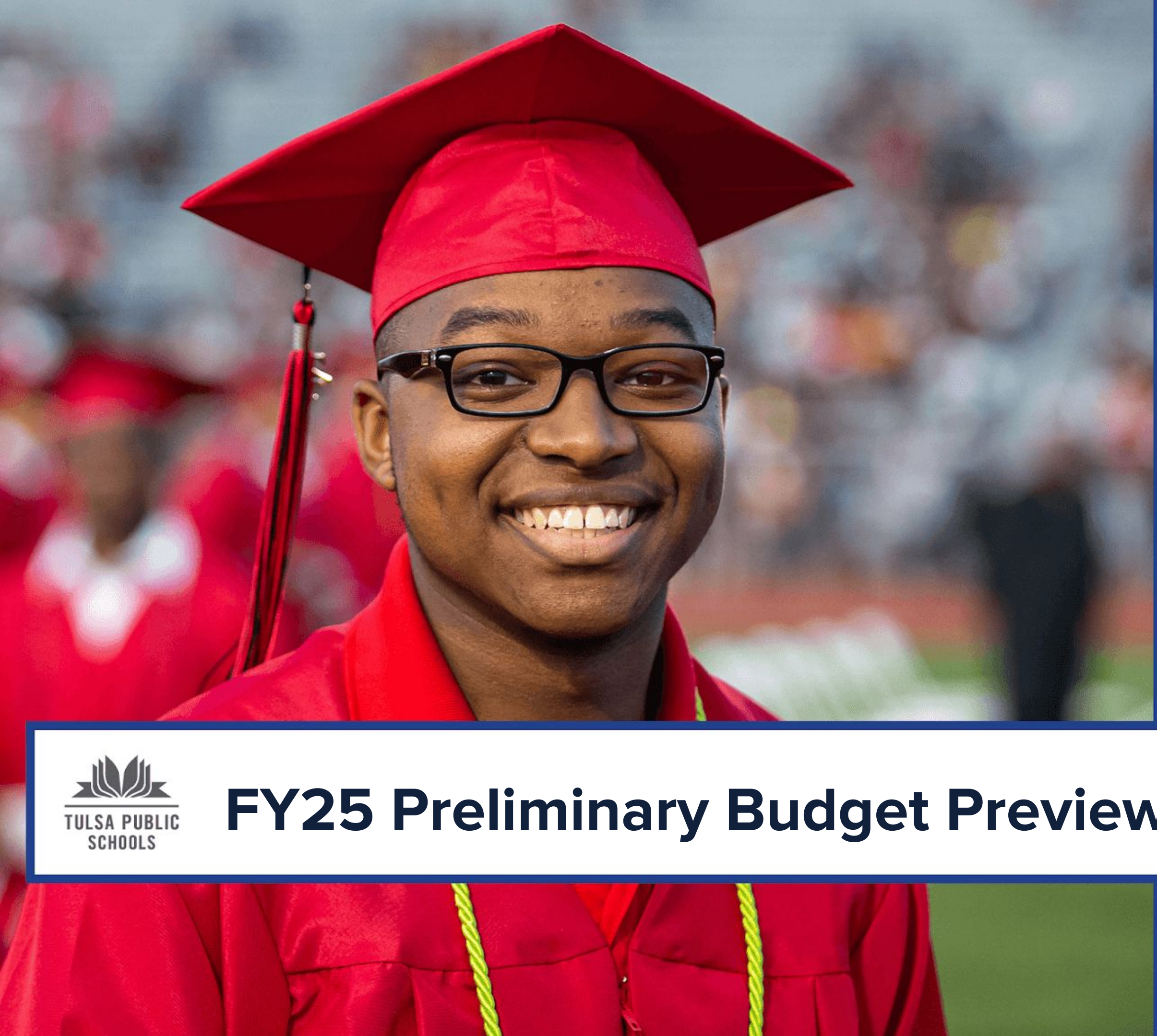
- Adjustment to reflect unanticipated dynamics during the first semester.
- Update expense projections for the remainder of the year.

