

Financial Affairs  
Richard H. Hinds, Chief Financial Officer

**SUBJECT: RESOLUTION NO. 1, 2002-03 GENERAL FUND MID-YEAR BUDGET REVIEW**

**COMMITTEE: FINANCIAL AFFAIRS**

As is customary at this time of year, this report outlines necessary budgetary adjustments for the General Fund. Some of these adjustments are technical in nature and are required to reflect proper accounting treatment. Others are necessary to reflect updated revenue and expenditure projections.

Most significant in our projections is the reduction of Florida Education Finance Program (FEFP) funding due to reduced student full-time equivalent (FTE) counts. The reduced FEFP funding which is based upon 367,119 actual FTE students versus the official FTE estimate of 375,619 represents a reduction of 8,500 FTE. The official FTE estimate included 1,500 FTE for Opportunity and McKay Scholarships resulting in reduced revenues and appropriations of over \$12 million. Although these students are reported for FTE purposes, the Department of Education pays parents directly for student tuition and deducts revenue from the district. Accordingly, this resolution reduces over \$12 million in revenues and appropriations.

The official FTE estimate also included 10,167 FTE students for Charter Schools. This resolution reduces Charter School revenues and appropriations by \$12 million due to a reduction of 2,480 fewer FTE students in Charter Schools than projected.

The remaining reduction in 6,020 FTE results from 1) the establishment of Corporate Scholarships (3,403 former public school students in Miami-Dade now attending private schools on Corporate Scholarships); 2) a reduction of foreign students entering the United States due to more stringent immigration policy and; 3) a decrease of 1,300 FTE initially included in the district's FTE estimate at the request of the Department of Education.

The Board is reminded that as we became aware of reduced student FTE figures for the 2002-03 school year, the adopted budget included an appropriation of \$11.3 million for a FTE Reduction Reserve. This appropriation was established to ensure programmatic reductions would not be required during the fiscal year due to reduced student enrollment. As a result of creating this reserve and the need to budget additional funding for health insurance the Contingency Reserve was budgeted at \$20 million in the adopted budget.

Based on our current revenue and expenditure projections, the budgeted \$20 million Contingency Reserve is now reduced to \$13.5 million. This \$6.5 reduction is primarily due to reduced interest earnings (\$3.7 million) and increased fringe benefit cost estimates (group health, sick leave payouts, etc.).

**REPLACEMENT  
G-1**

Given that we are now nearly seven months through the fiscal year and we do not expect any state holdback, the current level of contingency funding is adequate to carry the district through the remainder of the fiscal year. However, prudent financial management dictates that on an ongoing basis our undesignated, unreserved (contingency) fund should be higher than, not only the current projected level of \$13.5 million, but also the adopted budget level of \$20 million.

If at all possible, it is administration's goal to submit a proposed budget for the 2003-04 fiscal year that has a higher Contingency Reserve than the current year; one that is more in line with prior year levels. For the remainder of the current year, responding to a Board directive sponsored by Ms. Perla Tabares Hantman, it is administration's intent to increase the Contingency Reserve to a level of at least 10 percent more than originally budgeted (\$22 million). This additional contingency allocation of \$8.5 million from the current projected level will be provided from a combination of adjusting budgets for part-time, over-time and temporary instructors (substitutes) accounts across both non-school and school sites to be in line with actual projected spending (estimated budget savings of \$5-10 million), for the remainder for the fiscal year, and possible further non-school site administration savings to the extent feasible. The Board will be advised as specific savings information becomes available.

The following outlines necessary revenue and appropriation adjustments for your consideration:

<b>REVENUE CHANGES</b>	<b>INCREASE (DECREASE)</b>
1. Decrease <b>state revenues</b> due to the following:	\$(50,736,363)
a. Reduce Florida Education Finance Program (FEFP) as follows:	
Reduction of 8,500 FTE below projections	\$(36,455,228)
Declining Enrollment Supplement	357,028
Prior Year Adjustment	(1,801,590 )
Opportunity Scholarships	(1,059,399 )
McKay Scholarships	<u>(13,137,262 )</u>
Total	<u>\$(52,096,451)</u>
b. Decrease Safe Schools by \$(35,793) due to enrollment decline.	
c. Decrease Lottery by \$(1,410), also due to enrollment.	

**REVENUE CHANGES (continued)**

**INCREASE  
(DECREASE)**

d. Reduce Categorical Programs, due to lower enrollment, as follows:

Instructional Materials	\$(1,203,688 )*
Instructional Technology	(140,333 )*
Teacher Training	(53,328 )
Total	<u>\$(1,397,349 )</u>

\* These revenues are offset by appropriation decreases.

e. Increase Miscellaneous State Revenue by \$2,794,640 due to confirmation of various state categorical programs detailed on page 10. These revenues require offsetting appropriations.

