



Community Budget Forum

Dr. Leslie Torres-Rodriguez, Superintendent
Mr. David Fleig, Acting Chief Financial Officer

December 8, 2020



AGENDA

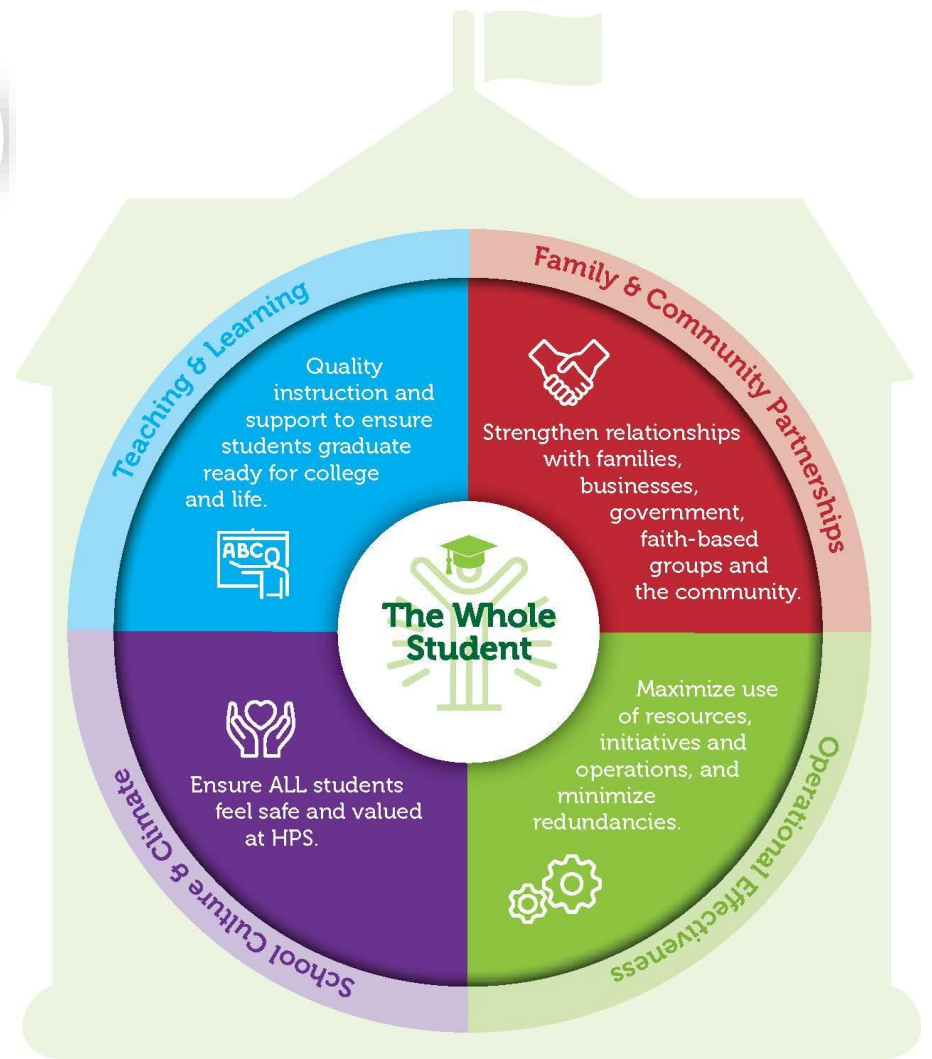


1. Priorities and challenges

1. Budget development process

1. Budget economics

1. Next steps





PRIORITIES and CHALLENGES



But we now face these urgent needs for the future due to the extensive impact COVID has had on our students with added needs.



