

The purpose of this document is to outline the actions being taken or recommended by District management to eliminate potential fiscal deficits projected in this Four Year Financial Plan. Board member suggestions or recommendations for further cost reductions and/or deficit closing measures are always welcome. It must be emphasized that this document is based on information and assumptions available at the time it was created and that actual results may differ, possibly materially, from the projections. Additionally, it must be noted that this document is meant to be an overall guide, but does not replace the annual budgeting process and does not bind the District to take any action in the Plan or preclude the District from taking actions not in the Plan. Actions and the resulting savings outlined in this plan should be considered flexible and changeable based on new information and circumstances. This document will be periodically updated and amended to ensure it continues to be a relevant guide over the course of the next four years.

1	Efficiency/Cost Reduction Area	Cabinet Lead	Target Year 1 (2017/18)	Target Year 2 (2018/19)	Target Year 3 (2019/20)	Target Year 4 (2020/21)	Notes	Update December 2017
2	These are the gap projections based on the revenue and expenditures assumptions in the Plan.							
3	Projected need for recurring reductions (REV - EXP GAP)		22,000,000	27,212,166	26,652,486	24,227,259		
4								
5	Projected usage of fund balance		22,000,000	16,000,000	8,000,000	-		
6								
7	4 year financial plan action items:							
8	Revenue - lobbying	Kriner Cash / Will Keresztes		-	-	-	<p>>As of June 10, the District has been notified of \$1,000,000 in additional bullet aid funding during the 2017/18 fiscal year. A repeat of this funding is not assured in the future, but effective lobbying played a part in its receipt.</p> <p>>Legislation is being considered in Albany as of June 2017 to accelerate the reimbursement of charter school supplemental aid, which could increase payment of aid to the District by \$9.0 million in 2017/18 with an increase of \$0.5 million in each of the two following years, followed by an increase of \$0.2 million in the fourth year of the plan. The decision on the adoption of this legislation is expected to occur prior to the end of the legislative session on June 23.</p>	<p>1) District received \$1.0 million in unbudgeted bullet aid in 2017-18 due to successful lobbying of the legislature.</p> <p>2) The charter school legislation, which was not adopted in June 2017, will be included on the District's legislative request (tentative release date is February 2018) for the 2018/19 budget.</p>
8a	Additional revenue from the City of Buffalo	Kriner Cash / BOE		500,000	1,000,000	1,500,000	<p>>In the 2017/18 Budget, there is a \$500,000 increase in aid from the City of Buffalo. Any additional increases are speculative because they are dependent on future City of Buffalo budgets, but if similar increases of \$500,000 are repeated annually throughout the four year plan, the increase would be \$2.0 from the amount received in 2016/17.</p>	<p>1) The district is currently meeting with Mayoral staff to clarify future increases in the annual aid allocation from the City of Buffalo.</p> <p>2) District and Mayoral staff are also currently meeting and collaborating on possible efficiencies in budgeted expenditures through consolidated purchasing, elimination of duplicate expenditures and other cost-saving measures.</p>

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9	Revenue enhancement	Jim Barnes		100,000	100,000	100,000	>A conservative placeholder for various revenue enhancements is included in the plan. There are several initiatives being undertaken now that are expected to yield, through better data collection, review of regulations, and staff time devoted to the continued analysis of revenues.	1) The District generated \$3.1 million in the 2016/17 budget that was unbudgeted (Medicaid, STAC related and other). 2) In 2017/18 Medicaid is projected to exceed this targeted amount, as projected through 5 months.
10	Additional fund balance	Geoffrey Pritchard				1,700,000	>This plan projects the District will maintain \$1.7 million in excess of the amount required by policy for unassigned reserves. These funds could be used if necessary. Unassigned reserves are maintained at the required minimum per District policy and total reserves in the plan are projected to be \$118 million at the end of the plan.	1) This fund balance amount has increased to approximately \$15.0 million based on the results of the 2016/17 fiscal year, giving the District additional financial flexibility going forward. 2) The District's four year financial plan was designed around achieving a structurally balanced budget by year 4; this is still the goal.
11	subtotal: other revenue and fund balance items		-	600,000	1,100,000	3,300,000	This first group of action items includes revenues	
12								
13	Vacancy contingency	Geoffrey Pritchard		2,000,000	2,000,000	2,000,000	> The historical trend of vacancies has exceeded this amount, frequently by millions on an annual basis. The District will begin to budget a vacancy contingency in keeping with best practices.	1) Through November 2017, the salary differential and vacancy savings to budget are \$1.9 million vs. original budget and \$7.0 million vs. revised budget. This includes a \$1.6 million favorable teacher salary differential. These are relatively typical positive variances on an annual basis.

