Fiscal Year 2023-24 Proposed Budget

Board of Education
Tom Sager, Executive Chief of Financial Services

June 20, 2023
Purpose of Tonight’s Presentation

To present and recommend the proposed Fiscal Year 24 budget for approval

Topics:

• Timelines and Parameters
• Revenue – All Funds
• Expenditures – All Funds
• Projected FY24 Ending Fund Balances
• Summary of Main Points
• Next Steps: Summer Plans for Budget Engagement
• Recommendation
Overview of Timeline

January-February

Jan. 25
Districtwide leadership surveyed to set goals for the FY 24 budgeting and allocation process.

March 2023

March 24
Site allocations sent to all schools. Principals begin their work with site budget teams.

April 2023

April 12-19
75 meetings conducted with all principals to review budget plans. These meetings included representation from Human Resources, Finance, Federal programs, Special Education, Schools & Learning, Operations and ESI.

April 21
Site budget plans submitted to Finance

May 2023

April 28
Department administrators given allocations. Work with accounting team to establish FY24 budgets.

May 12
Department administrators submit budget plans to Finance.

May 23
BOE meeting and FY 24 budget update

June 2023

June 6
COB Meeting FY24 Budget Update

June 20
BOE Meeting Final FY24 Budget Presented for Adoption
Current Assumptions and Parameters for Fiscal Year 24

- State funding formula: Base allocation, Special Ed and EL cross subsidy, compensatory aid
- Enrollment
- Employment contract agreements
- Unemployment insurance and Family and Medical Leave
- Continued investments in the strategic plan, comprehensive school structures, ESSER strategies, and new opportunities such as East African Magnet School
- Anticipated general fund deficit spend in FY24 that will keep district in compliance with Board policy of maintaining at least a 5 percent fund balance
Strategic Investments

- Students
- Schools
- Staff
- Families & Community

Inspire students to think critically, pursue their dreams and change the world.
Investments in Students

- Major reduction of split grade classes at elementary schools
  - 12 projected split (composite) classrooms (-37 from FY23)
- Increased fidelity to the Middle School Model
- High school staffing
  - Reducing 9th and 10th grade study halls
- Continuation of ESSER II-funded programs and services
Investments in Schools

- Yellow buses for Harding and Washington Tech
- Safety and security enhancements
  - Increased School Support Liaisons (SSLs)
  - Security cameras
  - Phone system upgrade
Investments in Staff

- Teacher Hiring bonuses
  - $10,000 bonuses: 52 out of 70 have been awarded
  - $4,000 bonuses: 12 out of 60 have been awarded

- Staffing adjustments
  - 166 positions eliminated during budget season districtwide
  - No layoffs for EA, TA, SCSP or Teachers
  - 62 teachers on the teacher placement list

- Retention strategies
  - New Educator Week
  - Unemployment and Family Medical Leave
  - Collective bargaining agreements
Investments in Families & Community

- East African Elementary Magnet School
- Expansion of Pre-K options
  - Head Start
  - Nature Discovery Pre-K
  - Early Childhood Hubs
## All Funds - Revenue Changes

<table>
<thead>
<tr>
<th>Funds</th>
<th>FY23 Adopted Budget</th>
<th>FY24 Proposed Budget</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$719,228,924</td>
<td>$766,654,615</td>
<td>$47,425,691</td>
</tr>
<tr>
<td>Food Service</td>
<td>30,519,035</td>
<td>28,782,398</td>
<td>(1,736,637)</td>
</tr>
<tr>
<td>Community Service</td>
<td>30,684,954</td>
<td>33,635,302</td>
<td>2,950,348</td>
</tr>
<tr>
<td>Building Construction</td>
<td>71,000,000</td>
<td>135,000,000</td>
<td>64,000,000</td>
</tr>
<tr>
<td>Debt Service</td>
<td>50,946,515</td>
<td>56,763,413</td>
<td>5,816,898</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$902,379,428</strong></td>
<td><strong>$1,020,835,728</strong></td>
<td><strong>$118,456,300</strong></td>
</tr>
</tbody>
</table>
FY24 Total Revenue by Source

- State Aid: 46.0%
- Federal Aid: 18.0%
- Property Tax: 20.0%
- Other Revenue: 16.0%
FY24 General Fund Revenue Sources

- State Aid: 58.0%
- Federal Aid: 20.0%
- Property Tax: 19.0%
- Other Revenue: 3.0%
## FY24 General Fund Revenue

<table>
<thead>
<tr>
<th>General Fund Revenue</th>
<th>FY 2022-23 Adopted Budget</th>
<th>FY 2023-24 Proposed Budget</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Revenue</td>
<td>$297,069,681</td>
<td>$288,706,481</td>
<td>$(8,363,200)</td>
</tr>
<tr>
<td>Levy</td>
<td>143,841,363</td>
<td>147,199,735</td>
<td>3,358,372</td>
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<tr>
<td>Comp Ed</td>
<td>54,578,042</td>
<td>71,175,991</td>
<td>16,597,949</td>
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<tr>
<td>Special Education</td>
<td>62,000,000</td>
<td>86,086,729</td>
<td>24,086,729</td>
</tr>
<tr>
<td>Federal Revenue</td>
<td>153,226,223</td>
<td>154,040,421</td>
<td>814,198</td>
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<tr>
<td>Other Revenue</td>
<td>8,513,618</td>
<td>19,445,258</td>
<td>10,931,643</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$719,228,924</strong></td>
<td><strong>$766,654,615</strong></td>
<td><strong>$47,425,691</strong></td>
</tr>
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</table>
## All Funds - Expenditure Changes

