

# **BUFFALO FISCAL STABILITY AUTHORITY**

*Analysis of the Buffalo City School District's 2025-26 Adopted Budget  
June 16, 2025*

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## **INTRODUCTION**

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The Buffalo City School District's Board of Education approved the Superintendent's fiscal year (FY) 2025-26 proposed budget on May 28, 2025. The 2025-26 adopted budget (Adopted Budget) was submitted to the Buffalo Fiscal Stability Authority (BFSA) on May 21, 2025, after the April 8<sup>th</sup> statutory requirement.

The Buffalo City School District (District or BCSD) has not yet submitted a 2026-2029 Financial Plan (Financial Plan) as required by the BFSA Act. The financial plan was required to be submitted to BFSA no later than May 28, 2025; a financial plan has not yet been submitted.

## **KEY FINDINGS**

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BFSA has the following key findings.

1. The Adopted Budget includes a substantial deficit of \$78.8 million which is closed through fund balance appropriation (6.6% of total General Fund appropriations). It includes \$1,107.7 million in estimated General Fund revenues, a \$25.4 million (2.3%) increase over the District's prior fiscal year adopted budget (PFY Adopted Budget).
2. The New York State Legislature revised the New York State Foundation Aid formula. The revised Foundation Aid formula replaces the poverty measure from census data with a new Small Area Income and Poverty Estimates (SAIPE) metric. It also substituted school lunch eligibility with a broader category of "economically disadvantaged" students.
  - a. The New York State final budget includes a total Foundation Aid appropriation of \$26.5 billion, \$35.0 million lower than the Governor's 2026 Executive Budget proposal. The Big 4 City School Districts all saw significant allocation adjustments due to the formula update and the reduced final 2026 appropriations as follows:
    1. Buffalo City School District: \$(5.4) million (-0.6%)
      - As compared to the District's 2025-26 estimated NYS Aid based on the Executive Budget
    2. Rochester City School District: \$(4.2) million (-0.7%)
    3. Syracuse City School District: \$9.4 million (2.3%)
    4. Yonkers City School District: \$12.2 million (4.1%)
3. The Adopted Budget includes \$1,186.5 million in total budgeted appropriations, a \$20.8 million (1.8%) increase over the District's PFY Adopted Budget.
  - a. The Adopted Budget includes \$1.9 million in a Reserve Contingency. This amount is a set aside for unbudgeted expenditures including funding newly settled collective bargaining agreements. Five collective bargaining units funded through the District's General Fund have labor agreements that expire on June 30, 2025.

4. A structural deficit exists as budgeted appropriations exceed estimated revenues. Total estimated General Fund revenues are 93.4% of budgeted General Fund appropriations.
5. In 2024-25, the District began realigning staffing levels with the existing student population. District enrollment declined by 3,419 pupils (10.4%) from FYE 2019 to FYE 2024. Total District full-time equivalent (FTE) staffing inversely increased by 361 FTEs (6.6%) over this period.
  - a. In the current fiscal year (CFY), the District reduced total staff counts (central office and schools) by eliminating vacancies, not filling positions that became vacant through retirements, eliminating 36 Teacher on Special Assignment (TOSA) positions, extending a Superintendent-imposed hiring freeze (for non-essential staff), and several layoffs. The District currently employs 262 fewer FTE employees (4.5%) than at FYE 2024 including 323 (8.2%) teachers.
  - b. The District did not include the previously planned year two right-sizing initiatives within the Adopted Budget. These actions included closing two schools, reducing staff by an additional 250 FTEs, and other right-sizing actions. The District has stated that these actions are deferred until 2026-27 and will be incorporated in the forthcoming 2026-2029 Financial Plan. These right-sizing initiatives are essential to the District's fiscal stability as:
    1. The District's \$78.8 million 2025-26 budgeted deficit is substantially greater than the \$36.4 million deficit depicted for 2025-26 in the 2025-2028 Adopted Financial Plan, despite \$6.7 million in greater than previously estimated revenues; and
    2. The CFY will include a substantial operating deficit and commensurate drawdown of fund balance; and
    3. All collective bargaining units funded through the General Fund have labor agreements that expire either June 30, 2025 or 2026 (excepting the part-time bus aides). Based on the 2025-26 staffing level and school portfolio, 3% increases in these contract costs would cumulatively increase the District's General Fund four-year expenditures by an estimated \$105.7 million. The net cost in 2025-26 is estimated at \$1.4 million.
6. The Adopted Budget does not address the impact of potential federal education cuts. Federal aid constitutes a critical portion of the District's education funding, including programs serving low-income students and those with special needs. These funds are recorded primarily within the Special Projects Fund (Grants Fund); the loss of grant funding would place further strain on the General Fund if the services are maintained.
  - a. Recently proposed federal actions are poised to significantly affect schools. The current congressional budget bills propose to reduce the rates of increase in federal outlays, including educational funding. Public schools rely on federal funds for programs like the Every Student Succeeds Act (ESSA) and Individuals with Disabilities Education Act (IDEA). Title I funding, which supports schools such as Buffalo with high concentrations of low-income students, is particularly at risk. Cuts or elimination of these funds would disproportionately affect vulnerable populations, including students with disabilities and those living in

- poverty. Loss of federal funds could force reductions in special education, career and technical education, and support for English Language Learners.
- b. New York State may need to divert local resources to cover shortfalls, putting additional pressure on already strained budgets, and potentially leading to cuts in other programs or services. Cuts would undermine efforts to provide equitable education, as schools serving the highest-need populations are the most dependent on federal aid.
  - c. The federal funding identified as most at risk for potential cuts are:
    1. Title I: Support for schools with high concentrations of low-income students. Cuts could force reductions in academic interventions, after-school programs, and basic classroom resources for high-poverty schools.
    2. Individuals with Disabilities Education Act: Funding for special education services. Cuts would likely reduce specialized instruction, therapies, and support staff for these students.
    3. Support for English Language Learners (ELLs): Provides schools with language instruction and support for ELLs. Reductions would limit access to bilingual education and targeted interventions.
    4. Career and Technical Education (CTE): Support for CTE programs that prepare students for workforce entry. Cuts could diminish course offerings and hands-on training opportunities.
    5. School Nutrition and Health Programs: The termination of temporary pandemic relief grants has already resulted in losses for locally sourced school meals and other health-related services. Further federal cuts would additionally impact school districts.

**2025-26 ADOPTED BUDGET SUMMARY**

General Fund revenues are estimated at \$1,107.7 million, an increase of \$25.4 million (2.3%) over the District’s PFY Adopted Budget. General Fund expenditures are appropriated at \$1,186.5 million, an increase of \$20.8 million (1.8%) over the District’s PFY Adopted Budget. The \$78.8 million excess of budgeted appropriations over estimated revenues represents the structural deficit and is closed through fund balance appropriation.

The following schedule compares the Adopted Budget with the District’s PFY Adopted Budget. The current fiscal year-end (CFYE) projections are included to provide additional context.

General Fund Summary	2024-25 Adopted Budget	2024-25 District Forecast at 3.31.25	2025-26 Adopted Budget	Budget-to-Budget Change (\$)	Budget-to-Budget Change (%)	Adopted Budget compared to FYE 2025 Forecast (\$)	Adopted Budget compared to FYE 2025 Forecast (%)
	\$ in Millions						
Revenues	\$1,082.3	\$1,086.9	\$1,107.7	\$25.4	2.3%	\$20.8	1.9%
Expenditures	1,165.7	1,141.7	1,186.5	20.8	1.8%	44.8	3.8%
	(\$83.4)	(\$54.8)	(\$78.8)	\$4.6	0.6%		
Total Fund Balance	83.4	54.8	78.8				
Remaining Deficit	\$0.0	\$0.0	\$0.0				
Fund Balance as % of Total GF Appropriations	7.2%	4.8%	6.6%				

The structural deficit is a trend and a continuation from the 2024-25 fiscal year. Structural deficits will continue unless the Buffalo Board of Education takes responsive actions to address the systemic causes.