Investment Changes

- Incorporate new proposed investment into FY25 budget to address needs identified to support district initiatives.

FY25 Mid-Year Budget Amendment

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



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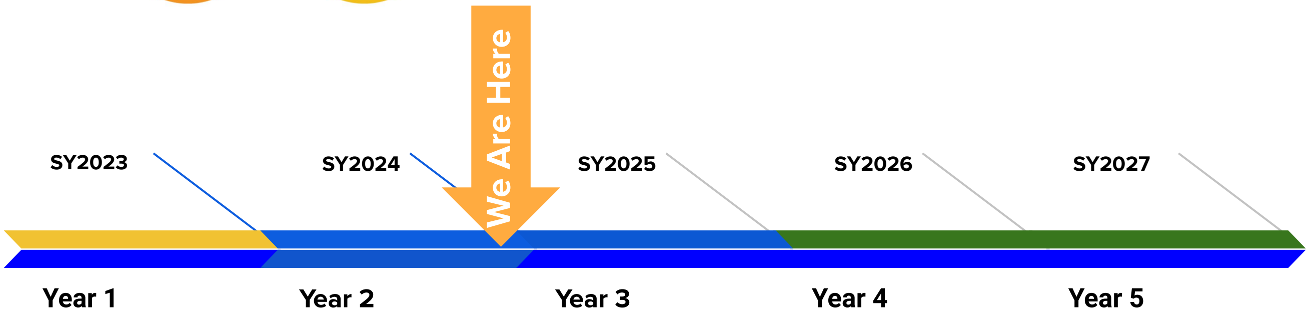
FY25 Preliminary Budget Preview

We have experienced many changes over the last year…

- We began the 2023-2024 SY focused on executing the goals and guardrails aligned to Y2 of Pathways to Opportunity
- In September, Dr. Johnson began serving as Interim Superintendent and in December, Dr. Johnson was officially named Superintendent of Tulsa Public Schools
- On September 28, we began meeting regularly with OSDE as they outlined the following goals for our district
    - a professional development plan to train teachers on the Science of Reading
    - development of a corrective action plan for all schools designated with an "F"
    - development, publication, and execution of new internal controls



These changes have required a narrowing of focus…

- In November 2023, OSDE created a new set of goals for TPS to focus on
    - Having at least 50 percent of students score basic or above on the 2024 Oklahoma State Testing Program English Language Arts assessment or increasing the number of students scoring basic or above by five percentage points;
    - Training all teachers and school administrators in science-of-reading-based practices; and
    - Getting at least 12 of 18 Tulsa school sites off the More Rigorous Intervention list.

- These goals created a renewed focus on the **state accountability indicators** (state report card). In January, we adopted a refreshed set of Goals and Guardrails for the remainder of our current strategic plan aligned to these indicators.

- At this time, Dr. Johnson began implementing her updated vision for cabinet and the structure of our organization.

GOAL 1: The percentage of grade 3-5 students who score Basic or above on Spring OSTP ELA assessment will increase from 37% in May 2023 to 53% by May 2027.

GOAL 2: The percentage of grade 6-8 students who score Basic or above on Spring OSTP ELA assessment will increase from 38% in May 2023 to 53% by May 2027.

GOAL 3: The percentage of graduates earning post secondary credits and qualifying credentials will increase from 43% in May 2022 to 54% by May 2027.

Executive Summary

Our proposed General Fund budget is driven by investments that are aligned to our goals and support instruction at school sites. Our FY25 proposed budget is approximately $25M less than in FY24. This is largely driven by:

- ⬇ Discontinuation of ESSER-funded investments as the grant sunsets (almost entirely HVAC)

Despite the overall decrease, we are still proposing:

- ⬆ Increased investments in compensation for teachers and support professionals
- ⬆ Increased investments in instruction and school sites in service of our goals
- ⬆ Increased investments for inflation (transportation, insurance, etc.)

