

Buffalo Public Schools



2022-2023 Third Quarter Report and Projection
2023-2024 Annual Budget Process – Proposed Budget

Finance & Operations Committee Meeting – Wednesday May 3, 2023

Dr. Tonja Williams - Superintendent

Jim Barnes – CFO

2022-2023 Third Quarter Report & Projection

	22-23 Approved Budget	22-23 Projection at 12/31/23	22-23 Projection at 3/31/23	Change from Approved Budget
Revenue	985,500,000	988,500,000	991,500,000	6,000,000
Expenditures	1,020,100,000	1,004,600,000	995,100,000	(25,000,000)
Surplus/(Deficit)	(34,600,000)	(16,100,000)	(3,600,000)	31,000,000
Use of Reserves	34,600,000	16,100,000	3,600,000	(31,000,000)

2022-2023 Q3 Report – Variances from Budget

- Revenues:
 - Projected State Aid Revenues \$3 million greater than budget from Public High Cost Aid.
 - Projected Sales Tax Revenues \$3 million greater than budget.
- Expenditures:
 - Vacancy savings - \$19 million.
 - Benefits - \$3 million. Related to Vacancy savings.
 - Contracts - \$6 million.
 - Transportation savings - \$7 million (including Bus Aides).
 - Agency Tuitions - \$2 million savings.
- The expenditure savings noted above have been largely redirected to Interfund Transfers:
 - \$17 million to Capital Projects.
 - \$2.3 million to fund deficits in Summer Handicapped Program.

BTF Retro Payments

- The retro payments are NOT included the Q3 projected expenditures or deficit noted above. We are currently investigating if they can be funded through ARP/ESSER. If it cannot be ARP/ESSER funded, it will be funded through the General Fund.
- Please see below for the potential impact on the 22-23 General Fund results.

		Funding Source
Estimated Year 1 Cost	62.4	
10% Bonus	25.0	ARP/ESSER
Subtotal	37.4	
Grants/Retro	8.0	GRANTS (numerous)
Subtotal	29.4	
Contract Contingency	14.0	General Fund (budgeted)
Balance	15.4	General Fund (unbudgeted)

Enrollments, Vacancies and Cash Flow

- Enrollment continues to decline but at a slower pace.
- Vacancies remain a District and nationwide issue. However, the vacancy numbers as calculated by the District, overstate the issue. The budgeted FTE number as determined through the SBB and Unbudgeted Request processes add FTE's not justified by the enrollments and do not impact the services required and provided to our students.
- Cash Flow remains strong. At the end of March we had approximately \$379 million in total cash reserves. We are projecting the year end balance to drop to \$267 million. However, the year end cash projection may be substantially improved (+\$60 million) due to an increase in Grant reimbursements experienced over the past weeks.

23-24 Budget - Timeline

- May 3rd – Budget Overview and Proposed 23-24 Budget Book distributed to the Board for review.
- May 9th – Questions submitted to the CFO at jrbarnes@buffaloschools.org
- May 11th – Superintendent and CFO provide written responses.
- May 15th – Updated Budget Book with fully allocated SBB FTE's and Executive Summary.
- May 17th – Board Meeting to vote on Approving the 23-24 Budget.
- May 31st – Updated 4 Year Plan presented to the Board.

23-24 Budget - Introductory Remarks

- The Proposed 23-24 Budget provides the funding necessary to cover both the second year of BTF contract costs AND to successfully implement the Superintendent's Five Strategic Goals:
 - 1 – Eliminate Opportunity and Achievement Gaps.
 - 2 – Access to Educational Excellence, Accelerated learning, and Enhanced operations and facilities maximization.
 - 3 – Prioritizing Safety, Security, and Wellness.
 - 4 – Amplify all voices and cultivate trust.
 - 5 – Activate partnerships.

23-24 Budget - Introductory Remarks

- Specific examples in the Proposed Budget include:
 - Enhanced security programs including 30 additional security guards and funds for training.
 - A large increase in Athletics funding.
 - Increased funding for Family & Community Engagement activities including, OPFE, PEL funding, CSP, After School, Adult Ed. outreach and Community Partners.
 - Increased funding for CLRI related programs.
 - Including CY activity, \$27 million in General Funds have been committed to Capital Projects over the past 12 months. The 23-24 budget does not include any Transfers to Capital. However, we have identified a \$4.8 million refinancing opportunity that will be used for Capital Projects. Additional funding for Capital Projects must return to standard building aid procedures
- ***All unbudgeted requests submitted through the SBB process have been approved by the Superintendent and are reflected in the Proposed Budget Book.***
- The recently settled BTF contract costs are fully reflected in the Proposed Budget Book in a contingency line. They have not been allocated out by individual in the Proposed Budget Book. We are in the process of updating the employee, salary, benefit and extra activity data bases. I do not currently have an estimated time for completion.
- All FTE's currently funded through ARP/ESSER will remain in ARP/ESSER for the 23-24 year.