In the 2024-25 Adopted Budget and 2025-2028 Adopted Financial Plan, the District implemented a two-year phase-out of 331 FTE positions to address the structural deficit. The Superintendent's goal was to “right-size” staff with current enrollment. District enrollment had steadily declined by 4,667 pupils (13.7%) since FYE 2016, inversely to budgeted positions which had steadily increased by 418 FTEs (7.9%) since FYE 2016.

Year two of the right-sizing initiative included closing two public schools and reducing budgeted teacher positions by 250 FTEs. BSA estimated the cost reduction at \$30.3M beginning in 2025-26. The District has deferred these actions until 2026-27; the planned right-sizing actions are anticipated to be detailed within the forthcoming 2026-2029 Financial Plan.

The Adopted Budget adds seventeen full-time equivalent (FTE) positions across All Funds. The General Fund decreases by a net of twenty-six FTE General Fund budgeted positions as compared to the 2024-25 Adopted Budget as follows.

<b>BCSD Employee Count Comparison</b>									
Employee Group	All Funds				General Fund				Contract Status
	2024-25 Adopted Budget	Actual at 3.31.2025	2025-26 Adopted Budget	2024-25 Adopted Budget compared to PFY Adopted Budget (#)	2024-25 Adopted Budget	Actual at 3.31.2025	2025-26 Adopted Budget	2024-25 Adopted Budget compared to PFY Adopted Budget (#)	
BTF (Teachers)	3,737	3,608	3,709	(28)	3,360	3,200	3,274	(86)	Current thru 6/30/2026
BEST (Teacher Aides/Teaching Assistants)	966	955	1,004	38	791	811	841	50	Current thru 6/30/2025
BCSA: Administrators	298	290	298	0	254	254	258	4	Current thru 6/30/2025
PCTEA: White-Collar	570	491	577	7	484	423	490	6	Current thru 6/30/2026
Local 264: Blue-Collar	67	51	64	(3)	61	51	60	(1)	Current thru 6/30/2025
Local 264: Cook Managers	27	31	29	2	0	0	0	0	Current thru 6/30/2026
Trades	41	41	42	1	41	41	42	1	Prevailing Wage
Local 409: Operating Engineers	57	39	57	0	56	39	56	0	Current thru 6/30/2026
Exempts	43	38	43	0	43	38	43	0	All contracts current
Board Members	9	9	9	0	9	9	9	0	N/A (elected positions)
<b>Total Full-Time Employees</b>	<b>5,815</b>	<b>5,553</b>	<b>5,832</b>	<b>17</b>	<b>5,099</b>	<b>4,866</b>	<b>5,073</b>	<b>(26)</b>	

## **GENERAL FUND REVENUES**

General Fund revenues are estimated at \$1,107.7 million in the Adopted Budget. The following chart summarizes General Fund revenue and fund balance usage in the Adopted Budget as compared to the PFY Adopted Budget. The District’s CFYE forecast is included to provide additional context.

<b>2025-26 Adopted Budget Revenues &amp; Use of Fund Balance</b>	2024-25 Adopted Budget	2024-25 District Forecast at 3.31.25	2025-26 Adopted Budget	Budget-to- Budget Change (\$)	Budget-to- Budget Change (%)	Adopted Budget compared to FYE 2025 Forecast (\$)	Adopted Budget compared to FYE 2025 Forecast (%)
	<b>(In Millions)</b>						<b>Percent</b>
<i>Real Property Tax</i>	\$70.8	\$70.8	\$70.8	\$0.0	0.0%	\$0.0	0.0%
<i>Erie County Sales Tax</i>	56.0	57.8	58.5	2.5	4.5%	0.7	1.2%
<i>Federal Medicaid Reimbursement</i>	4.0	5.5	5.0	1.0	25.0%	(0.5)	-9.1%
<i>New York State Aid (less Building Aid)</i>	837.2	837.2	869.2	32.0	3.8%	32.0	3.8%
<i>New York State Building Aid</i>	102.0	102.0	89.3	(12.7)	-12.5%	(12.7)	-12.5%
<i>Miscellaneous</i>	12.3	13.6	14.9	2.6	21.1%	1.3	9.6%
<b>Total General Fund Revenues</b>	<b>\$1,082.3</b>	<b>\$1,086.9</b>	<b>\$1,107.7</b>	<b>\$25.4</b>	<b>2.3%</b>	<b>\$20.8</b>	<b>1.9%</b>
<i>Fund Balance</i>	83.5	54.8	78.8				
<b>Total GF Revenue &amp; Assigned Fund Balance</b>	<b>\$1,165.8</b>	<b>\$1,141.7</b>	<b>\$1,186.5</b>				

The increase in General Fund revenue is driven by a \$32.0 million increase (3.8%) in NYS Aid less Building Aid, which is offset by a \$12.7 million (12.5%) decline in NYS Building Aid.

### **Real Property Taxes**

2025-26 % of total General Fund Revenues: 6.4%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$0M and 0%

The City of Buffalo (City) forwards a portion of collected property tax revenue to the District for general operations and annual debt payments. The City’s contribution for 2025-26 remains at \$70.8 million, maintained since 2007-08. The City may provide whatever contribution it deems necessary, but the level of effort must be maintained once the contribution for general operations has increased unless there is a decrease in the total taxable assessed property value.

### **Total New York State Aid**

2025-26 % of total General Fund Revenues: 86.5%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$201.2M or 27.3%

The District’s largest revenue source is NYS Aid. The District is one of the Big 4 City School Districts, including the Buffalo City School District, the Rochester City School District, the Syracuse City School District, and the Yonkers City School District. These districts are financially dependent on their respective city governments as they have no independent authority to levy taxes or issue bonds. The District is heavily dependent on NYS Aid, which comprises 86.5% of the District’s total estimated 2025-26 revenues.

All NYS Aid, including Building Aid, totals \$958.5 million in the Adopted Budget and represents an increase of \$19.3 million (2.1%), as compared to the PFY Adopted Budget. This increase is primarily comprised as follows:

- Foundation Aid: \$35.5 million
- Building Aid: \$(12.7) million
- Net of Services & Other Formula-Based Aids: \$(3.5) million

#### **New York State Aid (less Building Aid)**

2025-26 % of total General Fund Revenues: 86.5%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$217.4M or 35.1%

NYS Aid (less Building Aid) totals \$869.2 million in 2025-26, a \$32.0 million (3.8%) increase over the District's PFY Adopted Budget.

New York Aid (less Building Aid) is an umbrella term that combines various formula and expense-based aids, most significantly Foundation Aid.

NYS Foundation Aid totals \$744.2 million in 2025-26, an increase of \$35.5 million (5.0%) over the District's PFY Adopted Budget. This funding amount represents \$15.7 million less than had been included within the New York State 2026 Executive Budget. The reduction is based on an initial \$12.1 million overestimation within the aid run, a revised Foundation Aid formula, and a reduction in total New York State appropriations, as compared to the 2026 Executive Budget proposal (net of \$3.6 million).

NYS Transportation Aid is a reimbursement for PFY Transportation expenditures. The District's reimbursement is 87% of eligible reimbursements. The 2025-26 NYS Transportation Aid is budgeted at \$60.1 million, an increase of \$2.2 million (4.2%) over the District's PFY Adopted Budget.

All other NYS aid totals a combined \$64.9 million, a decrease of \$(5.7) million (8.9%).