<table>
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<tr>
<th>Funds</th>
<th>FY23 Adopted Budget</th>
<th>FY24 Proposed Budget</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$719,228,924</td>
<td>$801,094,756</td>
<td>$81,865,832</td>
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<tr>
<td>Food Service</td>
<td>33,405,175</td>
<td>33,615,466</td>
<td>210,291</td>
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<tr>
<td>Community Service</td>
<td>30,687,841</td>
<td>35,149,600</td>
<td>4,461,759</td>
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<tr>
<td>Building Construction</td>
<td>73,752,699</td>
<td>114,685,153</td>
<td>40,932,454</td>
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<tr>
<td>Debt Service</td>
<td>51,953,103</td>
<td>51,333,088</td>
<td>(620,015)</td>
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<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$909,027,742</strong></td>
<td><strong>$1,035,878,063</strong></td>
<td><strong>$126,850,321</strong></td>
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</tbody>
</table>
Inspire students to think critically, pursue their dreams and change the world.

FY24 Expenditures by Fund

- General Fund (78%)
- Food Service (3%)
- Community Service (3%)
- Building Construction (11%)
- Debt Service (5%)
Inspire students to think critically, pursue their dreams and change the world.

FY24 General Fund Expenditures

- Administration Support Services (8%)
- Student Programs & Services (76%)
- Maintenance Operations, Equipment & Other Fiscal Expense (16%)
## FY23 General Fund Allocations

<table>
<thead>
<tr>
<th></th>
<th>FY2022-23 Adopted Budget</th>
<th>FY2023-24 Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Sites</td>
<td>$419,941,289</td>
<td>454,013,719</td>
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<tr>
<td>School Support Services</td>
<td>186,736,862</td>
<td>203,738,110</td>
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<tr>
<td>Maintenance Operations, Equipment &amp; Other Fiscal Expense</td>
<td>78,415,876</td>
<td>101,845,377</td>
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<tr>
<td>Districtwide Support Services</td>
<td>26,336,471</td>
<td>34,711,505</td>
</tr>
<tr>
<td>Administration*</td>
<td>7,798,426</td>
<td>6,786,045</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$719,228,924</strong></td>
<td><strong>$801,094,756</strong></td>
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*as of 6/20/23*
## Summary All Funds - Fund Balance Budget

<table>
<thead>
<tr>
<th></th>
<th>Beginning Fund Balance</th>
<th>FY24 Proposed Revenue Budget</th>
<th>FY24 Proposed Expenditure Budget</th>
<th>Projected Ending Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$165,721,421</td>
<td>$766,654,615</td>
<td>$801,094,756</td>
<td>$131,281,280</td>
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<tr>
<td>Food Service Fund</td>
<td>7,580,115</td>
<td>28,782,398</td>
<td>33,615,465</td>
<td>2,747,048</td>
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<tr>
<td>Community Service Fund</td>
<td>12,071,056</td>
<td>33,635,320</td>
<td>35,149,600</td>
<td>10,556,758</td>
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<tr>
<td>Capital Projects Fund</td>
<td>125,279,340</td>
<td>135,000,000</td>
<td>114,685,153</td>
<td>145,594,187</td>
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<tr>
<td>Debt Service Fund</td>
<td>48,424,260</td>
<td>56,763,413</td>
<td>51,333,088</td>
<td>53,854,585</td>
</tr>
<tr>
<td><strong>Total – All Funds</strong></td>
<td><strong>$359,076,192</strong></td>
<td><strong>$1,020,835,728</strong></td>
<td><strong>$1,035,878,063</strong></td>
<td><strong>$344,033,857</strong></td>
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</tbody>
</table>
Summary of Key Points for FY24 Budget

1. Increases in new state aid revenue are positive. Some of that is offset by revenue loss due to declining enrollment and ESSER II funding expiring.

2. District plans to draw down part of its general fund balance to maintain existing programming, student supports and new initiatives.

3. Unassigned general fund balance is anticipated to be 5.2 percent at the end of FY24. This remains in compliance with School Board Policy 701.01.

4. ESSER III funds will expire after FY24. SPPS anticipates budget prioritization and realignment for FY25.

5. Anticipated increase in construction fund revenue is based on anticipated bond sale in early FY24 to continue SPPS Builds initiatives.
Next Steps: Public Engagement and Planning for FY25 Budget Planning

1. June/July: Senior Leadership Team researches options

2. July: Senior Leadership Team creates scope of engagement plan and calendar timeline

3. August COB: Senior Leadership Team presents School Board with a draft plan for public engagement for the FY25 budget

4. August BOE: Senior Leadership Team presents final plan for public engagement

5. September: District begins to implement engagement and communications plan
Engagement for Process Improvement

Engaging with students

Community conversations with Marnita’s Table

75 budget meetings with school and department staff
District Administration recommends School Board approval and adoption of the Fiscal Year 2023-24 Proposed Budget as presented.