23-24 Budget - Introductory Remarks

- The final reconciliation of the SBB fte's with Munis has not been completed. However, there are 29 additional fte's within Munis that will be removed upon final reconciliation. This will start the process of rightsizing our vacancies.
- During the 22-23 year there were many allocations made within the budget such as the Superintendents reorganization of cabinet, the allocations of 3 settled contracts (PCTEA, BCSEA and 409) and several large Plant related expenditures. These events resulted in variances between the CY 22-23 revised budget and the Proposed 23-24 budget.
- The final State Aid Revenue numbers are not available at the present time. The Final Proposed Budget Book will include those numbers and any offset will be made to the Use of Reserves.

Surplus/Deficit Summary

	22-23 Approved Budget	22-23 Projection at 3/31/23	23-24 PROPOSED BUDGET	23-24 PROPOSED - 22-23 Approved	% Change	23-24 PROPOSED - 22-23 PROJECTION	% Change
Revenue	985,500,000	991,500,000	1,065,000,000	79,500,000	8.07%	73,500,000	7.41%
Expenditures	1,020,100,000	995,100,000	1,102,725,000	82,625,000	8.10%	107,625,000	10.82%
Surplus/(Deficit)	(34,600,000)	(3,600,000)	(37,725,000)	(3,125,000)	9.03%	(34,125,000)	947.92%
Use of Reserves	34,600,000	3,600,000	37,725,000	3,125,000	9.03%	34,125,000	947.92%

2023-2024 Proposed Revenue Budget

Revenue Source	21-22 ACTUAL	22-23 REV BUD	23-24 PROPOSED	23-24 PROPOSED - 22-23 REV.	% CHANGE
City	70,822,903	70,822,758	70,718,966	(103,792)	-0.15%
Sales Tax	56,938,685	48,720,000	53,200,000	4,480,000	9.20%
Interfund	7,197,634	11,700,000	11,700,000	-	0.00%
Medicaid	2,343,941	3,000,000	3,000,000	-	0.00%
Other	8,374,729	7,567,761	7,542,570	(25,191)	-0.33%
Foundation Aid	585,432,636	619,626,315	688,802,175	69,175,860	11.16%
Transportation	25,905,054	42,090,098	51,525,051	9,434,953	22.42%
Building	117,244,887	116,798,182	110,949,217	(5,848,965)	-5.01%
Special Services Aid	14,075,616	13,671,053	12,883,816	(787,237)	-5.76%
All Other State Aid	50,891,538	51,503,833	54,678,205	3,174,372	6.16%
Sub Total State Aid	793,549,731	843,689,481	918,838,464	75,148,983	8.91%
Subtotal Before Reserves	939,227,623	985,500,000	1,065,000,000	79,500,000	8.07%
Use of District Reserves	-	34,600,000	37,725,000	3,125,000	9.03%
Grand Total All Revenues	939,227,623	1,020,100,000	1,102,725,000	82,625,000	8.10%

1. The State Aid numbers above are based upon the Governors budget and the February State Data base.

2. The final State Aid numbers have not been released as of 5-1-23. We will adjust for final numbers prior to May 17th Board Meeting.

