

Buffalo Public Schools

I Governor Cuomo Budget Proposal and Federal Aid 2021-22

II District 2021-22 Budget and 4 Year Plan Projections

III 2nd Quarter 2020-21 Projections

Finance and Operations Committee – February 3, 2021

Dr. Kriner Cash, Superintendent
Geoffrey F Pritchard, CFO



I Governor Cuomo Proposed 2021-22 Budget Highlights

- Released January 19, 2021
- \$15 Billion State deficit, or \$39 Billion over four years
- Stressed the need for Federal assistance
- Proposal includes assumption of \$6 billion in Federal assistance to NYS (worst case) over two years
 - Includes tax increases, spending decreases, borrowing
 - Cuts to education spending, offset by Federal aid
 - Additional cuts if Federal assistance not received by August 31, 2021
- Requests \$15 billion in Federal assistance (fair funding) and repeal of State and Local Tax (SALT) deduction limits
 - This would restore cuts and make investments to stimulate the economy
 - Many details still to be reviewed in the coming weeks

I Governor Cuomo Proposed 21-22 Budget – BPS impact

- Fiscal year 2020-21 - Governor announced that 20% withholding would be reduced to 5%
 - Subsequently, communications from State indicate school districts will be made whole for any previous withholdings and going forward
 - \$8.8 million in 2019-20; \$12-16 million projected in 2021-22
- Fiscal year 2021-22 – Preliminary analysis of State and Federal Aid Runs
 - State Aid increasing - \$19.5 million general fund increase from 2020-21 budget to Governor proposed 2021-22 budget (\$738.0 million to \$757.5 million)
 - Offset: State Aid “Local District Funding Adjustment” – could be up to \$38.0 million cut if proportionate; currently presented as reduction in STAR aid of \$6.0 million, which is actually a cut to the City.
 - Potential offset: mid year cuts if Federal Aid to State not received
 - For example, a \$20 million reduction could result in the need to reduce 200 staff positions
 - Federal assistance - \$14.7 million general fund increase in 2021-22; \$44.4 million in 2022-23 (\$88.8 million two year grant; \$29.7 million in 2020-21)
 - Note that State Aid Run not comparable year over year

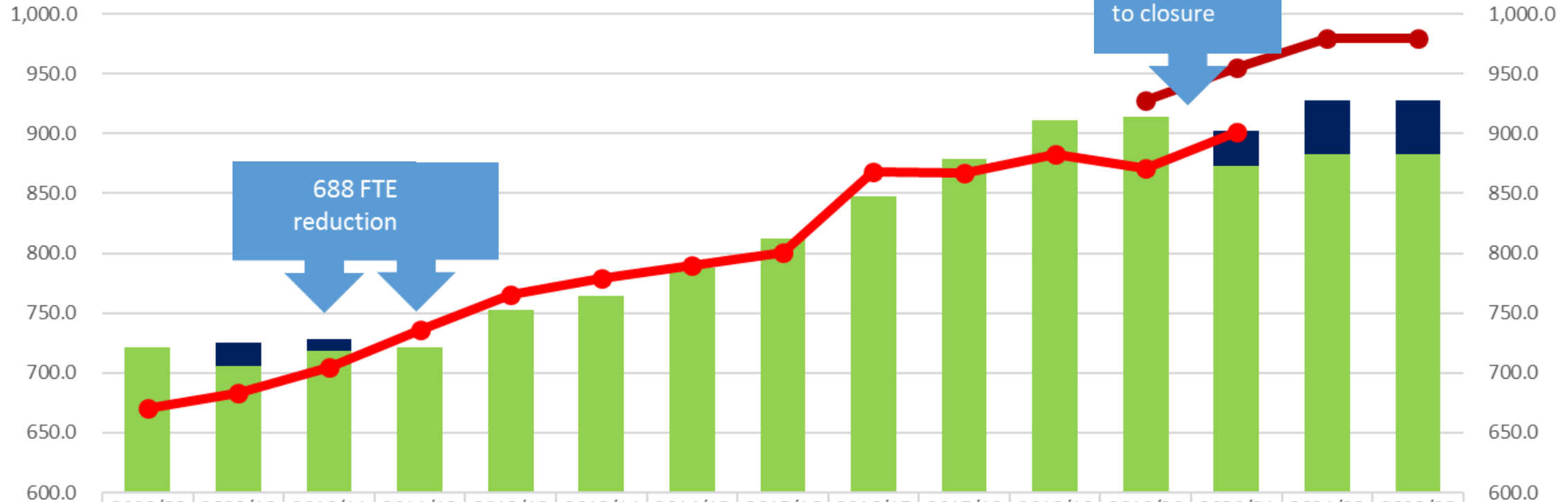
I Governor Cuomo Proposed 21-22 Budget – BPS impact

