

Buffalo Public Schools

2024-2025 Budget Update – Level 2 Budget
A Two-Year Plan to Align Staff Counts to Enrollments



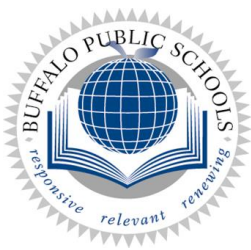
Finance & Operations Committee Meeting – Wednesday April 10, 2024

Dr. Tonja M. Williams – Superintendent of Schools

Jim Barnes – Chief Financial Officer

Cindi McEachon – Chairwoman Finance and Op's Committee

“Equity for all, in all that we do”



3 Goals for the Superintendent

The Board has identified 3 Goals for the Superintendent by 6/2024. To support the achievement of the following Goals:

1. The percentage of BPS third grade economically disadvantaged students proficient in Reading as measured by the end of year (EOY) Dibels Assessment will increase from 33% in June 2023 to **39% by June 2024**.
2. The percentage of BPS third grade economically disadvantaged students proficient in Math as measured by the EOY iReady Assessment will increase from 13.3% in June 2023 to **15.9% by June 2024**.
3. The percentage of “Unofficial” 4-year graduation cohort students who complete state and district graduation requirements will remain consistent from 75.7% in June 2021 to **75.7% in June 2024**.

It will be necessary for the district to strategically prioritize all financial systems, practices, and human capital.



Objectives for Tonight

- **The Big Picture.**
- **The Budget Process – Levels 1 – 5.**
- **The SBB vs. Munis FTE reconciliation.**
- **An Update on our plan to Mitigate layoffs.**
- **Review the Level 2 Budget Summary.**
- **Review the Level 2 Budget in Detail.**
- **What happens in the Level 3 Budget.**
- **Begin discussing the Updated 4 Year Plan due June 30, 2024.**
- **Summation.**



The Big Picture

- The biggest challenges facing the district are the loss of \$90 million in ARP/ESSER revenues AND aligning total staff counts to enrollment decreases (as in all districts across the state and country). Enrollments are down 3,400 over past 5 years and total staff counts are up 390.
- ***The Superintendent has decided upon a two- year plan to address the structural issues facing the district. This decision is based upon the loss of \$90 million in funding, the continuing challenges facing our students and the financial strength of the district.***
- Updated Plan to mitigate/avoid layoffs:
 - Hiring freeze (except for essential positions).
 - Cutting non-mandated vacancies at both central office and schools, as best we can.
 - Reducing Coach/TOSA/ITC positions and moving staff back to classrooms.
 - Use of projected retirements.
 - Use of District Reserves in the 24-25 Budget Year.
- The budget process will begin to address the District's structural challenges in the 24-25 year and develop a fiscally responsible update to the 4 Year Plan.
- The Superintendent is keenly aware of the needs of our students, schools and departments and is more committed than anyone to provide the resources to meet those needs in the 24-25 budget.



The 24-25 Budget Process Approval Levels 1-5

- Level 1 is the “worst case” budget scenario used to provide an initial projection based upon known revenues, moving all 313 ARP/ESSER FTES into the General Fund, the impact of contract, step and longevity increases & the associated increases in benefits, projected Charter school enrollments, minimal changes to non staff expenditures and updated Debt Service. **Level 1 showed a \$102 million deficit.**
- The Level 2 Budget is based upon the Governor’s proposed budget. The formula based SBB process are incorporated into the budget and a Superintendent Equity Holdback was established. Non staff expenditure requests were entered by the departments. Benefits (\$226 million), Charter Tuitions (\$175 million) and Debt service (\$92 million) were updated. **Level 2 Budget shows an \$79.8 million deficit.**
- During Level 3 - Revenues will be revised for the final State Budget. The Superintendent will put together a specific list of potential additional FTEs to add back to the budget. Further meetings with all departments to review non staff budget submissions.
- During Level 4 - The Superintendent will recommend a Use of Reserve amount to close any deficit and balance the budget. The final Level 4 budget including all SBB books will be presented to the Board for approval at the May 15th Board Meeting.
- Level 5 is the Board Approved budget. All accounting allocations are made in Munis. This is imported into the Munis accounting system for the July 1, 2024 – June 30, 2025 fiscal year.