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General Fund Revenue

How has our revenue shifted from FY24? General Fund

FY24 Amended Budget - REVENUE
$451.7M

FY25 Preliminary Budget - REVENUE
$428.9M

-$1.1M

-A flat anticipated state formula aid

-Elimination of Before and After Care tuition

+$16.7M

-An increase in carryover mainly due to vacancies last year

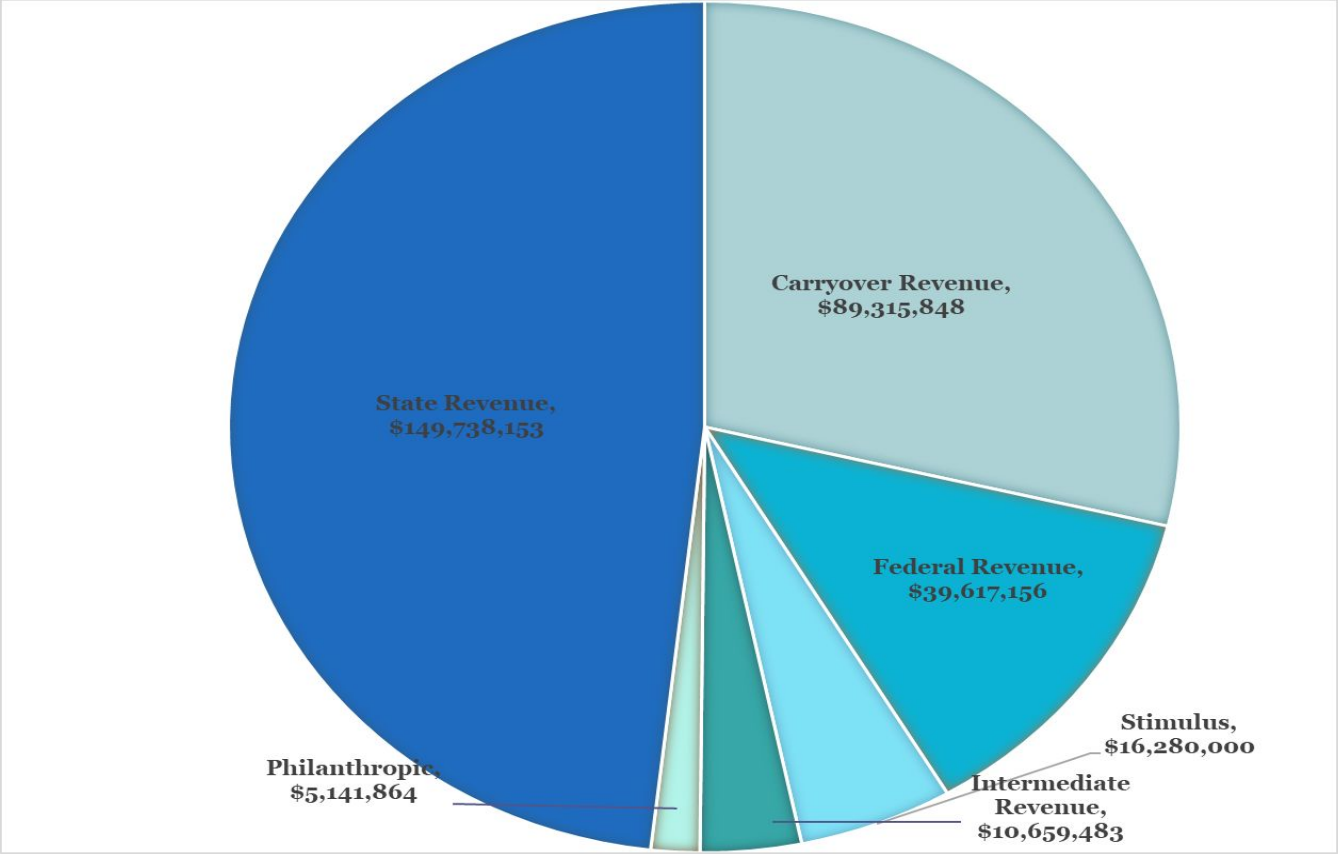
-$38.4M

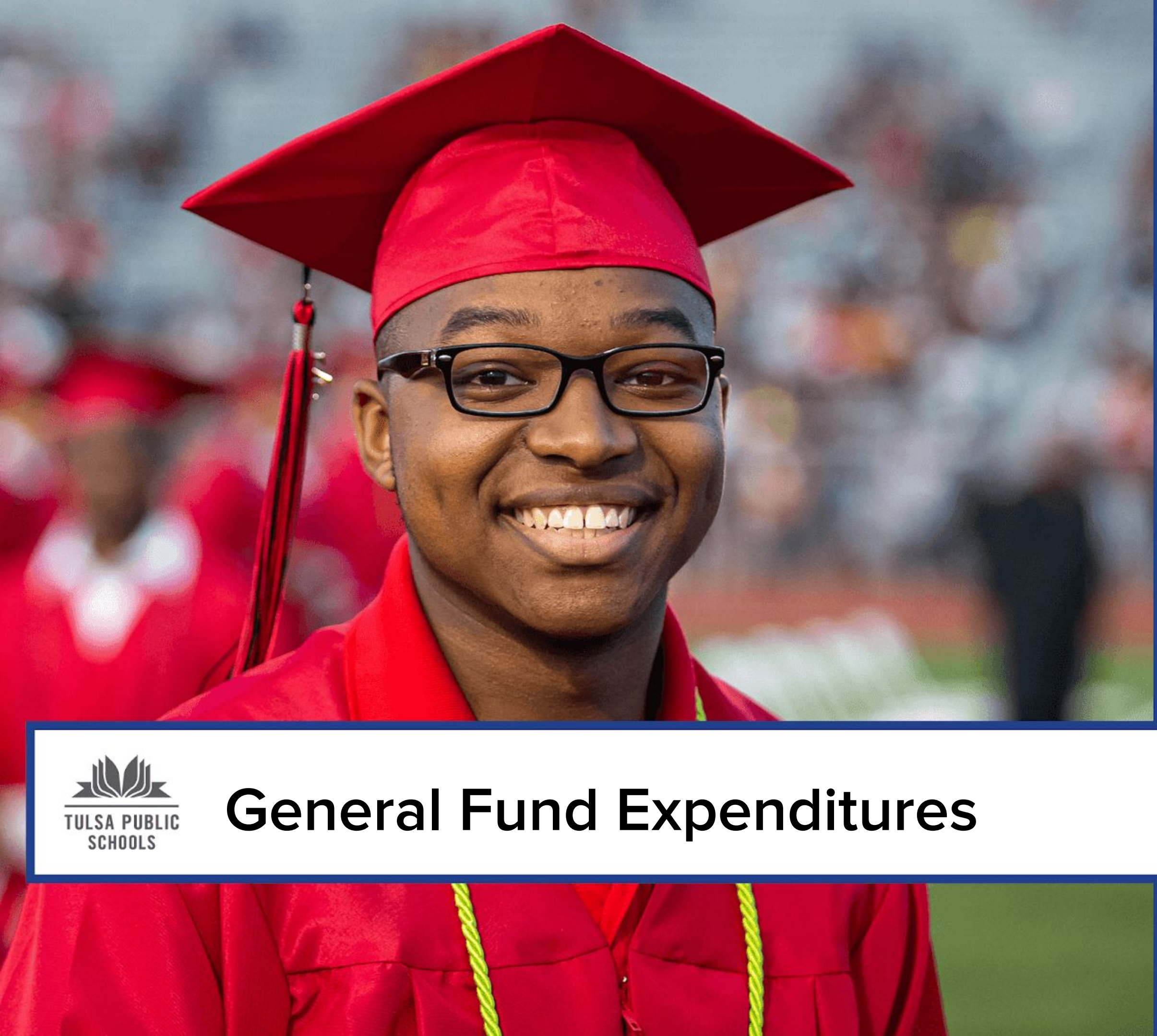
-ESSER funding sunsetting

Net Change
-$22.8M
(5.0% decrease)

