

Business Operations
Ofelia San Pedro, Deputy Superintendent

SUBJECT: RESOLUTION NO. 1, 2004-05 GENERAL FUND MID-YEAR BUDGET REVIEW

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

As is customary at this time of year, this report recommends budgetary adjustments for the General Fund. Most significant in our projection is the **increase in the Contingency Reserve from \$40 million to \$62.1 million**. The Reserve is now at 2.4% of General Fund appropriations. Our objective is to build this Reserve to between 3% and 4% of appropriations, and to consistently maintain it within this range.

This increase is based upon several revenue and appropriation factors as shown below. Florida Education Finance Program (FEFP) revenue is projected to decline \$6.8 million from original budget. This is due to a 0.5% decline in weighted full-time equivalent (FTE) students versus the original FTE estimates. The decline in weighted FTE's is a result of fewer Support Level 4 and 5 ESE students than originally assumed. (Note that unweighted FTE's, enrollment, are actually slightly higher than originally estimated.)

This reduction in State revenues is offset by a prior year adjustment of \$8.3 million related primarily to the tax roll adjustments by the County's tax assessor and reported directly to the State. The Third Calculation of the FEFP reflecting the prior year tax roll adjustment was distributed by the Department of Education on December 7, 2004.

The original FTE estimate included 3,158 FTE for Opportunity and McKay Scholarships resulting in revenues and appropriations established at \$26.7 million. Although these students are reported for FTE purposes, the Department of Education pays parents directly for student tuition in lieu of payment to the district. Actual revenues were reduced by \$25.4 million in these Scholarship programs with a reduction of \$26.7 million in appropriations.

Other major revenue adjustments include an increase in discretionary lottery funds (\$6.3 million), a reduction of Adult/Vocational Fees (\$1 million), inclusion of miscellaneous State grants (\$6.9 million) and the elimination of Universal Services (E-Rate) (\$3.0 million). Reimbursement under the E-Rate program is currently suspended and the district has hired legal counsel to seek a favorable solution to this situation. Since the outcome of this motion is obviously not known, the projected revenue under this program has been eliminated at this time.

The major appropriation changes include 1) establishment of new state grants; 2) elimination of McKay/Opportunity Scholarships; 3) a reduction of charter school flow through funds; and 4) a reduction of positions from the Superintendent's realignment of personnel.

This resolution reduces both revenues and appropriations by \$15.2 million.

The following details the necessary revenue and appropriation adjustments for your consideration:

<u>REVENUE CHANGES</u>	<u>INCREASE (DECREASE)</u>
1. Decrease state revenues due to the following:	\$ (11,925,180)
a. Reduce Florida Education Finance Program (FEFP) as follows:	
Reduction of 1,778 weighted FTE	\$ (6,815,351)
Safe Schools	14,549
Declining Enrollment Supplement	(1,148,745)
Prior Year Adjustment - Tax Roll	8,292,802
Opportunity Scholarships	(1,741,674) *
McKay Scholarships	(23,694,500) *
Total	<u>\$ (25,092,919)</u>
b. Increase Discretionary Lottery by \$6,263,108. The initial estimate from the Department of Education combines discretionary lottery and estimated School Recognition Program. The actual School Recognition appropriations to all districts decreased resulting in an increase in discretionary lottery funds.	
c. Reduce Categorical Programs as follows:	
Instructional Materials	\$ (210)*
Class Size Reduction	(1,782)
Total	<u>\$ (1,992)</u>
* Offset by appropriation decrease.	
d. Increase Miscellaneous State Revenue by \$6,906,623 due to confirmation of various state categorical programs detailed on page 9. These revenues require offsetting appropriations.	
2. Decrease local revenues as follows:	(3,316,963)
Interest	\$ 700,000
Vocational Fees	(1,000,000)
Financial Aid Fees	(100,000) *
Universal Services (E-Rate)	(3,000,000)
Miscellaneous Local	83,037 *
Total	<u>\$ (3,316,963)</u>
* Requires offsetting appropriation.	
NET REVENUE DECREASE	<u>\$ (15,242,143)</u>