▶ Assessing student learning & social-emotional needs



▶ Providing extra opportunities, staff & programming for education recovery



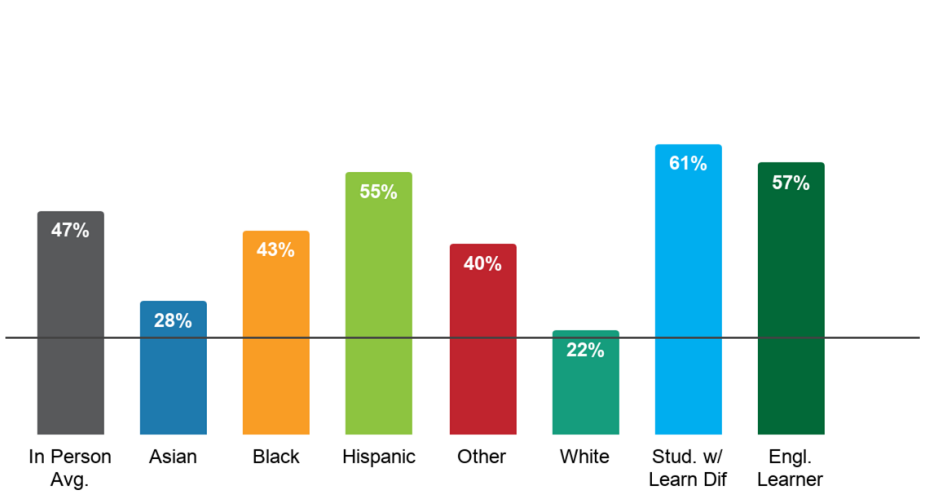
▶ Providing social-emotional support

Student Learning and Engagement during COVID



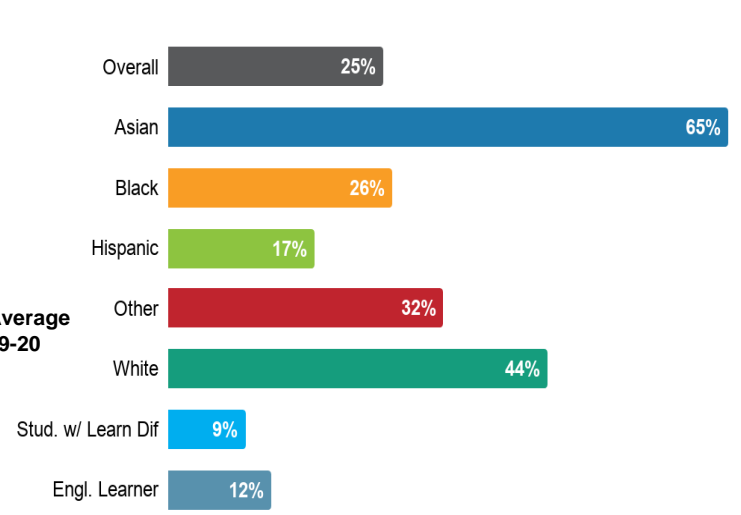
Chronic absenteeism trends have been magnified...

Chronic Absenteeism Rate of In Person Learners, 2020-21



...and early literacy gaps continue to be stark

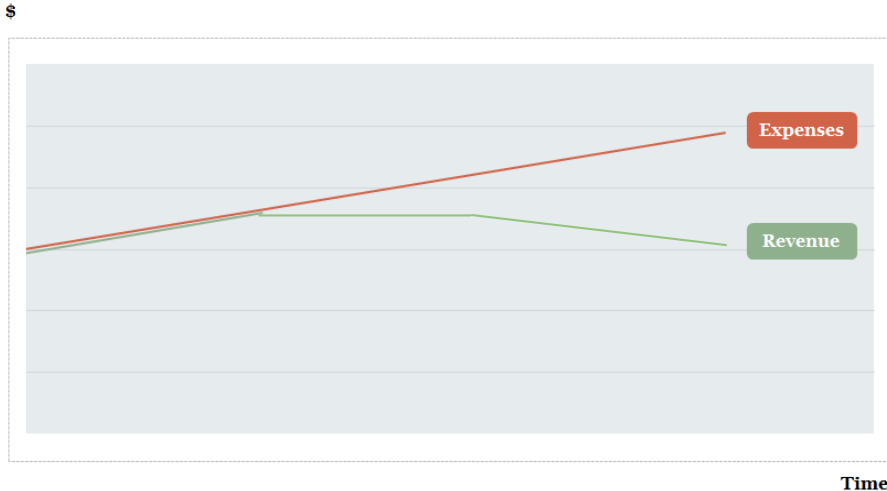
Elementary students reading on or above grade level, 2020-21