District 1.28.2021 Legislative Request in **Green**

- Foundation Aid flat at \$544.2 million – **request \$50 million**
- Pandemic Adjustment (\$29.7 million reduction in 2020-21) is restored in 2021-22
 - Need clarity on “Local District Funding Adjustment” - \$6.0 million or up to \$38 million
 - Potential for undefined mid-year cuts if Federal assistance does not materialize by August 31
- Combines several aid types and reduces by approximately \$20.0 million or 30% (\$6.9 million year over year based on reduced transportation costs last year – 10.8%, which is in line with 10.5% reduction in proposal) – **reject proposal; or provide Foundation Aid increase**
 - Includes a permanent \$13.1 million reduction in Transportation Aid Reimbursement due to closure in March 2020
- \$1.2 million bullet aid to supplement \$5.3 million health services grant cut – **request \$2.6 million**
 - Note: District has not received the \$1.2 million for 2020-21 yet
- **2021-22 Charter school tuition reduction – calculation unclear at this time; request 5.5% reduction similar to legislation adopted in 2020-21**
- **Includes 50% reduction in Charter School Supplemental Tuition Reimbursement – or \$4.8 million – request payment in full, in same year tuition is paid**
- **Legislative request asks for moratorium on new charters and receiver for closures**

II Long Term Trends and Budget Impact – General Fund

Historical and Projected Expenditures vs. Revenues



	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Actual	2017/18 Actual	2018/19 Actual	2019/20 Actual	2020/21 Year 4	2021/22 Year 5	2022/23 Year 6
Fed Stimulus		19.9	9.5		-	-	-	-	-	-	-	-	29.6	44.4	44.4
Rev w/o Fed Aid	721.2	705.3	718.7	721.2	752.5	764.0	787.6	812.7	847.6	878.8	911.5	913.6	872.6	883.0	883.0
Expenditures	670.0	683.0	704.6	735.7	765.5	778.7	790.2	800.5	868.3	866.7	882.6	871.3	901.8		
Expend. Budget												927.4	954.7	980.0	980.0

■ Rev w/o Fed Aid
 ■ Fed Stimulus
 —●— Expenditures
 —●— Expend. Budget

II

Buffalo Public Schools - 4 Year Plan and Budget Summary - 1.31.21

(dollars in millions; preliminary estimates subject to change)