APPROPRIATION CHANGES

**INCREASE
(DECREASE)**

1. **Salaries** are projected to exceed current budget due primarily to the following: \$ 52, 035,940
 - a. **Reclassify** \$11,751,625 from non-salary 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 Councils (EESAC's), will include bonus payments to staff at eligible schools.
 - b. **Reclassify** \$42,540,959 to hourly/overtime/temporary instructor accounts from non-salary to reflect school-based decisions.
 - c. Increase in miscellaneous state/local programs of \$3,823,360 offset by revenue increases.
 - d. Increase General Fund salaries by \$2,536,354 due to the elimination of an abatement in bilingual programs. Expenditures were to be transferred to a Federal grant. The grant is now being used for School Improvement Zone (SIZ) expenditures.
 - e. Eliminate estimated Operational Cutbacks of \$6,858,947. A negative budget was initially established in the adopted budget for budget reductions to be determined by the Superintendent at a future date.
 - f. Decrease due to budget projections (\$15,475,305). This includes the elimination of positions from the Superintendent's realignment of personnel partially offset by a decrease in lapse (or the estimated value of open positions).

2. **Employee benefits** are projected to exceed budget due to the following: 10,384,555
 - a. FICA/retirement/workers compensation costs will increase by \$2,079,767 due primarily to the increase in salaries as reflected in item 1 above.
 - b. Group insurance is projected to increase by \$8,344,245 based upon an increased number of employees receiving Board-paid benefits, and actual enrollment results which affect the Board's cost for dependent healthcare subsidies.
 - c. Unemployment and tuition reimbursement are projected to decrease by (\$39,457).

APPROPRIATION CHANGES (continued)

**INCREASE
(DECREASE)**

- 3. Decrease **liability insurance** to agree to current actuarial study. \$ (324,810)
- 4. Increase **energy services** to projected level. A 4.2% rate increase was recently approved by the Florida Public Services Commission. The rate increase includes higher fuel prices and 2.1% surcharge to restore the Florida Power & Light hurricane fund. 2,105,744
- 5. Other **non-salary** accounts will decrease due primarily to the following: (101,517,037)
 - a. **Reclassify** (\$13,094,471) for Florida School Recognition Program to salary plus related fringe benefits.
 - b. **Reclassify** (\$50,317,446) to hourly/overtime/temporary instructor plus related fringe benefits to reflect primarily school-based decisions.
 - c. Increase in miscellaneous state/local programs by \$2,062,135 which is offset by an increase in revenue.
 - d. Decrease Instructional Materials by (\$210) offset by a revenue decrease.
 - e. Reduce appropriations by (\$9,476,286) for Charter Schools due to slightly fewer FTE students than originally projected and a shift in FEFP program components. The FEFP revenue for Charter Schools flows through the District.
 - f. Eliminate appropriation for McKay/Opportunity Scholarships (\$26,735,237). 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.
 - g. Decrease various accounts by (\$5,974,747) in School Support Centers as part of the Superintendent's realignment of resources.
 - h. Increase appropriations due to budget projections by \$2,019,225.

TOTAL APPROPRIATION CHANGES

\$ (37,315,608)

RESERVES

Increase Contingency Reserve from \$40,000,000 to \$62,073,465 to balance. \$ 22,073,465

**TOTAL DECREASE IN
APPROPRIATIONS & RESERVES**

\$ (15,242,143)

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

- a. adopt Resolution No. 1, 2004-05 General Fund Mid-Year Budget Review, decreasing revenues, appropriations and reserves by (\$15,242,143); and
- b. adopt the Summary of Revenues and Appropriations (page 6) and the Summary of Appropriations by Function (page 11).