The SBB vs. CY Munis FTE Reconciliation

OBJECT CODE	SBB EQUITY BASED FORMULA	CY FTES INCLUDING ALL ARP/ESSER	(REDUCTIONS)/ ADDITIONS IN MUNIS L2	VACANCIES IN L2 MUNIS
110-TEACHER ON SPECIAL ASSIGNMENT	32	54	(22)	3
112-TEACHING ASSISTANT	256	275	(19)	30
120-TEACHERS K-3	381	492	(111)	15
121-TEACHERS 4-6	248	216	32	9
130-EL7-8SCORE/K-12CURREX	567	654	(87)	20
136-TEACHERS SEC SCH	734	746	(12)	18
140-PUP PERSONNEL STAFF	217	273	(57)	4
141-TEACHERS HANDICAPPED	817	806	11	39
143-LIBRARIANS	35	34	1	6
148-COORDINATORS	6	2	4	1
156-PRINCIPALS SEC HS	60	60	-	1
157-ASST PRIN SEC HS	106	122	(16)	8
163-SCHOOL CLERKS	104	110	(6)	13
165-STAFF		1	(1)	-
166-TEACHER AIDES	523	578	(55)	51
Grand Total	4,085	4,423	(338)	218

It is recommended that we engage with a expert 3rd party to review the SBB formulas next year.

It is recommended that we conduct regular classroom audits of enrollments starting next year.

It is recommended that we begin looking at school building consolidations next year.



Updates to the Plan to Mitigate Layoffs

- Hiring Freeze – will remain in effect except for essential positions.
- Vacancy Cuts:

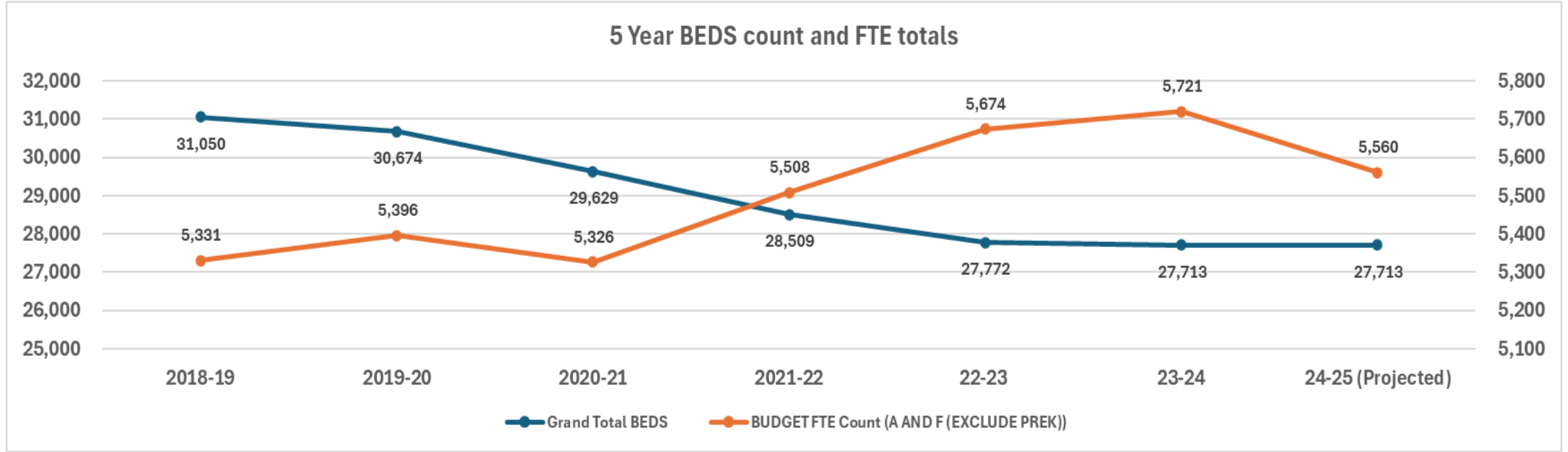
	CY Revised Budget FTE Counts at Jan 2024	Vacancy Cuts	%
Central Office	857	40	4.67%
School Based	5,177	91	1.76%
Total	6,034	131	2.17%