2. Decrease **local revenues** due to the following: \$ (2,475,228 )

FEFP Required Local Effort	\$ 1,040,818
Local Discretionary Millage	121,784
Interest Revenue	(3,679,774)
Other Miscellaneous	41,944*
Total	<u>\$ (2,475,228)</u>

\* Requires offsetting appropriations. See page 11 for details.

**NET REVENUE DECREASE**

**\$(53,211,591)**

**APPROPRIATION CHANGES**

1. **Salaries** are projected to exceed current budget due primarily to the following: \$ 20,316,288

a. Transfer from non-salary of \$16,274,657 for the Florida School Recognition Program. This program was established in the adopted budget under non-salary. Awards under this program, as determined by local school Educational Excellence School Advisory Council (EESAC's), will primarily include bonus payments to staff at eligible schools.

b. Reclassify \$22,378,920 to hourly/overtime/temporary instructor accounts from non-salary to reflect primarily school-based decisions.

**APPROPRIATION CHANGES (continued)**

**INCREASE  
(DECREASE)**

- c. Increases in miscellaneous state/local programs of \$1,135,555 offset by revenue increases.
  - d. Reduce appropriations by \$(1,329,552) after transferring bus aides to Individuals with Disabilities Education Act (IDEA) program.
  - e. Increase sick-leave pay for retirees by \$1,600,000 based upon latest available information.
  - f. Eliminate appropriation for FTE reduction reserve. This appropriation was established at the September 12, 2002 Board Meeting \$(11,341,114) to offset the loss of revenue in excess of appropriations due to the trend line change in enrollment.
  - g. Reclassify from non-salary (rebudgets) \$2,113,001 for selected categorical programs.
  - h. Decrease due to budget projections \$(10,515,179). The majority of this decrease is due to a reduction of 6,020 FTE resulting in fewer additional teaching positions.
2. **Employee benefits** are projected to exceed budget due to the following: \$ 5,761,755
- a. FICA/retirement/workers compensation costs will increase by \$2,977,262 due primarily to the increase in salaries as reflected in item 1 above.
  - b. Group insurance is projected to increase by \$2,832,543 based upon actual enrollment.
  - c. Unemployment and tuition reimbursement are projected to decrease by \$(48,050).
3. Decrease **liability insurance** to agree to current actuarial study. (1,858,558 )
4. Increase **energy services** to projected level. 405,327

**APPROPRIATION CHANGES (continued)**

**INCREASE  
(DECREASE)**

5. Other **non-salary** accounts will decrease due primarily to the following: \$(71,355,694 )
- a. Reclassify \$(19,334,619) for Florida School Recognition Program to salary plus related fringe benefits.
  - b. Reclassify \$(25,926,680) to hourly/overtime/temporary instructor plus related fringe benefits to reflect primarily school-based decisions.
  - c. Reclassify selected categoricals (\$2,274,646) from non-salary (rebudgets) to salary plus related fringe benefits.
  - d. Increase in miscellaneous state/local programs by \$1,380,709 which is offset by an increase in revenue.
  - e. Decrease Instructional Materials \$(1,203,688) and Instructional Technology \$(140,333). These appropriations are offset by a revenue reduction.
  - f. Reduce appropriations by \$(12,496,004) for Charter Schools due to 2,480 fewer FTE students than projected. The FEFP revenue for Charter Schools flows through the District.
  - g. Eliminate appropriation for McKay/Opportunity Scholarships \$(12,111,975). Department of Education guidelines require the adopted budget to include FTE/revenue for McKay/Opportunity Scholarships; therefore an offsetting appropriation was established in the adopted budget.
  - h. Increase due to various other line item expenditure projections is \$751,542. \_\_\_\_\_

**TOTAL APPROPRIATION CHANGES**

**\$(46,730,882)**

**RESERVES**

Decrease Contingency Reserve from \$20,000,000 to \$13,519,291 to balance. \$ (6,480,709 )

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**TOTAL DECREASE IN  
APPROPRIATIONS & RESERVES**

**\$(53,211,591)**

**RECOMMENDED:** That The School Board of Miami-Dade County, Florida:

- a. Adopt Resolution No. 1, 2002-03 General Fund Mid-Year Budget Review, decreasing revenues, appropriations and reserves by \$(53,211,591).
- b. Adopt the Summary of Revenues and Appropriations (page 7) and the Summary of Appropriations by Function (page 12).
- c. Approve the plan to increase Contingency Reserve by authorizing the Superintendent to adjust part-time, over-time, and temporary instructor budgets for both schools and departments to projected expenditure levels for the remainder of the fiscal year. Details of the budget adjustment will be forwarded to the Board after the February 12, 2003 meeting.