#### **New York State Building Aid**

2025-26 % of total General Fund Revenues: 8.1%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$(16.2M) or -13.7%

NYS Building Aid is shown separately to delineate it from funds available for general operations. NYS Building Aid is a reimbursement from NYS for capital projects and is directly correlated to the District's General Fund Debt Service payments. NYS reimburses the District through Building Aid at reimbursement rates set by the New York State Education Department (NYSED) based on approved Maximum Cost Allowances, amortization schedules for related debt, and reimbursement rates at approximately 94% for approved school building projects.

NYS Building Aid is budgeted at \$89.3 million in 2025-26, a \$12.7 million (-12.5%) decrease over the PFY Adopted Budget

## Erie County Sales Tax

2025-26 % of total General Fund Revenues: 5.3%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$3.4 million or 6.3%

The District's fourth-largest revenue source is sales tax, budgeted at \$58.5 million for 2025-26, \$2.5 million (4.5%) greater than the District's PFY Adopted Budget.

BFSA has forecasted sales tax revenue for FYE 2025 of \$61.0 million, exceeding the District's 2024-25 forecast. Given the current inflation rate on taxable goods and BFSA's CFYE projection, the District's estimated 2025-26 sales tax revenue appears underestimated.

The District's local funding structure differs from the other Big 4 City School Districts. The District receives 6.4% of its funding from the City property tax levy. The District additionally receives a sizable portion of the 3% base sales tax levied by Erie County. Of the other three Big 4 City School Districts, only the Syracuse City School District receives any portion of county sales tax receipts directly, budgeted at \$1.0 million for 2025-26. Conversely, these three school districts all receive a greater percentage of their city's total property tax levy.

The 2024-25 and 2025-26 per pupil local contribution is as follows.

<b>Big 4 Big City District</b>	<b>2024-25 Enrollment</b>	<b>2025-26 Enrollment</b>
<b>BCSD</b>	<b>29,647</b>	<b>29,681</b>
<i>Local Revenue (Per Pupil)</i>	<b>\$4,277</b>	<b>\$4,356</b>
<b>RCSD</b>	<b>19,300</b>	<b>18,426</b>
<i>Local Revenue (Per Pupil)</i>	<b>\$6,171</b>	<b>\$6,464</b>
<b>SCSD</b>	<b>19,426</b>	<b>19,153</b>
<i>Local Revenue (Per Pupil)</i>	<b>\$3,372</b>	<b>\$3,420</b>
<b>YCSD</b>	<b>23,589</b>	<b>24,035</b>
<i>Local Revenue (Per Pupil)</i>	<b>\$12,654</b>	<b>\$12,223</b>

The Big 4 receive a percentage of their host municipalities' property tax levy as follows.

<b>2024-25 &amp; 2025-26 Big 4 School Districts Property Tax and Sales Tax</b>		
<b>General Fund Revenues</b>	<b>2024-25 Adopted Budget</b>	<b>2025-26 Proposed or Adopted Budget</b>
	<b>\$ in Millions</b>	
<b>Buffalo City School District</b>		
<i>City Contribution</i>	<b>\$70.8</b>	<b>\$70.8</b>
<i>Sales Tax Receipts</i>	<b>56.0</b>	<b>58.5</b>
<b>Combined Real Property Tax/Sales Tax</b>	<b>\$126.8</b>	<b>\$129.3</b>
<b>Combined Real Property Tax/Sales Tax (% of total revenues)</b>	<b>11.7%</b>	<b>11.7%</b>
<b>Rochester City School District</b>		
<i>City Contribution</i>	<b>\$119.1</b>	<b>\$119.1</b>
<i>Sales Tax Receipts</i>	<b>0.0</b>	<b>0.0</b>
<b>Combined Real Property Tax/Sales Tax</b>	<b>\$119.1</b>	<b>\$119.1</b>
<b>Combined Real Property Tax/Sales Tax (% of total revenues)</b>	<b>13.1%</b>	<b>12.4%</b>
<b>Syracuse City School District</b>		
<i>City Contribution</i>	<b>\$64.6</b>	<b>\$64.9</b>
<i>Sales Tax Receipts</i>	<b>\$0.9</b>	<b>\$1.0</b>
<b>Combined Real Property Tax/Sales Tax</b>	<b>\$65.5</b>	<b>\$65.5</b>
<b>Combined Real Property Tax/Sales Tax (% of total revenues)</b>	<b>12.6%</b>	<b>11.2%</b>
<b>Yonkers City School District</b>		
<i>City Contribution</i>	<b>\$298.5</b>	<b>\$293.8</b>
<i>Sales Tax Receipts</i>	<b>0.0</b>	<b>0.0</b>
<b>Combined Real Property Tax/Sales Tax</b>	<b>\$298.5</b>	<b>\$293.8</b>
<b>Combined Real Property Tax/Sales Tax (% of total revenues)</b>	<b>39.6%</b>	<b>39.0%</b>

**All Other Revenue (Miscellaneous)**  
 2025-26 % of total General Fund Revenues: 1.3%  
 5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)  
 \$(13.6)M or -10.6%

All Other Revenues include tuition, interest, interfund revenues for indirect costs, and miscellaneous items. The combined total of all other Revenues (Miscellaneous) was \$14.9 million in the Adopted Budget, a \$2.6 million (21.1%) increase over the District's PFY Adopted Budget.

## **Federal Medicaid Reimbursement**

2025-26 % of total General Fund Revenues: 0.5%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$(24.6M) or -81.7%

\*FYE 2021 included a significant level of one-time federal funds

The Federal Medicaid Reimbursement totals \$5.0 million in the Adopted Budget, \$1.0 million (25%) greater than the PFY Adopted Budget. This revenue is a reimbursement of Medicaid-eligible healthcare services funded and provided by the District. The year-over-year increase is a function of timing; the District forecasts a historically high CFYE level of federal Medicaid Reimbursement.

There is a concern that future Medicaid reimbursements will be negatively impacted by future federal appropriations. The currently approved U.S. House of Representatives spending bill includes a planned reduction in the rate of increase in certain federal outlays, as compared to out-year projections. This may include eliminating the federal Medicaid reimbursement to New York State school districts for individuals determined ineligible for such benefits at the federal level.

## **GENERAL FUND EXPENDITURES**

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General Fund budgeted appropriations total \$1,186.5 million in the Adopted Budget, a \$20.8 million (1.8%) increase from the District's PFY Adopted Budget.

General Fund expenditures are examined here in six discrete subcategories:

- Employee Compensation
- Employee Benefits
- Debt Service
- Charter School Payments
- Transportation
- All Other Expenditures

The following chart summarizes General Fund expenditures by these six subcategories as compared to the PFY Adopted Budget. The District’s CFYE forecast are included to provide additional context.

2025-26 Adopted Budget Expenditures	2024-25 Adopted Budget	2024-25 District Forecast at 3.31.25	2025-26 Adopted Budget	Budget-to-Budget Change (\$)	Budget-to-Budget Change (%)	Adopted Budget compared to FYE 2025 Forecast (\$)	Adopted Budget compared to FYE 2025 Forecast (%)
	(In Millions)						
<i>Employee Compensation</i>	\$427.0	\$415.1	\$431.8	\$4.8	1.1%	\$16.7	4.0%
<i>Employee Benefits</i>	232.3	227.1	244.0	11.7	5.0%	16.9	7.4%
<i>Debt Service</i>	91.7	91.7	78.4	(13.3)	-14.5%	(13.3)	-14.5%
<i>Charter School Payments</i>	170.4	170.4	180.6	10.2	6.0%	10.2	6.0%
<i>Transportation</i>	63.0	61.0	72.4	9.4	14.9%	11.4	18.7%
<i>All Other Expenditures</i>	181.3	176.4	179.3	20.8	1.8%	2.9	1.6%
<b>Total</b>	<b>\$1,165.7</b>	<b>\$1,141.7</b>	<b>\$1,186.5</b>	<b>\$20.8</b>	<b>1.8%</b>	<b>\$44.8</b>	<b>3.8%</b>

### **EMPLOYEE COMPENSATION**

2025-26 % of total General Fund expenditures: 36.4%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$105.7M or 34.2%

Employee Compensation is the District’s largest expenditure and includes salaries and wages for District employees. Total General Fund Employee Compensation expenditures are budgeted at \$431.8 million, a \$4.8 million (1.1%) increase as compared to the District’s PFY Adopted Budget.