		Projected	Prelim 4 Year Plan (before budgeting starts)			
		2020-21	2021-22	2022-23	2023-24	4 Yr. Total
4 YR Plan and Budget	State Revenues - adj. for gov budget	738	757	757	757	3,009
	Other Revenues - excluding federal stimulus	137	135	132	132	536
	Total Revenues	875	892	889	889	3,545
	Base year expenditures for 2021-22		(955)	(980)	(980)	
	Covid - PPE and other		(5)	tbd	tbd	
	charter increase		(8)	tbd	tbd	
	salary and benefits		(7)	tbd	tbd	
	transportation		(8)	tbd	tbd	
	debt service		3	tbd	tbd	
	Total Expenditures		(955)	(980)	(980)	(980)
	Original projected deficits	(80)	(88)	(91)	(91)	(350)
2020-21 updates Through Q2	Other costs and revenues	6	-	-	-	
	Salary and benefits	20	-	-	-	20
	Transportation savings	25	-	-	-	25
	Revised projected (deficit) surplus	(29)	(88)	(91)	(91)	(305)
Potential State Aid cuts These may increase	1) Local District Funding Adj; 2) mid-year cuts	-	(6)	(6)	(6)	(18)
	Potential deficits after State Aid cut	(29)	(94)	(97)	(97)	(323)
Federal aid and deficit closing	Federal Disaster Aid	30	44	44	-	118
	Deficiency Note (up to 5% of bud - \$45m)	-	-	-	45	45
	District Cuts - TBD	-	-	-	-	-
	Potential deficits after add'l measures	0.4	(50)	(53)	(52)	(160)
	Fund balance start of year	266	266	217	164	
	Fund balance end of year (deficit reduces)	266	217	164	112	

II The 2021-22 Budget Process – Key Tentative Dates

- January 2021
 - Governor Cuomo's proposed budget for 2021-22
 - The latest Federal Covid relief bill could amount to \$80 to \$100 million for the District - \$88.8 million
 - Will there be certainty regarding 2020-21 State Aid cuts and proposed 2021-22 cuts? - still many unknowns
 - Second Quarterly Financial Report and projections for 2020-21 - surplus to budget \$0.4m
- February-March 2021
 - Superintendent Kickoff; Departments and Schools to begin budgeting based on available State Aid information; reductions may be necessary; multi-year planning will be necessary
 - Legislative/Foundation Aid request presented to State Legislature - presented January 28
 - Lobby State Legislature/Governor
 - Board Finance work session (March 3)
- April 2021
 - 2021-22 State budget adopted (State Aid finalized?)
 - Adjustments to Departments and School budgets may be necessary
 - Board Finance work session (April 14), including supplemental budget work sessions
 - Third Quarterly Financial Report and projections for 2020-21
 - Draft budget to Board; balanced Four Year Financial Plan to Board for approval and submitted to BFSAs
- May 2021
 - Board Finance work session (May 5), including supplemental budget work sessions
 - District Budget adoption (May 19)

III 2020-21 Second Quarterly Financial Report

- \$0.4 million surplus projected for the full year based on December data
 - Subject to change in Q3 and Q4
- Expenditure projections for full year
 - Salaries - \$12m savings (vacancy and salary differential)
 - Transportation - \$24m savings (hybrid restart in Feb)
 - Charter tuition - \$2m savings
 - Benefits - \$8m savings (favorable trend)
 - Transfers - \$5m savings (reversal of 2019-20 state withholding reserve)
 - \$3m costs moved from general fund to ERIE County CARES grant
 - PPE, Instructional Materials-Software-Hardware, Central Office Nursing
- Revenues
 - County sales tax revenue trending \$4m over budget
 - Removed \$6m charter school overpayment withholding from revenues to be conservative; uncertain when it will be settled by NYSED or courts
- Includes transfer of \$29m CARES Act grant revenues and expenditures from a grant back to general fund – doesn't impact surplus or deficit; accounting entry only

Buffalo Board of Education

- **Sharon M. Belton-Cottman**, *President and Ferry District Board Member*
- **Dr. Kathy Evans – Brown**, *Vice President of Student Achievement and East District Board Member*
- **Louis J. Petrucci**, *Vice President of Executive Affairs and Park District Board Member*
- **Terrance L. Heard**, *Board Member-at-Large*
- **Hope R. Jay**, *North District Board Member*
- **Jennifer L. Mecozzi**, *West District Board Member*
- **Dr. Ann R. Rivera**, *Board Member-at-Large*
- **Lawrence L. Scott**, *Board Member-at-Large*
- **Paulette Woods**, *Central District Board Member*
- **Tameshia Walker**, *Student Representative*

- **Dr. Kriner Cash**, *Superintendent*

- **Geoffrey F Pritchard**, *Chief Financial Officer*