**MIAMI-DADE COUNTY PUBLIC SCHOOLS  
2002-2003 GENERAL FUND BUDGET  
SUMMARY OF REVENUES & APPROPRIATIONS  
RESOLUTION NO. 1**

	ADOPTED BUDGET 9/12/02	RESOLUTION NO. 1	AMENDED BUDGET 2/12/03
<b>REVENUES &amp; BEGINNING BALANCES</b>			
<b>REVENUES</b>			
Federal	\$ 11,908,069	\$ -	\$ 11,908,069
State	1,417,520,060	(50,736,363)	1,366,783,697
Local	769,684,384	1,204,546	770,888,930
Interest	12,646,774	(3,679,774)	8,967,000
<b>TOTAL REVENUES</b>	<b>\$ 2,211,759,287</b>	<b>\$ (53,211,591)</b>	<b>\$ 2,158,547,696</b>
TRANSFERS FROM CAPITAL OUTLAY	\$ 133,882,238	\$ -	\$ 133,882,238
BEGINNING FUND BALANCE	127,633,734	-	127,633,734
<b>SUBTOTAL REVENUES &amp; BEGINNING BALANCES</b>	<b>\$ 2,473,275,259</b>	<b>\$ (53,211,591)</b>	<b>\$ 2,420,063,668</b>
NON-REVENUE SOURCES - Other	\$ -	\$ -	\$ -
<b>TOTAL REVENUES &amp; BEGINNING BALANCES</b>	<b>\$ 2,473,275,259</b>	<b>\$ (53,211,591)</b>	<b>\$ 2,420,063,668</b>
<b>APPROPRIATIONS &amp; RESERVES</b>			
<b>APPROPRIATIONS</b>			
Salaries	\$ 1,540,670,446	\$ 20,316,288	\$ 1,560,986,734
Employee Benefits	409,477,068	5,761,755	415,238,823
Liability Insurance	10,014,358	(1,858,558)	8,155,800
Energy Services	43,143,341	405,327	43,548,668
Other Non-salary	449,970,046	(71,355,694)	378,614,352
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 2,453,275,259</b>	<b>\$ (46,730,882)</b>	<b>\$ 2,406,544,377</b>
<b>RESERVES</b>			
Contingency/Unreserved Fund Balance	\$ 20,000,000	\$ (6,480,709)	\$ 13,519,291
<b>TOTAL RESERVES</b>	<b>\$ 20,000,000</b>	<b>\$ (6,480,709)</b>	<b>\$ 13,519,291</b>
<b>TOTAL APPROPRIATIONS &amp; RESERVES</b>	<b>\$ 2,473,275,259</b>	<b>\$ (53,211,591)</b>	<b>\$ 2,420,063,668</b>

**SUMMARY OF REVENUES & OTHER SOURCES**  
**RESOLUTION No.1**  
**2002-03**

	<b>ADOPTED BUDGET 9/12/02</b>	<b>RESOLUTION No. 1</b>	<b>AMENDED BUDGET 2/12/03</b>
<b>FEDERAL SOURCES</b>			
Impact Aid	\$ 50,000		\$ 50,000
R.O.T.C.	1,000,000		1,000,000
Medicaid Reimbursement	10,858,069		10,858,069
<b>Total Federal</b>	<b>\$ 11,908,069</b>	<b>\$ -</b>	<b>\$ 11,908,069</b>
<b>STATE SOURCES</b>			
Florida Education Finance Program	\$ 903,296,656	\$ (36,455,228)	\$ 866,841,428
Safe Schools(B)	13,073,476	(35,793)	13,037,683
ESE Guarantee	130,531,818	-	130,531,818
Supplemental Academic Instruction	136,062,180	-	136,062,180
Declining Enrollment Supplement		357,028	357,028
Prior Year Adjustment	-	(1,801,590)	(1,801,590)
Opportunity Scholarship Adjustment		(1,059,399)	(1,059,399)
McKay Scholarship Adjustment		(13,137,262)	(13,137,262)
Workforce Development	97,645,219	-	97,645,219
Adults with Disabilities	2,229,829	-	2,229,829
Discretionary Lottery Fund	29,041,982	(1,410)	29,040,572
Sch. Recognition/Merit School (A)	19,241,308	-	19,241,308
Categorical Programs:			
Teachers Lead Program (A)	2,354,126	-	2,354,126
Instructional Materials (A)	33,287,001	(1,203,688)	32,083,313
Transportation (B)	28,848,656	-	28,848,656
Instructional Technology (A)	9,282,627	(140,333)	9,142,294
Teacher Training (B)	5,354,065	(53,328)	5,300,737
Charter Schools Capital Outlay	6,900,117	-	6,900,117
Miscellaneous State	371,000	2,794,640	3,165,640
<b>TOTAL</b>	<b>\$ 1,417,520,060</b>	<b>\$ (50,736,363)</b>	<b>\$ 1,366,783,697</b>

- (A) Revenue for which appropriations equal revenue.  
(B) Revenue for which appropriations exceed revenue.