1. As of 4-7-24 we have identified a total of 132 vacancy cuts that will be processed in both the current year and the 24-25 Budget.
2. We are still analyzing the Grant funds to cut additional vacancies.
3. Vacancy cuts mean this position is reduced in position control and no further posting for these jobs can occur. They are eliminated from our Budgets.
4. The 131 above is less than the 300 total vacancies that exist. The difference is because we cannot cut mandated positions and must account for essential positions and hirings in progress (i.e. 50 aides etc).

- Eliminating some Coach/TOSA/ITC positions and move staff back to classrooms. Preliminary analysis being conducted.
- Retirements – A key part of aligning staff to enrollments and ensuring the financial health of the district going forward is to not fill 100 of the expected 300 retirements.
- Use of District Reserves – the Superintendent is committed to using a part of District Reserves to implement the plan to mitigate layoffs and close the remaining deficit.



Projected Impact on Staffing Vs. Enrollment Issue



PROJECTED FTE REDUCTION IN 24-25:

CO VAC CUTS	-40
SBB VAC CUTS	-91
RETIREMENT REDUCTIONS	-100
OTHER (CO TOSAS, ETC..)	0
TOTAL	-231



Level 2 Budget Summary

	24-25 L1	24-25 L2	23-24 BUDGET	VARIANCE (L2 - CY REVISED)	%	NOTES
REVENUES (NO USE OF RESERVES)	1,079,409,600	1,082,300,178	1,065,000,000	17,300,178	1.62%	GOV BUDGET PROPOSAL. SEE DETAILED ANALYSIS.
EXPENDITURES (NOT RECONCILED)	1,180,566,596	1,162,158,360	1,102,725,000	59,433,360	5.39%	INCLUDES SBB RECONCILIATION AND SUPER EQUITY HOLDBACK WITH STEP, LONG AND CONTRACT INCREASES. BENEFITS AND CHARTER INCREASES. SEE DETAILED ANALYSIS.
SURPLUS (DEFICIT)	(101,156,996)	(79,858,182)	(37,725,000)	(42,133,182)		
4 YEAR PLAN SURPLUS (DEFICIT)	(29,400,000)	(29,400,000)	(37,725,000)			PER 4 YEAR PLAN
FTES - GENERAL FUND + ARP/ESSER	5,318	5,102	4,936	166	3.36%	CY REVISED INCLUDES CO VAC REDUCTIONS.
BEGINNING GEN FUND - FUND BALANCE TOTAL (AUDITED)	375,527,368	375,527,368				
L1 DEFICIT	(101,156,996)	(79,858,182)				
PROJECTED END FUND BALANCE	274,370,372	295,669,186				

The Level 2 budget includes the SBB formula based staff at schools. This includes the reduction of 338 positions (see chart) including 91 vacancies.

It also includes the reduction of 41 Central Office vacancies.

There is a \$10 million Superintendent contingency included in the Level 2 expenditures.