3. The Non State Aid revenue budget is flat with current year except for a \$4.5 million increase in sales tax.

4. The Proposed State Aid numbers show an increase of \$75.1 million or 8.9% from the current year.

5. The Proposed Budget includes \$37.7 million in Reserve to fund the operating deficit.

23-24 Budget Expenditures

General Fund Expenditures by Character Code	2022-23 Revised Budget FTE	2022-23 Revised Budget	2023-24 Proposed Budget FTE	2023-24 Proposed Budget	Change 22/23 to 23/24 Proposed FTE	Change 22/23 to 23/24 Proposed Budget
01 BTF (TEACHERS)	3,245.80	229,794,343	3,246.05	231,921,827	0.25	2,127,484
02 BTF SUBSTITUTES	-	8,232,874	-	8,290,381	-	57,507
03 BCSEA (ADMINISTRATORS)	227.35	30,458,646	230.54	31,511,850	3.19	1,053,204
04 PCTEA (WHITE COLLAR)	408.08	23,355,385	436.68	24,900,860	28.60	1,545,475
05 TEACHER AIDES	563.60	13,189,068	579.82	16,588,108	16.22	3,399,040
06 TRADES	33.00	3,709,823	33.00	4,103,623	-	393,800
07 LOCAL 264(BLUE COLL)	65.00	2,789,978	65.00	3,024,878	-	234,900
08 LOCAL 409(ENGINEERS)	56.00	4,319,837	56.00	4,060,100	-	(259,737)
09 EXEMPT	53.75	5,439,355	56.75	6,464,216	3.00	1,024,861
10 MISC PAYROLL ITEMS	-	122,505	-	186,000	-	63,495
11 OVERTIME	-	2,867,478	-	3,123,820	-	256,342
12 BTF OTHER COMPENSAT	-	10,755,399	-	11,923,342	-	1,167,943
13 TAB (BUS AIDES)	-	6,829,823	-	8,247,400	-	1,417,577
14 TEACHING ASSISTANT	250.50	7,700,599	237.24	8,434,941	(13.26)	734,342
19 CONTINGENCY	-	14,269,261	-	63,600,000	-	49,330,739
20 EQUIPMENT	-	2,719,306	-	2,132,797	-	(586,509)
40 CONTRACTUAL - MISC	-	31,220,254	-	36,037,928	-	4,817,674
42 FACILITY RENTALS	-	7,097,321	-	7,125,000	-	27,679
43 RENTAL CONTRACTS	-	4,913,084	-	5,593,451	-	680,367
44 TRANSPORTATION	-	53,751,786	-	61,422,004	-	7,670,217
46 CUSTODIAN CONTRACTS	-	22,609,833	-	22,844,949	-	235,116
47 TUITION	-	35,647,458	-	34,896,757	-	(750,701)
48 TEXTBOOKS	-	3,962,268	-	4,163,711	-	201,443
49 UTILITIES	-	13,359,408	-	12,783,150	-	(576,258)
50 SUPPLIES & MISC ITEM	-	9,217,635	-	10,175,180	-	957,545
51 SOFTWARE	-	4,841,204	-	5,955,256	-	1,114,053
57 REPAIRS & MAINT	-	3,972,231	-	5,221,037	-	1,248,806
71 CHARTER TUITION	-	149,640,013	-	158,918,700	-	9,278,687
81 CIVIL SERVICE RETIRE	-	5,100,000	-	5,304,000	-	204,000
82 TEACHERS' RETIREMENT	-	28,800,000	-	29,952,000	-	1,152,000
83 SOCIAL SECURITY	-	26,800,000	-	27,872,000	-	1,072,000
86 HEALTH INS-EMPLOYEES	-	62,316,000	-	64,808,640	-	2,492,640
87 HEALTH INS-RETIREES	-	54,763,000	-	56,953,520	-	2,190,520
88 TERMINATION PAY	-	4,300,000	-	4,472,000	-	172,000
89 OTHER EMPLOYEE BENE	-	14,456,500	-	15,034,760	-	578,260
90 DEBT SERVICE	-	108,689,575	-	100,961,299	-	(7,728,276)
99 INTERFUND TRANSFERS	-	8,088,749	-	3,715,514	-	(4,373,235)
Grand Total	4,903.08	1,020,100,000	4,941.08	1,102,725,000	38.00	82,625,000

23-24 Proposed Expenditures

- BTF related staffing costs are projected to increase by approximately \$55.3 million including benefits and extra activity. These costs are mainly in a contingency account. These costs will be allocated out to the individual teachers after we complete the update of our data bases and begin processing payroll based upon the new rates.
- All other staffing is projected to increase by \$8.3 million. This is partly due to the addition of 30 security guards.
- Transportation expenditures are projected to increase by \$7.7 million. This is based upon an increase in projected busses, contract increases and more afterschool/athletic events.
- Charter Tuitions are expected to increase by \$9.3 million due to a projected enrollment increase of 739 based upon 1 new Charter School opening and 7 Charters adding grade levels in 23-24.
- Benefits are projected to increase by 4% or \$7.9 million dollars due to staffing cost increases noted above.
- Debt Service is expected to decline by \$7.7 million. However, this reduced expenditure is offset by a projected decrease in Building Aid revenues.
- Interfund Transfers – are expected to decrease by \$4.3 million from the current revised budget. This is mainly due to no Transfers to Capital being budgeted at this time. Please see prior note on refinancing of existing debt.

Board Members

- Mrs. Sharon M. Belton-Cottman, Board President and Ferry District Board Member
- Dr. Kathy Evans-Brown, Vice President of Executive Affairs and East District Board Member
- Mr. Lawrence L. Scott, Vice President of Student Achievement and Board Member At Large
- Mr. Terrance L. Heard, Board Member At Large
- Dr. Ann R. Rivera, Board Member At Large
- Ms. Cindi M. McEachon, North District Board Member
- Ms. Jennifer L. Mecozzi, West District Board Member
- Mrs. Theresa Schuta, Park District Board Member
- Ms. Paulette Woods, Central District Board Member