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14	Retiree healthcare	Geoffrey Pritchard/ Jamie Warren/ BPS negotiation teams		2,194,500	2,293,253	2,396,449	<p>> Proposed elimination of retiree cosmetic surgery rider - \$2.2 million annually, growing 4.5%.</p> <p>> Through union contract negotiation, a District goal is for automatic enrollment in the District's Medicare Advantage Plan (Forever Blue) upon eligibility for all retirees, along with the elimination of retiree healthcare for new hires. No savings projected for this because the savings are expected to offset salary increases in settled contracts. However, it is important to note that the potential savings to the District is approximately \$7.7 million annually (\$2,100 * 3700 unenrolled but eligible retirees).</p>	<p>1) Retiree cosmetic spend in calendar year 2017 is projecting to be around \$1.0 million; significantly less than prior projections.</p> <p>2) Additionally, 86 Forever blue plans were added from April 2017 to October 2017; and another 167 enrolled in fall open enrollment through November 2017 (\$0.5 million annualized savings).</p> <p>3) New BCBSA contract ratified in September 2017 includes mandatory Forever blue enrollment upon eligibility and higher retiree contributions going forward.</p> <p>4) The most recent actuarial valuation of OPEB liability shows a \$200 million favorable impact on the future cost of teacher health insurance (reduced cost and higher copays), as a result of the 10/2016 ratified BTF contract.</p>
15	Employee healthcare	Geoffrey Pritchard/ Jamie Warren/ BPS negotiation teams		-	-	-	<p>>Through union contract negotiation; a District goal is for 10% premium contribution for current active employees; 20% for new hires; and a plan design (e.g. co-pays) similar to the existing PCTEA plan of benefits. No savings projected here, because savings are expected to offset salary increases in settled contracts.</p> <p>>Through union contract negotiation, the elective cosmetic surgery rider will be eliminated for the administrator union (BCSA) and the engineer union (Local 409). No savings projected here, because savings are expected to offset salary increases in settled contracts.</p> <p>>The District is analyzing an increased waiver incentive to move employees onto spouses' plans or public exchanges. This action is still in the early stages of development.</p>	<p>1) BCBSA contract ratified in September 2017 eliminated cosmetic surgery rider and included percentage contribution, with increased contribution for new hires.</p> <p>2) Memo drafted (9/25/17) and shared with all BPS negotiating committee members on the targeted goals.</p> <p>3) Update from BCBS expected in December 2017 or January 2018 to be used in conjunction with 2018/19 budget.</p> <p>4) Superintendent is holding a meeting in January 2018 with BCBS to obtain a progress update on their work at achieving cost reductions.</p>