The following depicts Employee Compensation in the Adopted Budget, as compared to the District’s PFY Adopted Budget. The District’s CFYE forecast are provided for additional context.

2025-26 Adopted Budget Expenditures	2024-25 Adopted Budget	2024-25 District Forecast at 3.31.25	2025-26 Adopted Budget	Budget-to-Budget Change (\$)	Budget-to-Budget Change (%)	Adopted Budget compared to FYE 2025 Forecast (\$)	Adopted Budget compared to FYE 2025 Forecast (%)
(In Millions)							
<b>Employee Compensation</b>							
<i>BTF (Teachers)</i>	\$293.3	\$290.6	\$299.7	\$6.4	2.2%	\$9.1	3.1%
<i>Teacher Substitutes</i>	8.9	7.9	7.4	(1.5)	-16.9%	(0.5)	-6.3%
<i>Administrator Substitutes</i>	1.0	1.0	1.0	0.0	0.0%	0.0	0.0%
<i>BCSA (Administrators)</i>	37.7	34.5	38.4	0.7	1.9%	3.9	11.3%
<i>PCTEA (White Collar)</i>	29.4	26.3	30.4	1.0	3.4%	4.1	15.6%
<i>BEST (Aides &amp; Assistants)</i>	26.4	25.4	26.4	0.0	0.0%	1.0	3.9%
<i>TAB (Bus Aides)</i>	7.3	6.3	5.9	(1.4)	-19.2%	(0.4)	-6.3%
<i>Trades</i>	4.8	4.7	5.2	0.4	8.3%	0.5	10.6%
<i>Local 264 (Blue Collar)</i>	2.8	3.0	2.8	0.0	0.0%	(0.2)	-6.7%
<i>Local 409 (Engineers)</i>	4.2	4.2	4.8	0.6	14.3%	0.6	14.3%
<i>Exempt</i>	6.0	6.0	6.0	0.0	0.0%	0.0	0.0%
<i>Miscellaneous (Includes Board Member Stipends)</i>	0.3	0.3	0.3	0.0	0.0%	0.0	0.0%
<i>Overtime</i>	4.9	4.9	3.5	(1.4)	-28.6%	(1.4)	-28.6%
<b>Total Employee Compensation</b>	<b>\$427.0</b>	<b>\$415.1</b>	<b>\$431.8</b>	<b>\$4.8</b>	<b>1.1%</b>	<b>\$16.7</b>	<b>4.0%</b>

The District's General Fund staffing plan includes a net decrease of 26 FTEs as compared to the PFY Adopted Budget as follows.

- Teachers (-86)
- Teacher Aides/Teaching Assistants (+50)
- Net of all other (+10)

The following highlights several employee compensation areas of significance.

BTF Compensation (64.5% of total full-time employees)

The largest area of employee compensation is for teachers. Budgeted positions are 3,274 FTEs in 2025-26, a decrease of 86 FTEs as compared to the 2024-25 Adopted Budget.

Seventy BTF positions have been removed during the 2024-25 school year. The decrease is sixteen FTE positions as compared to the most recent staffing plan as follows.

- Regular Instruction: +15 FTEs
- Guidance Services: -12 FTEs
- Social Worker Services: -9 FTEs
- Net of all other: -10 FTEs

BTF employee compensation has increased by \$6.4 million (2.2%) compared to the District's PFY Adopted Budget. The budgeted amount is consistent with the total number of budgeted positions and the estimated 2025-26 average compensation of \$92,312 (including a 3% contractual increase).

Note: The BTF labor agreement expires at FYE 2026.

All Other Employee Compensation (combined 35.5% of total full-time employees)

Employee Compensation for all other collective bargaining units appears to be adequate based on the number of budgeted positions and BFSA's estimated average compensation, if not slightly overestimated. For example, BCSA employee compensation increased \$0.7 million (1.9%) to \$38.4 million for 258 BCSA FTEs. BFSA has calculated an average BCSA compensation of \$120,398; total compensation for 258 FTEs at an average salary of \$120,398 totals \$30.6 million. The budgeted amount appears to be more than sufficient to fully fund this employee group.

The Adopted Budget includes an overtime appropriation at \$3.5 million. This represents a \$1.4 million (-28.6%) reduction from the PFY Adopted Budget and is a function of the District's cost-containment initiatives.

The following employee groups have labor contracts that expire FYE 2025.

1. Buffalo Association of Substitute Administrators (Substitute Administrators or BASA – expires June 30, 2025),
2. Buffalo Council of Supervisors and Administrators (Administrators or BCSA - expires June 30, 2025
3. Buffalo Educational Support Team (Teacher’s Aides and Teaching Assistants or BEST) – expires June 30, 2025
4. Substitutes United of Buffalo (Substitute Teachers or SUB) – expires June 30, 2025
5. Local 264 (Blue-collar employees) – expires June 30, 2025

Any contract settlement will increase FY 2025-26 Employee Compensation and Benefits. BFSFA has estimated that increasing compensation and benefits for these five groups by 3% would increase 2025-26 expenditures by \$1.4 million. The \$1.9 million Reserve Contingency would be sufficient to fully fund this level of increase.

The following employee groups have labor contracts current through 2025-26. These labor contracts all expire June 30, 2026.

1. Buffalo Teachers’ Federation (Teachers or BTF) – expires June 30, 2026
2. Professional, Clerical, and Technical Employees’ Association (White-Collar employees or PCTEA) – expires June 30, 2026
3. Local 409 engineers (Engineers) - expires June 30, 2026

## **EMPLOYEE BENEFITS**

2025-26 % of total General Fund expenditures: 20.6%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$49.3M or 27.7%

Employee Benefits is the second largest General Fund expenditure category and includes the cost to the District for all non-salary/wage-related benefits for employees such as pension, healthcare, and employer payroll taxes. The District has included \$244.0 million for Employee Benefits in the Adopted Budget, a \$11.7 million (5%) increase as compared to the District’s PFY Adopted Budget.

Employee Benefits include payments for:

- The pension expense under the New York State Teachers’ Retirement System (NYSTRS) and New York State Employee Retirement System (NYSERS)
- The employer portion of the payroll tax
- Health insurance for current and retired employees
- Termination Pay and other miscellaneous benefits

The following depicts Employee Benefits in the Adopted Budget, as compared to the District’s 2024-25 Adopted Budget. The District’s CFYE forecast is provided for additional context.