Level 2 Budget Detail - Revenues

Revenue Category	Sum of 23-24 CY REVISED	Sum of 24-25 LEVEL 2	Sum of L2 - CY 23-24	% Change
City	(70,718,966)	(70,718,966)	-	0
Interfund	(11,500,000)	(3,700,000)	7,800,000	-67.83%
Medicaid	(3,000,000)	(3,000,000)	-	0.00%
Other	(4,847,051)	(4,958,909)	(111,858)	2.31%
Sales Tax	(53,200,000)	(56,000,000)	(2,800,000)	5.26%
State Aid	(918,838,464)	(940,326,884)	(21,488,420)	2.34%
Tuitions to Other Districts	(2,895,519)	(3,595,519)	(700,000)	24.18%
	-	-	-	
Grand Total	(1,065,000,000)	(1,082,300,278)	(17,300,278)	1.62%

Revenue numbers appear as negatives (credits) in the Munis system.

L2 Revenues are up \$17.3 million or 1.6% from the Current Year. State Aid revenues are up \$21.4 million or 2.3%.

The L3 revenues will be updated for the Final State Budget when received.



Level 2 Budget Detail - Expenditures

Row Labels	Sum of 2023-24 REVISED BUDGET FTE	Sum of 2023-24 REVISED BUDGET	Sum of 2024-25 LEVEL 2 FTE	Sum of 2024-25 LEVEL 2 BUDGET	Sum of 2024-25 LEVEL 2 FTE -CY REV FTE	Sum of 2024-25 LEVEL 2 BUDGET -CY REV BUDGET
1-Salaries	4,936.22	399,759,105	5,102.13	430,298,014	165.91	30,538,909
2-Benefits	-	213,072,279	-	226,635,057	-	13,562,778
3-Contracts	-	38,671,642	-	50,730,347	-	12,058,705
4-Charter School Tuition	-	158,918,700	-	175,012,600	-	16,093,900
5-Transportation	-	62,990,131	-	55,193,347	-	(7,796,784)
6-Debt Service	-	105,851,299	-	95,912,634	-	(9,938,665)
7-Interfund Transfer	-	1,825,514	-	1,825,514	-	-
8-Equipment, Rentals, Repair, Custodian	-	42,950,699	-	49,015,156	-	6,064,457
9-Supplies, Textbooks, Software	-	22,404,735	-	27,015,087	-	4,610,352
10-Tuition	-	35,101,047	-	35,046,757	-	(54,290)
11-Utilities	-	12,112,337	-	12,473,846	-	361,509
12-Contingency	-	9,067,512	-	3,000,000	-	(6,067,512)
Grand Total	4,936.22	1,102,725,000	5,102.13	1,162,158,360	165.91	59,433,360

L2 Expenditures are up \$59 million or 5.4% from Current Year General Fund expenditures.

The L2 budgeted FTE count is up 166 positions from the Current Year General Fund. This is the net impact of adding 300 ARP/ESSER FTEs and 123 vacancy cuts.

The L2 FTE count includes the reduction of 388 SBB formula based FTE's and the addition of a \$10 million Super. Holdback.



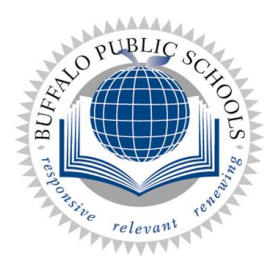
Items in the Level 2 Budget

- Security – over the past two years there has been an increase of 80 security guards and the investment of \$3.8 million in school-based scanners, new wands and walkie talkies.
- Athletics – during the 23-24 we increased the Athletics budget by \$3.4 million or 62%. This increase continues into the 24-25 budget. During the CY we have implemented enhanced academic supports to student athletes and additional unified sports and gymnasium and fitness room upgrades. During 24-25 we will implement boys & girls modified wrestling and cross country.
- Woz Ed – over the past two years we have invested over \$4 million and the 24-25 budget includes an additional \$3 million.
- IT Investments – over the past two years we have over \$31 million in laptops/tablets, Interactive Whiteboards, Instructional and Operational software and Network Security.
- Plant/Capital Projects – School 008 for DaVinci (\$10 million), School 086 for Academy HS (\$3.5 million), new wing at School 050 completed. We have funded All High Phase 3, Riverside Field, Fosdick Field. We have completed installation of card access and intrusion systems at every location.
- The financial impact of all contracts being settled.
- There have been changes made to the Summer School budget as part of our strategy to avoid layoffs and reduce costs.
- There have been changes made to the After School budget as part of our strategy to avoid layoffs and reduce costs.