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16	Substitute teachers costs	Jamie Warren		500,000	500,000	500,000	>Through better management of absences, vacancies, and the use of extra help subs, the District anticipates saving \$0.5 million annually in substitute teacher costs.	1) Associate Superintendent of HR has implemented approval controls - Sub costs \$0.3 million below prior year through November. 2) Presentation of sub control costs scheduled for December 13 finance committee meeting. 2) Financial reporting to assist in tracking the reason for the subs (vacancy, absence, extra help, prof dev) is still in process.
17	Nursing costs	Eric Rosser		1,200,000	1,200,000	1,200,000	>The District will likely receive Bullet aid of \$1.2 million as it has received this amount for the last three years in recognition of the cost increases in nursing services, but it is not projected in the revenue assumptions of this model. >The District will bid these services for the 2018/19 fiscal year and will emphasize the need to reduce overhead/administrative costs, which have escalated as part of the existing contract. >The District has also begun to analyze the feasibility of bringing these services in-house.	1) RFP for Staffing and Management of nursing services issued 12/3/17; responses due 1/4/18.
18	Occupational and physical therapy	Anne Botticelli		500,000	500,000	500,000	>OTPT services are provided by consultants and the special education department is exploring alternative options with respect to the entities that can provide those services. Depending on the results of the analysis and prior RFP experience, a \$0.5 million reduction in the current cost levels should be attainable.	1) OTPT charges in 16/17 were \$4.6 million, down from \$6.0 million in the prior year; cost reduction resulted from review process and billing changes negotiated in the most recent contract.
19	Best and Final Offers	Geoffrey Pritchard / Mike Yeates		500,000	700,000	900,000	>A BAFO is considered a revision under NYS Finance Law section 163. Formal procedures are being developed outlining the BAFO process, but based on existing experience, reductions in cost of bid/RFP pricing is estimated to be \$500,000 annually by 2018/19 and grow \$200,000 annually in the two years after, as more expiring contracts are put out to bid.	1) Presentation was made to the Board on October 11 regarding this practice. 2) Formalized procedures are being developed for inclusion in District policy and regulations.
20	Textbooks	Geoffrey Pritchard / Mike Yeates		200,000	200,000	200,000	>On all textbook purchases where secondary sources exist, the District will not automatically purchase through the publisher, but through a bid process. This should conservatively save \$200,000 annually, based on current year cost estimates of similar purchases.	1) Purchase Department has implemented this; at this point, cost savings are projected to be utilized for additional textbook purchases in 2017/18.
21	Facility closure - school 86	Kevin Eberle		261,000	261,000	261,000	>Operating costs are listed as savings if the facility is closed. Capital expenditure avoidance could be between \$2.5-3.0 million in unaidable capital projects. Potentially move Adult Ed into OTC space as part of a larger reorganization.	1) Plant department expects to include this in their 2018/19 budget proposal.

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22	Facility closure - school 187	Kevin Eberle		676,000	676,000	676,000	>Operating costs listed as savings if the facility is closed. Capital expenditure avoidance could be between \$5.0-5.5 million in unavoidable capital projects. Consideration should be given to move administrators presently at 187 into various building throughout the district. MST could house many immediately.	1) Plant department expects to include this in their 2018/19 budget proposal.
23	Overtime	Kevin Eberle (others dependent on department)		100,000	100,000	100,000	>The departments with the most significant overtime are Trades, Transportation and Security. Overtime usage in those and other departments will be analyzed in 2017/18 and incremental adjustments will be made to reduce the usage of overtime in the final three years of the plan.	1) Analysis still in process.
24	Yellow bus transportation - bell times in 18/19	Kevin Eberle		600,000	84,000	84,000	>in 2017/18, the District used receivership powers to make bell time changes at three schools to yield improved bussing efficiency, which also saved \$4.0 million from the initial budget projections. The intent of this plan is to use the District's negotiated ability to adjust all schools' bell times, where needed, in 2018/19 to bring more efficiencies and cost reductions to transportation. This is conservatively expected to yield \$600,000 in 2018/19 and then 16% (the District's reimbursement rate) of that in the next two years.	1) Periodic meetings continue - with latest on December 11, 2017. Current proposal, which focuses on making only a few bell time changes expected to reduce overall increase by up to \$1.0 million (up to 20 buses), exceeding the target in the plan. This is on top of \$4.0 million savings included in the final 2017/18 budget.
25	Public carrier transportation	Kevin Eberle		-	-	-	>The current agreement for these services doesn't provide the same level of service to our high school students than if the bus passes were purchased in the open market. There may not be any savings, but we anticipate negotiating an improved level of service.	1) District continues to meet with NFTA regarding service levels and cost.
26	Workers comp, medical leave, administrative leave	Jamie Warren		700,000	700,000	700,000	> in 2016/17 the HR department implemented several procedures to reduce the ranks of staff out on these various leaves. As of June 2017, staff being paid full wage on workers comp has been reduced from a historical high in 2016 and further reductions are anticipated.	1) Staff on full wage workers comp average was 71 in 2016/17; 52 in 2017/18 year to date through November 2017. 2) Staff on admin leave average was 37 in 2016/17; 24 in 2017/18 year to date through November 2017.
27	Master scheduler for high schools	Sabatino Cimato		1,000,000	1,000,000	1,000,000	>The District plans to create the position of a master scheduler who will be tasked with ensuring high school schedules are built efficiently, and additionally, study staffing for special education and ESL services at the schools. Based on prior analysis, it is anticipated a net savings of at least 11 FTEs could be achieved.	1) Position has been posted as of 12/4/17.