<b>2025-26 Adopted Budget Expenditures</b>	<b>2024-25 Adopted Budget</b>	<b>2024-25 District Forecasted at 3.31.25</b>	<b>2025-26 Adopted Budget</b>	<b>Budget-to-Budget Change (\$)</b>	<b>Budget-to-Budget Change (%)</b>	<b>Adopted Budget compared to FYE 2025 Forecast (\$)</b>	<b>Adopted Budget compared to FYE 2025 Forecast (%)</b>
<b>Employee Benefits</b>	<b>(In Millions)</b>						
<i>Civil Service Retirement</i>	\$5.3	\$5.3	\$5.3	\$0.0	0.0%	\$0.0	0.0%
<i>Teachers Retirement</i>	33.4	33.4	37.1	3.7	11.1%	3.7	11.1%
<i>Social Security</i>	30.6	30.6	33.6	3.0	9.8%	3.0	9.8%
<i>Health Insurance (Active Employees)</i>	88.6	79.5	85.5	-3.1	-3.5%	6.0	7.5%
<i>Health Insurance (Retired Employees)</i>	55.2	57.1	61.0	5.8	10.5%	3.9	6.8%
<i>Termination Pay</i>	4.5	4.5	4.5	0.0	0.0%	0.0	0.0%
<i>Other Benefits</i>	14.7	16.7	17.0	2.3	15.6%	0.3	1.8%
<b>Total Employee Benefits</b>	<b>\$232.3</b>	<b>\$227.1</b>	<b>\$244.0</b>	<b>\$11.7</b>	<b>5.0%</b>	<b>\$16.9</b>	<b>7.4%</b>

The following highlights several employee compensation areas of significance.

New York State Pension Systems

General Fund expenditures for the New York State Employees’ Retirement System (NYSERS) and the New York State Teachers’ System (NYSTRS) are budgeted at a combined amount of \$42.4 million in the Adopted Budget, a \$3.7 million (9.6%) combined increase as compared to the District’s PFY Adopted Budget. The 2026 NYSERS blended employer contribution rate increases from 12.5% to 15.8%; the 2025 NYSTRS employer contribution rate increases from 11.1% to 12%. Pension contribution rates are actuarially determined by the New York State retirement systems.

The District’s payment to the retirement systems is a function of the contribution rates applied to actual annual salaries and wages. The overall increase in total pension payments is due to both the increase in compensation as well as increased employer contribution rates (ERCs) for NYSERS and NYSTRS.

The combined NYS pension payments are reasonable given the budgeted total employee compensation and increased ECRs. BFA’s estimated pension costs are slightly lower than the District’s budgeted appropriation.

Payroll Tax

The District’s employer portion for payroll taxes remains at 7.65% of budgeted Employee Compensation and Termination Pay. It is budgeted at \$33.6 million in the Adopted Budget, \$3.0 million (9.8%) greater than the District’s PFY Adopted Budget. The budgeted amount is consistent with the static tax rates and the increase in employee compensation costs.

Active/Retiree Health Insurance

Health insurance for active employees is one of several major General Fund expenditures for the District. It is budgeted at \$85.5 million in the Adopted Budget, a \$(3.1) million (3.5%) decrease over the District’s PFY Adopted Budget.

The District is self-insured; forecasted health insurance costs are based on total gross allowable health insurance-related costs billed to the District through its third-party administrator.

All employees are required to pay either a flat amount (e.g.: teacher aides/teaching assistants contribute \$300 (S)/\$600 (F)), an established percentage of their base annual salary (e.g.: blue-collar employees hired before July 11, 2012 pay 1.25% of their base salary), or a percent of the annual cost (e.g.: blue-collar employees hired on or after July 11, 2012 pay 20% of the total insurance cost). These contributions offset expected expenditures by \$6.1 million in 2025-26.

The following are the average 2025-26 active employee premium-equivalent health insurance rates:

- 2025-26 rate (active/single – estimated): \$9,862 (\$700 or 7.6%)
- 2025-26 rate (active/family – estimated): \$25,412 (\$1,706 or 6.7%)

### Retiree Health Insurance

Retiree health insurance expenditures are also a major General Fund expenditure. Retiree health insurance is budgeted at \$61.0 million in the Adopted Budget, a \$5.8 million (10.5%) increase over the District's PFY Adopted Budget. The increase in budgeted retiree healthcare expenditures is based on the current number of retirees receiving health insurance and estimated average 2025-26 retiree premium-equivalent health insurance rates:

- 2025-26 rate (active/single – estimated): \$12,262
- 2025-26 rate (active/family – estimated): \$29,192

The growth of these expenditures has been curtailed in recent fiscal years and has been favorably impacted by several cost-saving initiatives.

Effective at the start of the 2018-19 fiscal year, the District no longer budgeted based on premium-equivalent rates but instead used actual claim costs by the various groups, including retirees. This is compared to an actuarial valuation annually for reasonableness. In January 2020, the District converted its Medicare Advantage offering the Forever Blue Medicare Advantage Plan to the Independent Health Medicare Advantage Plan, resulting in a forecasted savings of \$1.1 million annually, which is included in the base cost.

The District contacts qualified retirees receiving retiree health benefits to offer an incentive to forego the costlier traditional plan for a Medicare Advantage Plan. The cost of this plan is significantly less than most of the District's traditional plans. The option to enroll in the Medicare Advantage plans has allowed the District to curb the rate of growth in retiree health insurance expenditures.

The Adopted Budget assumes 1,532 single and 3,108 family coverages in 2025-26. The projections are deemed reasonable as the District projects the number of new retirees conservatively; actual new retirees tend to be somewhat less than forecasted.

### Termination Pay and All Other Fringe Benefits

Termination Pay and All Other Fringe Benefits total a combined \$21.5 million in the Adopted Budget, an increase of \$2.3 million (12.0%) over the District's PFY Adopted Budget.

Termination Pay is \$4.5 million in the Adopted Budget and is forecasted based on the actual number of employees eligible to retire, the estimated termination pay benefit, and the percentage expected to retire based on the trend data. Termination Pay includes compensation to newly retired individuals or eligible terminated individuals for unused paid leave as well as payouts for early retirement incentives.

All Other Fringe Benefits include supplemental benefits, workers' compensation costs, unemployment, and other minor fringe benefit costs. The Adopted Budget includes \$17.0 million in All Other Fringe Benefits including \$1.7 million in unemployment expenditures.

### **PAYMENTS TO CHARTER SCHOOLS**

2025-26 % of total General Fund expenditures: 15.2%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$35.2M or 26%

Payments to Charter Schools is the third largest General Fund expenditure at \$180.6 million, a \$10.2 million (6.0%) increase over the PFY Adopted Budget. The increase is driven by enrollment growth (net 126 FTE pupils or 2.1%) and a substantial increase in the base tuition rate (\$1,526/pupil or 10.4%).

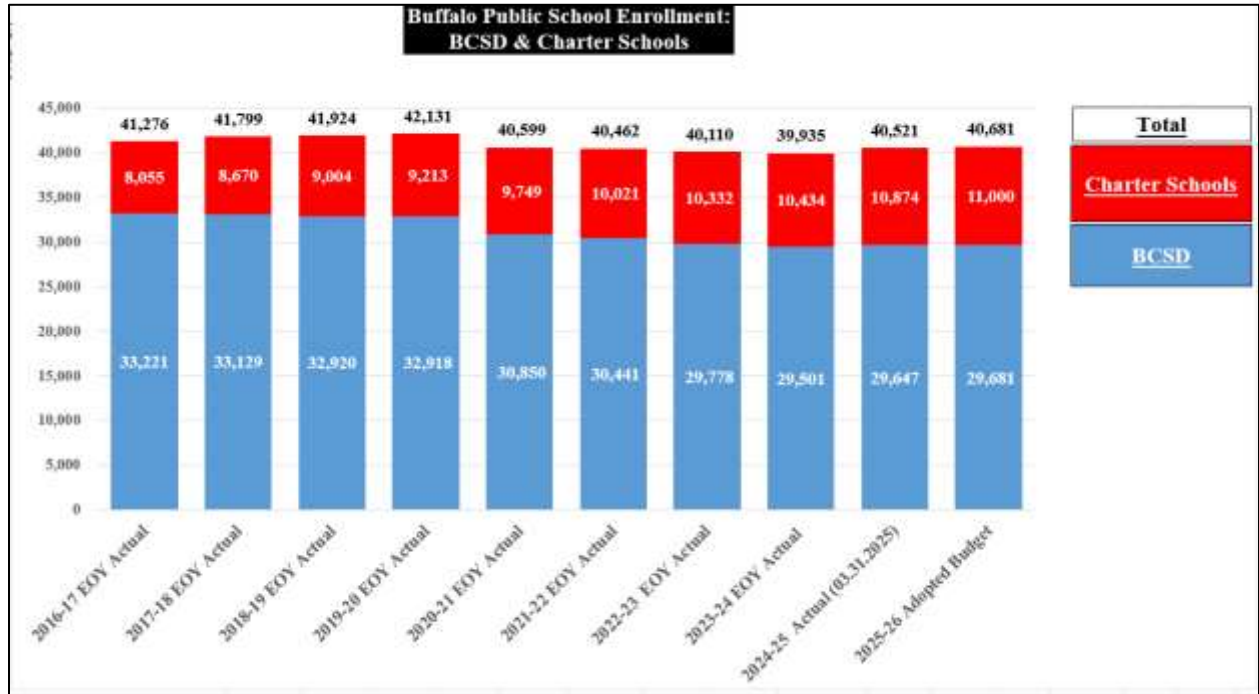
The following formula demonstrates the budgeted amount.