-Total change from FY24 Amended to FY25 Preliminary

General Fund revenue sources 2024-25





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General Fund Expenditures

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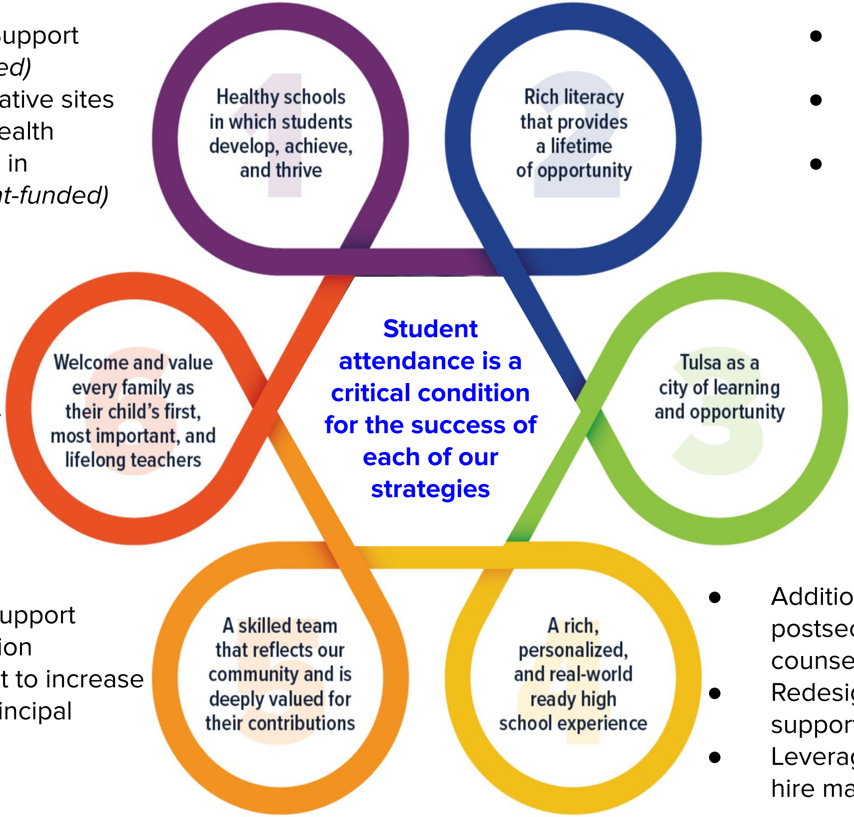
We are investing an additional $9M to support our core priorities aligned to our Board goals

- Multi-Tiered System of Support data system *(grant-funded)*
- Begin redesign of alternative sites
- Embedded behavioral health coaches and health aids in secondary schools *(grant-funded)*

- Updated standards-aligned tier 1 curriculum and tier 2 and 3 resources
- Introduce common formative assessments
- Teacher professional development for new curriculum



- Districtwide family engagement survey
- Special education family engagement specialists

- Ready. Set. Summer! (continued for summer of 2024)
- Attend to Win! Attendance recovery coordinators
- High school summer experiences with business partners

- Increased teacher and support professional compensation
- Leadership development to increase the pipeline of strong principal candidates

- Additional postsecondary counselors
- Redesigned advisory support
- Leveraging OTEP to hire master teachers

Compensation redesign is key to having a skilled team to support students and is one of our biggest investments

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Last year, we focused compensation investments in roles furthest away from market rates, with the greatest number of vacancies, and for staff that work directly with students. **Return on Investment:** This year, we saw increases in fill rates for support professionals and started the year with less teacher vacancies. As of March 31st, we have dedicated $11.1M more to compensation - $6.5M of that is instruction.