Structural Deficit



As with many other urban districts, HPS has a structural deficit, with costs rising faster than revenue.



The pandemic is exacerbating these challenges many-fold:

Greater depth, breadth & inequity of **student need**

Ongoing constraints on service delivery with **unpredictable cost implications**

Increased financial pressure with drops in tax revenue and enrollment



BUDGET DEVELOPMENT PROCESS



This year's budget development commitments will drive long-term outcomes

Stability

- **Equity-based funding** as a foundational pillar
- Strong **alignment to district core priorities**

Simplicity

- **Simplification** of budgeting processes and tools
- **Transparency** on decision making processes

Sustainability

- Best-in-class, **student-based programs** with high ROI
- **National recruiting** and retention
- **Multi-year fiscal map** to ensure system and structural success



To achieve our budget strategies we will take the following actions in this year's budget process:

Stability

- **Continuing implementation** of equity-based funding formula

Simplicity

- **Accelerating process** from Nov. to Jan.
- Adopting **Allovue**, a cloud-based point-and-click budget software

Sustainability

- **Reallocating time** from budget development/data input to collaborative scenario planning and strategic investment alignment
- Developing budget outcomes based **on two scenarios**: “as-is” and funding volatility (with implications of COVID learning models embedded in both)



Using the same Equity Based funding for schools

(3rd Budget Development Process Using this Formula)

Category	Allocation Rule
Principal	1 per school
AP	1 per 500 students, with minimum of 1 per school
Executive Assistant	1 per school
Teachers	Up to class size mandates, rounded at grade level in K-5
Counselors	1 per 500 students in 6-8 1 per 350 students in 9-12
Social Workers	1 per 325 students
School Family Resource Provider	1 per school
Clerical Assistant	1 per 500 students, for schools with over 500 students
Supplies	\$44 pp
Stipends	PK-5: \$67 pp 6-8: \$100 pp 9-12: \$167 pp
Discretionary Dollars	\$40 pp



We would like to use the same Equity Based funding for schools

Category	Allocation Rule
Family & Community Service and Support Provider	1 per school
Supplemental Teachers for ELL	1 for every 42 ELL students, for schools over 15% ELL
Student Engagement Specialist	1 Student Engagement Specialist for every 125 Chronically Absent students, for schools with over 30% chronic absenteeism
Middle School SEL Supplement	\$370 pp for grades 6-8
Magnet Supplement	\$250 pp for grades K-12



Driving additional transparency via the adoption of *Allovue*

- Cloud-based, point and click technology
- Simplifies budget process
- Provides clear insight into monthly spending
- Scalable – allows community view into school level budgets

The screenshot displays the Allovue BALANCE web interface. At the top, there are navigation tabs for 'Manage', 'Budget', and 'Admin'. Below this, the 'Fiscal Year 2019-20' is selected, and the 'Budgets' section is active. A summary row shows three budget categories: 'Allocated' (\$52,937,081.79), 'Planned' (\$5,167,130.98), and 'Total Remaining' (\$47,769,950.81). Below the summary, there are tabs for 'Budgets and Allocations', 'Staff Roster', and 'Reports'. A row of action buttons includes 'Create Budget', 'Add Allocation', 'Upload Budgets', 'Upload Allocations', and 'Export'. The main content area lists three budget items:

Item	Allocated	Planned	Remaining
3101 - Lincoln Elementary School In Progress	\$4,632,447.00	\$962,292.85	\$3,670,154.15
3102 - Central Elementary School In Progress	\$4,538,300.00	\$100,926.29	\$4,437,373.71
3103 - Washington Elementary School Awaiting Approval	\$8,332,523.00	\$699,202.21	\$7,633,320.79

At the bottom, there is a section for '+ Add Allocation' and 'Delete Allocations' with a table showing 'Discretionary' (Estimated Salaries) with an allocated amount of \$48,200.00, a planned amount of \$24,120.00, and a remaining amount of \$24,080.00. The funds are identified as '10000000 General Fund'.