$(\text{Population} \times \text{Base Tuition}) + (\text{SPED population} \times \text{effective SPED rates}) = \text{Charter School Tuition Payment.}$

The Adopted Budget includes \$3.1 million for a charter school Special Education (SPED) tuition rate. The District now believes this expenditure is underbudgeted by \$10 million to \$15.0 million; the actual amount cannot be estimated until the New York State Education Department finalizes 2025-26 SPED rates. The District will need to address the additional Charter School expenditures via budgetary transfers, if possible, and/or by modifying the budget to increase overall appropriations if transfers are not sufficient to address these unbudgeted expenditures.

Payments to Charter Schools include the funds the District forwards to the twenty-one area charter schools (including two out-of-District charter schools) based on the number of Buffalo resident pupils enrolled in charter schools at a rate established by NYS.

The following depicts City resident pupil public school enrollment for a ten-year period, consisting of the last nine years of actual enrollment and the current projection for the 2025-26 school year. It is noted that District enrollment decreased significantly in the last two pandemic-impacted school years. Aggregate City resident charter school enrollment grew over this same period.



The District is projecting that Buffalo Public School District pupil counts have stabilized with a minor increase of 34 pupils to 29,681 in 2025-26, as compared to the actual count on March 31, 2025. The District projects an increase of 126 (1.2%) Buffalo resident pupils enrolled in area charter schools, as compared to the actual count on March 31, 2025. The increase in expected area charter school enrollment has been projected based on the expansion plans of existing charter schools as they add grade levels to meet their chartered plans.

The District serves as the Lead Educational Agency for all public and non-public school City resident pupils. The District provides special educational services at rates set by NYS. These services include speech, physical and occupational therapy, vision, and hearing.

The total number of Buffalo resident pupils enrolled in area public schools is relatively flat since a sizable drop off from FYE 2020 of 1,430 total public-school pupils (3.4%). The District's enrollment is relatively flat; enrollment growth primarily appears within area charter schools.

The following table shows the percentages of total Buffalo resident pupils enrolled in District schools and area charter schools.

<b>Buffalo Resident Pupils in Public Schools: District &amp; Charter</b>	2016-17 EOY Actual	2017-18 EOY Actual	2018-19 EOY Actual	2019-20 EOY Actual	2020-21 EOY Actual	2021-22 EOY Actual	2022-23 EOY Actual	2023-24 EOY Actual	2024-25 Actual (03.31.2025)	2025-26 Adopted Budget
<i>Buffalo Resident Pupils: District</i>	80.5%	79.3%	78.5%	78.1%	76.0%	75.2%	74.2%	73.9%	73.2%	73.0%
<i>Buffalo Resident Pupils: Charter Schools</i>	19.5%	20.7%	21.5%	21.9%	24.0%	24.8%	25.8%	26.1%	26.8%	27.0%
<b>Total Buffalo Resident Public School Pupils</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## **TRANSPORTATION**

2025-26 % of total General Fund expenditures: 6.1%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

\$35M or 134.6%

Note: The District provided very limited bussing in FY 2020-21 due to its response to the Covid-19 Pandemic.

Transportation expenditures are the sixth largest General Fund expenditure category. Transportation expenditures total \$72.4 million in the Adopted Budget, a substantial \$9.4 million (14.9%) increase over the PFY Adopted Budget. The increase is based on the anticipated level of transportation services offered by the District and a new bussing contract with First Student, Inc.

The District instituted bell time adjustments in the 2023-24 school year. The District changed the starting and ending times at schools to accommodate savings on bus routes and improve the transportation of students. School bussing had been impacted significantly in 2021-22 and 2022-23 by a bus driver shortage; school start/end times changed from a two-tiered system into a three-tiered system to alleviate transportation issues.

NYS Transportation Aid is received by the District at a rate of approximately 87% of the prior year's expenditures. Qualified expenditures for reimbursement include but are not limited to, contractual transportation costs, supplies and materials, insurance, and salary and fringe benefits for Bus Aides providing services to students with disabilities if the aid was required by the student's Individual Educational Plan.

**DEBT SERVICE**

2025-26 % of total General Fund expenditures: 6.6%

5-Year Change: (FYE 2020 Actual – FYE 2024 Forecasted)

**\$(13.9) M or -12.1%**

Debt Service payments are the fifth largest expenditure category. Debt Service includes the annual principal and interest payments that the District pays on its outstanding bonds. Debt Service expenditures are budgeted at \$78.4 million in the Adopted Budget, a \$13.3 million (14.5%) decrease over the District's PFY Adopted Budget. The annual amount of Debt Service expenditures is directly correlated to the annual amount of NYS Building Aid received, although NYS uses an assumed debt service amortization schedule in calculating the annual NYS Building Aid. Debt Service includes the scheduled principal and interest payments on borrowings for capital improvements including work associated with the Joint Schools Construction Board (JSCB) project.

**ALL OTHER EXPENDITURES**

2025-26 % of total General Fund expenditures: 15.1%

5-Year Change: (FYE 2021 Actual – FYE 2025 Forecasted)

**\$64.2M or 57.2%**

All Other Expenditures is the final expenditure subcategory and is a composite category that includes all General Fund expenditures other than those described above. It includes tuition, contracts, textbooks and supplies, repairs, and maintenance.

A reserve contingency is included within All Other Expenditures. It is not a specific expenditure and was established as a contingency to cover revenue reductions and/or expenditure increases that may occur after a budget's adoption. These expenditures may include the 2025-26 net costs to settle expiring labor agreements. BFSA has previously examined this expenditure line separately from All Other Expenditures due to its size.

The following chart depicts the All Other Expenditures as included within the Adopted Budget as compared to the PFY Adopted Budget. The District’s CFYE forecast is additionally included as a reference.