Here's what we're planning for FY25:

Teachers (negotiations not yet begun)

- Increasing and evening out the teacher salary schedule
- Renegotiating extra duty stipends
- Recruitment bonus

Support professionals

- $1/hour raise for all support professionals
- Paid maternity leave for part-time employees
- Targeted compensation increases for paraprofessionals, ASL interpreters, and translators
- Increases and adjustments to exempt pay scales

All other staff*

- Providing clarity around roles that require certification and provide service to school site instruction

In order to support schools to reach their goals, we are planning to allocate more resources to school sites and away from central office

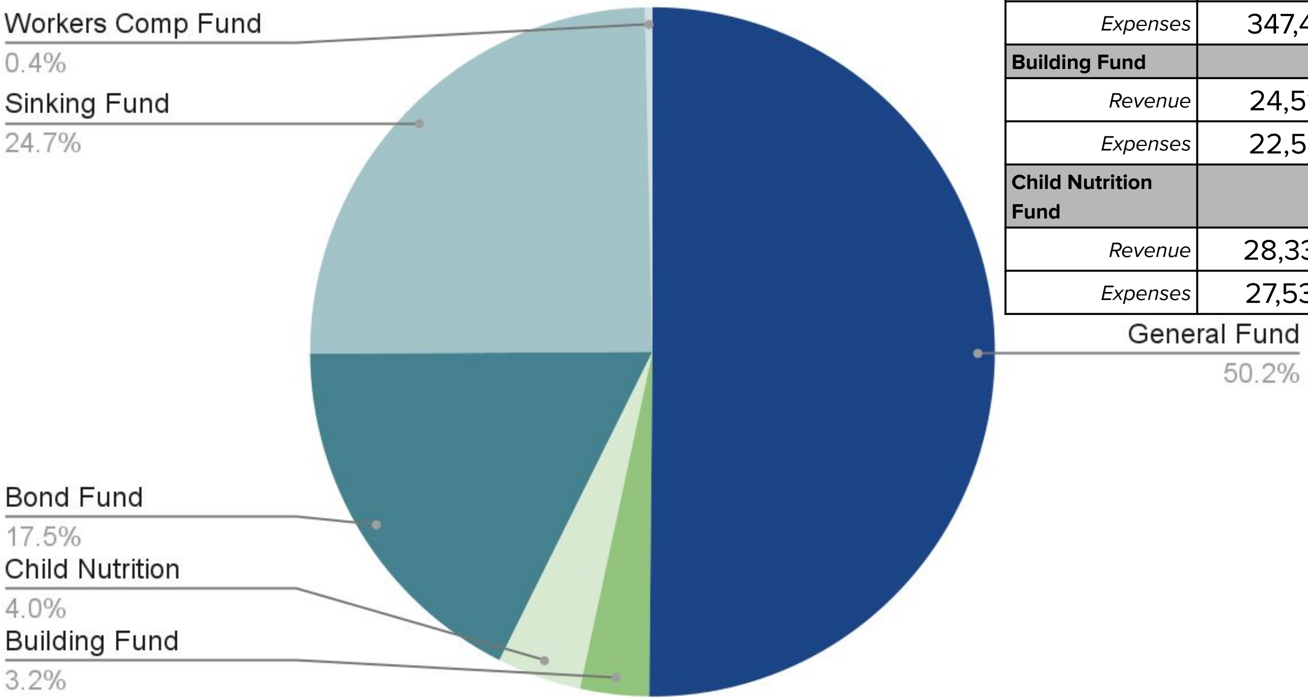
- We allocate the majority of resources to schools through the staffing plan, which you will also vote on in June
- Schools also receive discretionary dollars. In the current school year, schools receive a flat amount for every student
- For next year, we are proposing increasing dollars given directly to school sites and updating our site funding formula to align to how we receive State aid:
  - All schools will receive a baseline rate for every student
  - Schools will receive additional dollars for every economically disadvantaged student and every multilingual learning student
  - This method ensures no schools lose and most schools benefit from the change
- We are repurposing central office roles to provide direct support to school sites

We are able to accomplish this by:

- Using the savings from increased rates of vacancies in recent years
- Not having to sustain stimulus-funded investments. We ensured most of our investments were only implemented for the life of the grant. In other words, we aren't facing a funding cliff.
- Planning for future tradeoffs of investments in order to sustain this increase

We make investment decisions across multiple fund sources

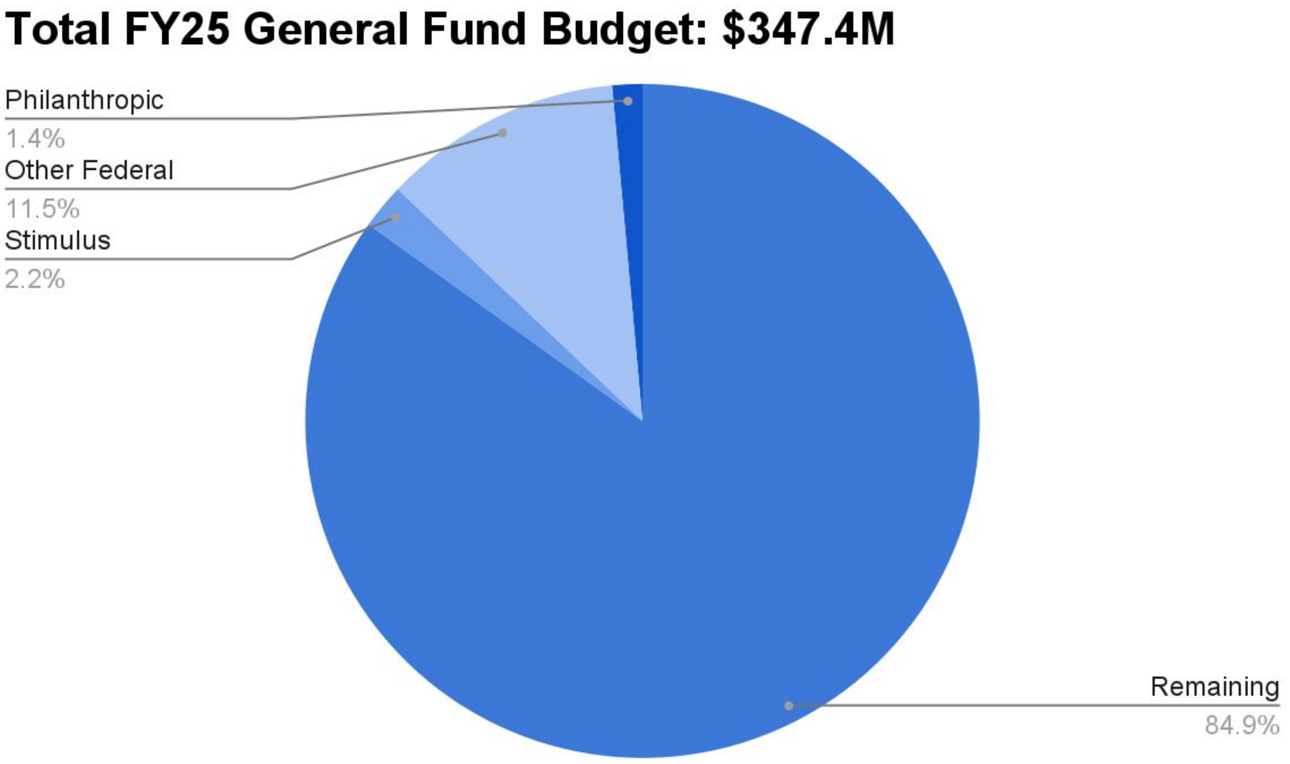
Total FY25 Budget: $692.8M



Category	FY25 Preliminary Budget
General Fund	
Revenue	428,943,494
Expenses	347,433,117
Building Fund	
Revenue	24,512,519
Expenses	22,512,519
Child Nutrition Fund	
Revenue	28,330,668
Expenses	27,530,668