**SUMMARY OF REVENUES & OTHER SOURCES**  
**RESOLUTION No. 1**  
**2002-03**

	<b>ADOPTED BUDGET 9/12/02</b>	<b>RESOLUTION No. 1</b>	<b>AMENDED BUDGET 2/12/03</b>
<b>LOCAL SOURCES</b>			
FEFP Required Local Effort	\$ 643,621,289	\$ 1,040,818	\$ 644,662,107
Local Discretionary Millage	75,309,126	121,784	75,430,910
<b>Sub - Total</b>	<b>\$ 718,930,415</b>	<b>\$ 1,162,602</b>	<b>\$ 720,093,017</b>
<b>Miscellaneous Local:</b>			
Tax Redemption's	\$ 9,800,000	\$ -	\$ 9,800,000
Rent	200,000	-	200,000
Interest	12,646,774	(3,679,774)	8,967,000
Vocational Fees	5,500,000	-	5,500,000
Financial Aid Fees	550,000	-	550,000
Community Schools-Contributions (A)	48,540	-	48,540
Community Schools - Internal (A)	12,000,000	-	12,000,000
Community Schools-Fringe Charges(B)	4,000,000	-	4,000,000
Driver Education	1,644,300	-	1,644,300
Fed. Indirect Cost Reimbursement	3,600,000	-	3,600,000
E - Rate	4,500,000	-	4,500,000
Misc. School Receipts (A)	2,000,000	-	2,000,000
Food Service Indirect Costs	2,421,033	-	2,421,033
Other Miscellaneous Local	4,490,096	41,944	4,532,040
<b>Total Local</b>	<b>\$ 782,331,158</b>	<b>\$ (2,475,228)</b>	<b>\$ 779,855,930</b>
<b>TOTAL REVENUES</b>	<b>\$ 2,211,759,287</b>	<b>\$ (53,211,591)</b>	<b>\$ 2,158,547,696</b>
<b>TRANSFERS</b>			
From Capital Outlay	\$ 133,882,238	\$ -	\$ 133,882,238
<b>NON-REVENUE SOURCES OTHER</b>			
	\$ -	\$ -	\$ -
<b>FUND BALANCE FROM PRIOR YEAR</b>			
	\$ 127,633,734	\$ -	\$ 127,633,734
<b>TOTAL REVENUES &amp; OTHER SOURCES</b>	<b>\$ 2,473,275,259</b>	<b>\$ (53,211,591)</b>	<b>\$ 2,420,063,668</b>

- (A) Revenue for which appropriations equal revenue.  
(B) Revenue for which appropriations exceed revenue.

**MISCELLANEOUS STATE REVENUES  
RESOLUTION No.1  
2002-03**

	<b>ADOPTED BUDGET 9/12/02</b>	<b>RESOLUTION No. 1</b>	<b>AMENDED BUDGET 2/12/03</b>
CO & DS Withheld For Adm.	\$ 145,000	\$ -	\$ 145,000
State License Tax	150,000	-	150,000
SFW Individual Training Account	-	250,000	250,000
Health Service	76,000	-	76,000
I Care 09/04	-	802,110	802,110
Assessment Project 12/02	-	15,500	15,500
Oppaga Implementation Grant	-	34,500	34,500
Multi Agency Gen. Revenue 08/03	-	33,312	33,312
FL Comm. Service-TV 08/03	-	557,675	557,675
FL Comm. Service-FM 08/03	-	106,614	106,614
Radio Reading Service 08/03	-	45,323	45,323
Learning for Life 06/03	-	310,000	310,000
Boys and Girls 06/03	-	118,737	118,737
FLRS General Revenue 08/03	-	113,083	113,083
Reading Coaches	-	401,786	401,786
Governor Teen Trendsetter	-	6,000	6,000
<b>Total Miscellaneous</b>	<b>\$ 371,000</b>	<b>\$ 2,794,640</b>	<b>\$ 3,165,640</b>

- (A) Revenue for which appropriations equal revenue.  
(B) Revenue for which appropriations exceed revenue.