What Happens in Level 3

- The Final State Aid Revenues will be input into the Level 3 Budget.
- The Superintendent will decide upon School Based FTE addbacks to the Level 2 Budget. This may increase both salaries and benefits in Level 3.
- At the Central Office Level:
 - Audit related expenditure cuts and revenue increases will be input into Level 3.
 - A further review of the department non staff budget requests for potential reductions in Level 3.
- The budget department will update projections/budgets for the following expenditures totaling approximately \$493 million next year:
 - Benefits.
 - Charter Tuitions.
 - Debt service.
- Further meetings with Board members and Cabinet.



Updated 4 Year Plan Due June 30, 2024

- We manage our finances in the short term with detailed reviews of current year spending versus the Approved Budget, monthly monitoring of critical variables, Quarterly Reports to the Board and cash flow management.
- More importantly we project and plan our district finances according to a 4 Year Plan that incorporates the projected consequences of the decisions we make every budget year on our Fund Balances.
- The current issues regarding the loss of ARP/ESSER revenues, enrollment decreases and necessary structural changes to staff and facilities were all included in the current 4 Year Plan. Our current Approved 4 Year Plan (June 9, 2023) includes the following note & data on page six of the document.

1) **Gap Closing Measures** - Gap closing measures, which will likely become necessary at some point during this Plan will need to focus on the structure of our schools, both in terms of numbers of schools, the number of students at those schools, and how they are funded. Ultimately, as these Plans have stated for many years, there has been a flat number of students in Buffalo (District and charter combined), and as more charter schools open, and existing charter schools continue to grow, the spending on District schools must eventually shrink to match the reduced student population in District schools. In the last decade, we have not systemically reduced the physical footprint or staffing of our schools to match the student population loss – unprecedented State and Federal aid has masked the structural imbalance. **The District should prepare a study to assist in aligning staffing and facilities over the long-term to student counts.** Below is a table pulled from the 2023-2024 Budget Book showing the decreasing enrollments and increased school-based staff over the past few years. These trends are more pronounced the further back the data:

	Rev 20-21	Rev 21-22	Rev 22-23	Projected 23-24
BEDS PK-12	30,952	30,471	29,778	29,478
School Based Budget Enrollment	33,510	32,783	32,025	31,065
School Based Staff FTE	4,650	4,719	4,891	4,889
Annual Staff Change		69	172	(2)
Cumulative SBB Staff Change		69	241	239

- ***The 4 Year Plan includes projections for all funds including; General, Grants, Debt Service and Capital Projects. The updated 4 Year Plan will include our first borrowing in approximately 10 years to include the DaVinci/Buffalo State Project and select projects from the Building Condition survey.***
- Our updated 4 Year Plan is due to the CITY, BFSA and State around June 30, 2024.



Summary Remarks

- While focused on the short-term loss of ARP/ESSER revenues and the longer-term structural issues we should not lose sight of the good that has been accomplished the last couple of years and that is included in the 24-25 budget once again.
- We are in a better position to deal with the current challenges than most districts. Our plan revolves around flat non staff budgets AND a hiring freeze, cutting vacancies, a review of the TOSA/Coach positions and utilizing retirements to avoid layoffs.
- The 4 Year Plan is the key financial planning tool for the District. It incorporates future year projections for the decisions made during the current year budget process and the impact on our fund balance. The Updated 4 Year Plan will include plans to keep the District in strong financial health as it meets the structural (and other) challenges.
- From a financial planning and cash flow perspective there will no longer be substantial “vacancy savings” to rely upon for budgetary savings. We have to manage better with the resources provided within the budget. There is no room for unbudgeted requests in the coming year.



Buffalo Board of Education

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