Category	FY25 Preliminary Budget
Bond Fund	
	121,492,702
Sinking Fund	
	171,357,568
Workers Comp Fund	
	2,457,363

The majority of our budget and focus is spent on our General Fund



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General Fund Expenses

How has our budget shifted for FY25? - General Fund

FY24 Amended Budget - EXPENSES
$372M

Anticipated spend: **$365M**

FY25 Preliminary Budget - EXPENSES
$347M

Anticipated spend: **$340M**

-$35M

-Decreased stimulus investments (associated with a decrease in revenue)

+$3M

-Investment for FY25 compensation adjustments for hourly support professionals & teachers

-Includes filling additional positions

+6M

-Investment in school site strategies to support instruction (personnel and non-personnel)

+1M

-Increased operational costs due to inflation (transportation, insurance, etc)

-$25M

(7% decrease)

-Total change from FY24 Amended to FY25 Preliminary

Multi-year outlook

How are we managing our expenses?

We have been actively managing revenue and expenses:

We 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

We are planning for outyears:

We are actively planning for areas of repurposing/redistribution in order to sustain compensation and strategy-related investments

We are making conservative assumptions and building contingencies for outyears

	Assumptions we're planning for	But we're watching out for...	Potential Impact of Changes
Revenue	**Enrollment:** Consistent decline for the next 4 years	Further abnormal fluctuations in school year enrollment	↑
	State Funding: No changes to state funding	Increases to State Aid will increase revenue	↑
	Federal Stimulus: Stimulus will end after next school year in FY25	Some portion of stimulus is extended	↑
	Philanthropy: Local grants will start expiring	Opportunities to earn more philanthropic dollars	↑
	New bond: On or after FY26 we will ask Tulsans to support another bond	Not being able to pass the bond which will pause bond-funding projects like school maintenance	↓
Expense	**Compensation:** Investments continue and work to attract and retain talent. We'll repurpose other dollars to sustain this in the long-term	Compensation investment increases retention and fill rates more than we expected, leading to higher long-term costs	↓
	Strategic investments: We're implementing a small number of investments that are most likely to be effective	Any additional investments will require further repurposing of dollars from elsewhere	↓

We will continue to monitor the impact of our investments to inform multi-year planning

- We will continue to track progress on our goals in order to inform investments aligned to our **strategic plan**
- The compensation investment is part of a much larger effort to transform our compensation structure into a **total rewards** concept. The **total rewards** concept creates a comprehensive compensation and benefits plan designed for the whole employee, allowing benefits and resources consistent with employee needs and circumstances.
    - Each invested dollar is expected to provide positive returns and will be scrutinized for effectiveness. Investments will be evaluated based on turnover rates and employee feedback.
- In our commitment to effective use of resources, we have already begun to make decisions around **return on investment** (ROI) to ensure sustainability

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Update on Federal Recovery Fund Investments

Stimulus Success and Beyond: Preparing for What's Next

The COVID-19 pandemic brought about substantial shifts in the needs and priorities of the district, introducing significant new costs to address various areas such as health, technology, and learning loss.

Stimulus Success and Beyond: Preparing for What's Next

We prioritized stimulus funds for one-time investments. Last year, we intentionally shifted $8.3 million from unrestricted funds to ESSER funds. This deliberate move was aimed at strengthening and maintaining a robust fund balance. As we plan for FY25, we are transitioning these investments from ESSER funds back to unrestricted funds, pending board approval of the FY25 budget in June:

- Substitute services
- Tulsa Virtual Academy (TVA) staff
- Temporary staff services
- Virtual course offering

Stimulus Success and Beyond: Preparing for What's Next

- Our FY25 stimulus budget planning encompasses two primary investments:
  - Completing the HVAC projects at Mayo/Wilson and Edison schools
  - *Ready. Set. Summer!* programming in July 2024

Appendix

The funds included in the district's budget

Fund	Purpose	Primary Source of Revenue
General Fund	General expenses that are not 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, as well as related interest.	• Ad valorem