<b>2025-26 Adopted Budget Expenditures</b>	<b>2024-25 Adopted Budget</b>	<b>2024-25 District Forecasted at 3.31.25</b>	<b>2025-26 Adopted Budget</b>	<b>Budget-to-Budget Change (\$)</b>	<b>Budget-to-Budget Change (%)</b>	<b>Adopted Budget compared to FYE 2025 Forecast (\$)</b>	<b>Adopted Budget compared to FYE 2025 Forecast (%)</b>
<b>All Other Expenditures</b>	<b>(In Millions)</b>						
<i>Utilities</i>	\$12.5	\$12.5	\$10.6	(\$1.9)	-15.2%	(\$1.9)	-15.2%
<i>Tuition</i>	35.1	35.1	34.6	(0.5)	-1.4%	(0.5)	-1.4%
<i>Contracts - Custodian</i>	21.4	21.4	25.7	4.3	20.1%	4.3	20.1%
<i>Equipment</i>	9.8	8.8	10.2	0.4	4.1%	1.4	15.9%
<i>Contracts - Misc. &amp; Contingency</i>	50.7	49.6	48.7	(2.0)	-3.9%	(0.9)	-1.8%
<i>Rental Contracts</i>	9.6	9.6	10.2	0.6	6.2%	0.6	6.2%
<i>Repairs &amp; Maintenance</i>	8.9	9.0	4.6	(4.3)	-48.3%	(4.4)	-48.9%
<i>Textbooks</i>	5.5	5.5	5.7	0.2	3.6%	0.2	3.6%
<i>Supplies and Misc. Related Items</i>	16.2	15.2	11.2	(5.0)	-30.9%	(4.0)	-26.3%
<i>Reserve for Contingency</i>	0.1	0.5	1.9	1.8	1800.0%	1.4	280.0%
<i>Software</i>	6.6	6.6	6.5	(0.1)	-1.5%	(0.1)	-1.5%
<i>Interfund Transfers</i>	4.9	2.6	9.4	4.5	91.8%	6.8	261.5%
<b>Total Other Expenditures</b>	<b>\$181.3</b>	<b>\$176.4</b>	<b>\$179.3</b>	<b>(\$2.0)</b>	<b>-1.1%</b>	<b>\$2.9</b>	<b>1.6%</b>

All Other Expenditures are budgeted at \$179.3 million, a decrease of \$2.0 million (1.1%) over the District’s PFY Adopted Budget.

The 2024-25 Adopted Budget included sizable increases in items previously funded via federal American Rescue Plan Act funds during the 23-24 year, including Summer and After School programming (\$7.1 million) and IT-related infrastructure and the provision of student devices (\$11 million). The 2025-26 Adopted Budget maintains these programs and supplies; appropriated 2025-26 levels are based on the CFYE forecast with adjustments based on needs and anticipated cost increases.

Utilities

Utilities expenditures total \$10.6 million in the Adopted Budget, a \$1.9 million (15.2%) decrease over the PFY Adopted Budget. The decrease may not be appropriate. While combined energy commodities have an annualized 3.7% deflationary factor (April 2025 CPI-U), the District’s Utilities include electricity and piped gas service, both have had inflationary factors (3.6% and 15.7% annualized). The overall variance would not be sizable as compared to the Adopted Budget’s totality.

Tuition

The District’s tuition expenditure includes the costs for outside instruction including payments to agencies to educate children with special needs, payments to other school districts to educate foster children who are Buffalo resident pupils, and college tuition for Middle Early College and DaVinci High School students attending classes at Erie Community College, Buffalo State College, and D’Youville College. The Adopted Budget includes \$34.6 million in Tuition expenditures, of which \$31.8 million, or 91.9%, relate to Agency instruction. An additional \$1.8 million is budgeted for foster and resident student tuition. The remaining \$1.0 million is budgeted for Career and Technical Educational (CTE) college credit.

The Adopted Budget reflects the forecasted enrollment in these programs and the tuition rates established by NYS.

Contracts

All service, performance, and rental contracts funded through the General Fund total \$84.6 million in the Adopted Budget, a \$4.0 million (5%) increase as compared to the PFY Adopted Budget. These include Contracts – Custodian, Contracts – Miscellaneous & Contingency, and Rental Contracts.

Contracts – Custodian is budgeted at \$25.7 million in the Adopted Budget, a \$4.3 million (20.1%) increase as compared to the PFY Adopted Budget. The increase somewhat exceeds the contractual rate of increase and may be over budgeted.

The District is unique in its custodial contracts in that the Operating Engineers receive lump sums of money based on the square footage of the building they maintain, and other factors as established by the collective bargaining agreement to perform school custodial duties. These duties are carried out in part by custodians who are employees of the Operating Engineers, not of the District. As such, the custodial union negotiates directly with the Operating Engineers, not the District. These contractual amounts were increased in the most recently settled collective bargaining agreement.

Contracts – Miscellaneous are budgeted to decrease by \$2.0 million (4.0%) over the PFY Adopted Budget. The decrease is based on actual 2025-26 contractual needs. These include programs and services previously funded via federal stimulus funds and continued through general funds (e.g., IT contractual services (\$3.7 million) and staffing development services (\$2.2 million).

Rental contracts are budgeted to increase \$0.6 million (6.2%) over the PFY Adopted Budget based on forecasted actual rental contract expenditures and a 1.5% increase annually stipulated and/or assumed contractual increases for these contracts.

The following table summarizes these three contract expenditures within the Adopted Budget.

<b>2025-26 Adopted Budget Expenditures</b>	<b>2024-25 Adopted Budget</b>	<b>2024-25 District Forecast at 3.31.25</b>	<b>2025-26 Adopted Budget</b>	<b>Budget-to-Budget Change (\$)</b>	<b>Budget-to-Budget Change (%)</b>
<b>Contracts</b>	<b>(In Millions)</b>				
<i>Contracts - Custodian</i>	\$21.4	\$21.4	\$25.7	\$4.3	20.1%
<i>Contracts - Misc. &amp; Contingency</i>	50.7	49.6	48.7	(2.0)	-4.0%
<i>Rental Contracts</i>	9.6	9.6	10.2	0.6	6.2%
<b>Total Contracts</b>	<b>\$81.7</b>	<b>\$80.6</b>	<b>\$84.6</b>	<b>\$4.0</b>	<b>5.0%</b>

### Miscellaneous

Miscellaneous General Fund expenditures include equipment, software, repairs and maintenance, textbooks, supplies, a reserve contingency, and interfund transfers. These expenditures total \$43.8 million in the Adopted Budget, a decrease of \$8.2 million (15.8%) as compared to the PFY Adopted Budget.

Equipment expenditures are budgeted to increase by \$0.4 million (4.1%) over the PFY Adopted Budget based on the planned 2025-26 purchasing.

Software expenditure includes instructional and business system software. Software expenditures are budgeted to decrease \$0.1 million (1.5%) over the PFY Adopted Budget based on the planned 2025-26 purchasing.

Repairs & Maintenance expenditures are budgeted to decrease by \$4.3 million (-48.3%) as compared to the PFY Adopted Budget. The 2025-26 budgeted amount is consistent with the historical average for these expenditures; 2024-25 included a higher level of repair and maintenance related to plant services.

Textbook expenditures are budgeted to increase \$0.2 million (3.6%) over the PFY Adopted Budget based on the total number of students receiving textbooks (District, charter school, and parochial), the District's five-year replacement cycle and cost-saving initiatives to reduce procurement costs through more competitive bidding.

Supplies and Miscellaneous Expenditures are budgeted to decrease by \$5.0 million (30.9%) as compared to the PFY Adopted Budget, based on the anticipated 2025-26 need for these items. Most significantly, this includes a \$3.7 million (96.%) reduction in WozED, a K-12 STEM program.

The Reserve for Contingency is budgeted at \$1.9 million, \$1.1 million (36.7%) less than the PFY Adopted Budget. This expenditure line is a source for budgetary transfers including settling labor agreements.

Interfund Transfers are transfers from the General Fund to other funds to support the summer handicapped program, JROTC, special projects, the debt service fund, capital projects, and food service operations. These expenditures are increased substantially by \$4.5 million (91.8%) as compared to the PFY Adopted Budget. The 2025-26 budgeted amount is in line with historically budgeted amounts.