The budget will provide a range of outcomes based on the following scenarios:

“As-Is”

Schools and Central Office departments provided the same level of funding as FY20-21.

Schools and departments still have the ability to swap positions or re-allocate discretionary funding.

Funding Volatility

Due to the external economic conditions, this scenario presumes district funding will decline by \$15M (3.5%).

The funding decline is modeled to occur in the ECS (5% decline = \$9.4M), Alliance Grant (flat funding = \$3.4M), and Federal Grants (8% = \$2.2M).



Cost & design implications of each learning model will impact all scenarios

In-person – Hybrid -- Remote

Note: All scenarios will be adjusted for changes in overhead costs (ie. utilities, fringe costs, multi-year contractual obligations) as well as mandated services.



Budget Economics



Current Year Forecast

FY 20-21 Financial Position as of December 4, 2020

Adjusted FY 20-21

Total Estimated Revenue \$434,462,524

Expenses:

Adopted Budget Expenditures \$439,204,791

Adds [Expenses not budgeted or higher than expected]:

SPED Tuition \$2,189,494

CRF Expenditures Paid by the BOE \$1,474,000

Track & Lights @ HPHS Field \$1,145,000

Online Content Learning District Licenses \$403,600

All Other Additional Expenses \$3,158,633

Total Additional Expenses \$8,370,727

Subtotal of Expected Expenditures \$447,575,518

Potential Savings:

Estimated Fringe Costs Savings \$(7,396,395)

Utility Costs \$(1,429,917)

960 Lease Savings \$(800,000)

Outside Use Funds \$(500,000)

Salary Savings due to Position Vacancies

\$(2,808,264)

\$(12,934,576)

Total Estimated Expenditures \$434,640,942

Total Projected Deficit \$(178,418)



The early estimate for FY 21-22 is a deficit of ~\$20M

	FY 20-21 Projection	FY 21-22 Estimate	Difference
Revenues:			
General Budget	\$284.0	\$284.0	\$-
Federal Grants	\$35.8	\$29.8	\$(6.0)
State Grants	\$110.3	\$109.5	\$(0.8)
Private Sources	\$4.4	\$3.9	\$(0.5)
Total Revenue	\$434.5	\$427.2	\$(7.3)
Large District-Wide Costs:			
Special Education Tuition	\$97.6	\$106.2	\$8.6
Insurance & Pension	\$74.0	\$76.7	\$2.7
Utilities	\$7.8	\$8.2	\$0.4
Contractual Salary Increases	\$3.1	\$4.1	\$1.0
Total Large District-Wide Costs	\$182.5	\$195.2	\$12.7
% of Total Revenue	42%	46%	

Next Steps



Next Steps

Budget Timeline



11/23 Release funding to schools and central office departments

12/3-12/4 Community engagement

12/10 Present to SGCs

Early January BOE budget workshop

11/30-12/4 School & department cross-functional reviews; SGCs review and give feedback on initial budget

12/4 Schools/departments submit initial budget to finance for review

12/15-12/18 Budgets incorporated into Allouevue w/Finance review

The accelerated timeline **reallocates time** from budget development and data input, to **collaborative scenario planning** and **strategic investment alignment**.



- School and department budgets will be submitted on December 4th
- Collaborative Budget and Strategic Review Sessions will be held between December 7th and 18th
- Budget Outcomes Developed by December 23rd
- Board Review in Early January