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28	Consolidation of funds	Anne Botticelli / Associates of School Leadership / Jaime Cohen			-	-	>The District is exploring the possibility of using consolidation of funds as a way of allocating spending at the school level through multiple funding sources, with spending budgets cascaded so that funds expiring sooner will be spent sooner, and funds expiring later (or carrying over) will be spent later. A primary goal will be to reduce the amount of unspent grant funds and secondarily, to protect the general fund by maximizing the spend in the grants fund. This is an initiative that will be planned for an implementation no earlier than 2019/20.	2) District continues to work through this, since school by school reporting is an Every Student Succeeds Act (ESSA) requirement; 2018/19 school based budget template will include all funding sources. Targeted for end of next fiscal year.				
29	Special Education - centralize CSE chairs	Anne Botticelli			-	-	>The District has been in receipt of studies and analyses and has developed plans to make special education more efficient and reduce its associated cost. However, the identification of students for more restrictive placements is a major driver increasing special education costs over the years. The District will study the current model, which bases CSE chairs at the schools, to determine if centralizing the process might reduce the number of students being identified as needing more restrictive settings.	1) This is in initial state of analysis presently, with several other decisions on facility usage necessary before any proposal can be discussed.				
30	Subtotal: efficiencies and savings that are planned or in process						-	10,431,500	10,214,253	10,517,449	This second group of action items are meant to bring efficiencies to the budget, but not require any reduction in the level of required services to students.	
31												
32	Reduce or eliminate general contingency			1,300,000	1,300,000	1,300,000	>The District budgets a general contingency each year. Though it is prudent to maintain such an amount in the budget, it could be reduced or eliminated in the event that other instructional priorities are threatened.	1) see below:				
33	Reduce or eliminate the contract settlement contingency			5,500,000	6,000,000	6,500,000	>In 2017-18, the District has a budgeted contingency of approximately \$5 million for union contract settlement. In the past no such amounts were budgeted and it is anticipated that most or all of this will be used to settle outstanding contracts so it is included in each year of the plan. As of June 2017, these funds have not been utilized so could be removed from the plan if necessary.	1) the BCSA contract has been ratified, which reduces this amount to settle contracts to \$1.1m, \$0.6m, \$1.2m over the final three years of the plan. 2) preliminary 2018/19 budget includes a \$6.5 million contingency; this will be assessed in the coming months.				
34	Reduce or eliminate non-mandated programs in the general fund			670,000	700,000	730,000	>The District has two large non-mandated consultant-run programs in the general fund. Both were originally grant funded and then shifted to the general fund. These two programs spend close to \$0.7 million annually. These and similar smaller programs (conservatively estimated to be another \$30,000 annually) could be reduced if necessary.	1) This is not required at this time, but will be assessed during the 2018/19 budget.				

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40	Grants through national foundations	Kriner Cash / Will Keresztes		9,000,000	9,000,000	9,000,000	The District is applying to eight major national foundations for \$30-35 million over a 4-5 year period to further enrich the New Education Bargain and protect the O&M fund where possible. This amount is speculative at this point, but is a major initiative underway.	<p>1) The District has identified and engaged with approximately 50 national foundations of all sizes to seek support for funding New Education Bargain initiatives.</p> <p>2) Of the 8 major foundations the district has identified, currently 3 have received proposals for their consideration. The remaining 5 will advise the district when they are ready to receive our inquiry.</p> <p>3) Local foundation leaders from Buffalo, Say Yes Buffalo, and Say Yes National have teamed with Dr. Cash to target the key national foundations. The leadership of these philanthropies have directly advocated for the Buffalo Public Schools and have committed to continuing to do so.</p>
41								
42	Total 4 year plan efficiencies, savings, cuts and revenues		-	37,931,500	38,744,253	41,777,449		
43								
44	Total 4 year financial plan action items and fund balance		22,000,000	53,931,500	46,744,253	41,777,449		
45								
46	Potential surplus (deficit) remaining after all actions		0	26,719,334	20,091,766	17,550,190		
47								