**MISCELLANEOUS LOCAL REVENUES  
RESOLUTION No. 1  
2002-03**

	<b>ADOPTED BUDGET 9/12/02</b>	<b>RESOLUTION No. 1</b>	<b>AMENDED BUDGET 2/12/03</b>
Fee Supported Pre-K (B)	\$ 4,290,096	\$ -	\$ 4,290,096
Safe Schools-Fees (A)	200,000	-	200,000
Lost Damaged Textbooks		40,474	40,474
Josten Learning Corp. Royalty	-	1,470	1,470
<b>TOTAL OTHER MISCELLANEOUS LOCAL</b>	<b>\$ 4,490,096</b>	<b>\$ 41,944</b>	<b>\$ 4,532,040</b>

- (A) Revenue for which appropriations equal revenue.  
 (B) Revenue for which appropriations exceed revenue.

**MIAMI-DADE COUNTY PUBLIC SCHOOLS**  
**2002-2003 GENERAL FUND BUDGET**  
**SUMMARY OF APPROPRIATIONS BY FUNCTION**  
**RESOLUTION NO. 1**  
**February 12, 2003**

FUNCTION	TOTAL BUDGET	SALARIES (51XX)	EMPLOYEE BENEFITS (52XX)	PURCHASED SERVICES (53XX)	ENERGY SERVICES (54XX)	MATERIALS AND SUPPLIES (55XX)	CAPITAL OUTLAY (56XX)	OTHER EXPENSES (57XX)
INSTRUCTIONAL SERVICES	\$ 1,545,687,015	\$ 1,031,063,269	\$ 273,058,569	\$ 57,412,042	\$ 100,000	\$ 172,410,832	\$ 10,179,128	\$ 1,463,175
SUPPORT SERVICES:								
Pupil Personnel Services	\$ 117,256,002	\$ 91,016,472	\$ 22,689,836	\$ 3,227,533	\$ -	\$ 167,239	\$ 124,922	\$ 30,000
Instructional Media Services	51,350,499	35,538,820	9,567,418	919,539	-	441,613	4,873,109	10,000
Instruction & Curriculum Development	21,533,306	16,384,549	3,701,235	899,111	-	381,643	14,637	152,131
Instructional Staff Training	6,827,281	5,193,369	1,264,436	296,188	-	69,633	3,655	-
Board of Education	5,095,904	2,896,824	673,610	1,050,043	-	165,704	100,000	209,723
General Administration	8,709,542	5,794,530	1,248,650	1,455,019	4,800	161,668	35,263	9,612
School Administration	142,160,861	107,738,833	29,447,642	1,004,000	1,000	2,569,386	400,000	1,000,000
Facilities Acquisition & Construction	1,290,693	937,684	241,474	-	-	-	111,535	-
Fiscal Services	14,978,304	8,453,205	2,065,678	415,108	750	831,252	45,000	3,167,311
Central Services	82,385,490	46,102,589	15,986,891	18,325,278	82,495	1,341,880	448,117	98,240
Transportation Services	75,929,929	47,975,734	13,515,158	7,807,990	3,714,048	2,653,044	263,955	-
Operation of Plant	200,957,971	83,615,849	23,007,282	49,428,607	38,757,640	2,890,228	3,219,506	38,859
Maintenance of Plant	101,895,960	57,260,471	14,631,859	14,847,453	887,935	13,384,265	883,977	-
Community Services	30,485,620	21,014,536	4,139,085	2,520,840	-	1,939,385	305,000	566,774
Debt Services	-	-	-	-	-	-	-	-
<b>Total Instruction &amp; Support Services</b>	<b>\$ 2,406,544,377</b>	<b>\$ 1,560,986,734</b>	<b>\$ 415,238,823</b>	<b>\$ 159,608,751</b>	<b>\$ 43,548,668</b>	<b>\$ 199,407,772</b>	<b>\$ 21,007,804</b>	<b>\$ 6,745,825</b>
Transfers to Other Funds								
Debt Service	\$ -	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Special Revenue	-	-	-	-	-	-	-	-
Internal Service	-	-	-	-	-	-	-	-
Trust & Agency	-	-	-	-	-	-	-	-
<b>Total Appropriations &amp; Transfers</b>	<b>\$ 2,406,544,377</b>							
Fund Balance:								
Reserved Fund Balance	\$ -	-	-	-	-	-	-	-
Unreserved Fund Balance	13,519,291	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>\$ 13,519,291</b>							
<b>Total Appropriations, Transfers and Fund Balance</b>	<b>\$ 2,420,063,668</b>							