### **OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The District has significant accrued liabilities for post-retirement healthcare. NYS law does not currently authorize a governmental trust that entities could voluntarily contribute to fund these long-term liabilities. The District provides OPEB benefits on a "pay-as-you-go" basis and may only assign fund balance for future OPEB costs. Such a designation is not binding as Assigned fund balance may be reallocated by District management.

As of June 30, 2024, the District had \$70.1 million of fund balance assigned for OPEB. As of the last actuarial valuation report dated June 30, 2024, the total OPEB liability was \$1.83 billion. This is an increase from the estimate of the total OPEB liability on June 30, 2023, of \$0.3 billion.

The District has actively been examining and implementing additional cost-saving measures to address this long-term liability. The collective bargaining agreements with the BTF and with the BCSA provided terms that allowed for the growth in the long-term liability to decrease. The year-to-year decrease is based primarily on changes in assumptions and other inputs.

**FOOD SERVICE FUND**

The District provides breakfast, lunch, and after-school dinner to all District students as well as to five Buffalo charter schools, three non-public schools, and an out-of-District charter school.

The Emerson School of Hospitality and Buffalo School of Culinary Arts and Hospitality Management provide students with an academic program while focusing on career preparation in the food service and hospitality industries. While these schools’ budgets are separate from the Food Service Program, federal dollars flow through the Food Service Program for the Child Nutrition Program, as administrators of the program.

The Summer Food Service program, which is federally funded, provides meal service to children during the summer months. It provides breakfast, lunch, and snacks to summer school students and organizations.

The Food Service Fund totals \$49.5 million in the Adopted Budget. The following depicts the Food Service Fund Financial Plan.

The Food Service 2024-25 Adopted Budget is as follows.

<b>Food Service Fund</b>	<b>2024-25 Adopted Budget</b>	<b>2024-25 CFYE Forecast</b>	<b>2025-26 Adopted Budget</b>	<b>Variance</b>
	<b>\$ in Millions</b>			
<i>Revenues</i>	<b>\$45.0</b>	<b>\$43.9</b>	<b>\$43.0</b>	<b>\$(0.9)</b>
<i>Expenditures</i>	<b>49.5</b>	<b>50.5</b>	<b>47.7</b>	<b>2.8</b>
<b>Surplus/(Deficit)</b>	<b>\$(4.5)</b>	<b>\$(6.6)</b>	<b>\$(4.7)</b>	<b>\$1.9</b>
<b>Appropriated Fund Balance</b>	<b>\$4.5</b>	<b>\$6.6</b>	<b>\$4.7</b>	
<b>Deficit/Surplus</b>				

The 2025-26 Food Service Adopted Budget includes a \$1.8 million reduction in federal food service aid, as compared to the 2024-25 Adopted Budget. The reduction is based on the U.S. Agriculture Department decision to end two pandemic-era programs that provided more than \$1.0 billion for schools and food banks to purchase food from local farmers and producers.

The District drew down fund balance assigned for capital improvements from 2015-16 through 2024-25 for a building improvement and expansion project.

Food Service fund balance will be drawn down closer to the statutory maximum. To maintain the nonprofit status required for the food service account, the fund balance (net cash resources) must not exceed three month's average expenditures at any time. The District's planned drawdown of Food Service fund balance is a planned action to reduce available fund balance closer to this threshold.

Central Commissary Update

The District intends to present a lease for a new Central Commissary to the Buffalo Board of Education on July 16, 2025. The lease will continue until after the construction is completed in the 2025-26 year. The estimated \$2.0 million in additional lease costs are projected to cause sizable deficits in the Food Service Fund, funded with available fund balance. Total Food Service fund balance was \$38.1 million at June 30, 2024.

The District believes the new commissary facility lease will address two issues: first, the provision of a safe facility which offers a greater variety of healthier foods using the cook/chill method, and second provides a plan to utilize excess fund balance held by the Food Service Fund. It is assumed all construction costs and incidentals will be paid for by the contractor/developer and reimbursed through lease payments with the Food Service Fund. The details of this program are currently being deliberated and considered.

**SPECIAL PROJECTS FUND**

The Special Projects Fund includes grants from federal, state, and local foundations. The Special Projects Fund Adopted Budget totals \$139.4 million and funds 704 FTEs.

Combined Grants Funds	2024-25 Adopted Budget	2024-25 Adopted Budget (FTEs)	2025-26 Adopted Budget	2025-26 Adopted Budget (FTEs)	Change	Change
					(\$)	(FTE #)
<b>Special Projects Fund</b>						
<i>Federal Grants</i>	\$64.5	369.0	\$67.1	384.0	\$2.6	15.0
<i>NYS Grants</i>	63.7	277.0	67.8	304.0	4.1	27.0
<i>Foundation Grants</i>	4.0	14.0	4.5	16.0	0.5	2.0
<b>Total Special Project Funds</b>	<b>\$132.2</b>	<b>660.0</b>	<b>\$139.4</b>	<b>704.0</b>	<b>\$7.2</b>	<b>44.0</b>

The District estimates an increase in federal aid of \$2.6 million (4.0%). This includes the following:

Ongoing federal funding

- Title I-IV funds: \$8.8 million
  - based on federally mandated formula aid

Expiring federal funding

- Buffalo Farm Share: \$(2.0) million
- Afghan Refugee School Impact: \$(4.2) million

As noted, the Adopted Budget does not address the potential for federal aid cuts based on the current federal budget bills. The Adopted Budget estimated \$67.1 million in cumulative federal aid. A reduction in this funding would hurt the District's ability to provide programs and services.

The District receives additional NYS aid in the form of categorical grants, New York State Education Department (NYSED) funds, and other NYS sources. These grants are budgeted at \$67.8 million in 2025-26, an increase of \$4.1 million (6.4%)

The District receives additional grants from local foundations. These grants are budgeted at \$4.5 million in 2025-26, a \$0.5 million (12.5%) increase as compared to the District's 2024-25 Adopted Budget. This amount will increase over 2025-26 as the District is awarded new grants.

The fund is self-sufficient; if anticipated grant applications are either rejected, reduced, or require resubmission, mandated expenditures are funded via the General Fund.

## **CONCLUSIONS**

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The District has presented a balanced 2025-26 Adopted Budget. Importantly, the budget is balanced with the use of \$78.8 million in fund balance, a non-recurring source of funding. As General Fund budgeted appropriations exceed estimated revenues, a structural deficit exists.

General Fund revenues are reasonably estimated within the Adopted Budget. The rate of increase is 2.3% as compared to the PFY Adopted Budget. There is a threat to the federal Medicaid reimbursement as current congressional budget bills seek to limit Medicaid eligibility. These changes could potentially reduce the District's reimbursement.

General Fund expenditures are reasonably appropriated within the Adopted Budget. The rate of increase is 1.8% as compared to the PFY Adopted Budget. The District will realize an operating deficit in the CFYE. As estimated revenues are less than appropriations, this structural deficit widens and requires gap-closing actions, including the appropriation of one-time fund balance and structural alignments.

The 2025-26 Adopted Budget shifted from the plan as presented last year with respect to right-sizing the District. This initiative reduced schools and staffing to be consistent with the decline in enrollment. This is particularly important given that all collective bargaining units have contracts that either expire on June 30, 2025, or June 30, 2026. The BFSAs will analyze the actions detailed within the forthcoming 2026-2029 Financial Plan.

The District should consider the impacts that changes at the federal level will have on out-year funding. Current congressional funding bills seek to curtail the rates of increase in federal education spending. These changes would put greater pressure on the District to continue these programs and services. Potentially, the State of New York could limit funding increases as well in response to federal actions.