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
2004-05 GENERAL FUND BUDGET
SUMMARY OF REVENUES & APPROPRIATIONS
RESOLUTION NO. 1**

	ADOPTED BUDGET 09/08/04	RESOLUTION NO. 1	AMENDED BUDGET 02/16/05
REVENUES & BEGINNING BALANCES			
REVENUES			
Federal	\$ 13,187,400	\$ -	\$ 13,187,400
State	1,439,501,899	(11,925,180)	1,427,576,719
Local	913,116,752	(4,016,963)	909,099,789
Interest	7,906,000	700,000	8,606,000
TOTAL REVENUES	\$ 2,373,712,051	\$ (15,242,143)	\$ 2,358,469,908
TRANSFERS FROM CAPITAL OUTLAY	\$ 126,568,083	\$ -	\$ 126,568,083
BEGINNING FUND BALANCE	204,133,185	-	204,133,185
SUBTOTAL REVENUES & BEGINNING BALANCES	\$ 2,704,413,319	\$ (15,242,143)	\$ 2,689,171,176
NON-REVENUE SOURCES - Other	\$ -	\$ -	\$ -
TOTAL REVENUES & BEGINNING BALANCES	\$ 2,704,413,319	\$ (15,242,143)	\$ 2,689,171,176
APPROPRIATIONS & RESERVES			
APPROPRIATIONS			
Salaries	\$ 1,580,903,978	\$ 52,035,940	\$ 1,632,939,918
Employee Benefits	490,202,214	10,384,555	500,586,769
Liability Insurance	8,378,791	(324,810)	8,053,981
Energy Services	52,417,115	2,105,744	54,522,859
Other Non-salary	532,511,221	(101,517,037)	430,994,184
TOTAL APPROPRIATIONS	\$ 2,664,413,319	\$ (37,315,608)	\$ 2,627,097,711
RESERVES & ENDING FUND BALANCE			
Unreserved Fund Balance - Contingency	\$ 40,000,000	\$ 22,073,465	\$ 62,073,465
Designated Reserves	-	-	-
TOTAL RESERVES & ENDING FUND BALANCE	\$ 40,000,000	\$ 22,073,465	\$ 62,073,465
TOTAL APPROPRIATIONS, RESERVES & ENDING FUND BALANCE	\$ 2,704,413,319	\$ (15,242,143)	\$ 2,689,171,176

**SUMMARY OF REVENUES AND OTHER SOURCES
GENERAL FUND
2004 - 05**

Resolution No. 1

	ADOPTED BUDGET 9/8/04	RESOLUTION NO. 1	AMENDED BUDGET 2/16/05
FEDERAL SOURCES			
Impact Aid	\$ 50,000	\$ -	\$ 50,000
R.O.T.C.	1,000,000	-	1,000,000
Medicaid Reimbursement	9,000,000	-	9,000,000
Federal Through State Community Schools	3,137,400	-	3,137,400
Total Federal	\$ 13,187,400	\$ -	\$ 13,187,400
Florida Education Finance Program*	\$ 771,385,028	\$ (6,815,351)	\$ 764,569,677
Safe Schools(B)	12,584,462	14,549	12,599,011
Supplemental Academic Instruction	136,062,180	-	136,062,180
ESE Guarantee	143,429,739	-	143,429,739
Declining Enrollment Supplement	6,378,787	(1,148,745)	5,230,042
Summer Reading Allocation (A)	3,467,196	-	3,467,196
Non-Recurring DCD Transition Funding	14,231,828	-	14,231,828
Failed Contingency	(150,000)	-	(150,000)
Prior Year Adjustment		8,292,802	8,292,802
Opportunity Scholarship Adjustment		(1,741,674)	(1,741,674)
McKay Scholarship Adjustment		(23,694,500)	(23,694,500)
Workforce Development	99,296,917	-	99,296,917
Adults with Disabilities (A)	2,229,829	-	2,229,829
Discretionary Lottery Funds	15,045,043	6,263,108	21,308,151
School Recognition (A)	13,898,831	-	13,898,831
Categorical Programs:			
Instructional Materials (A)	30,549,716	(210)	30,549,506
Transportation (B)	27,233,773	-	27,233,773
Instructional Technology (B)	6,916,970	-	6,916,970
Teachers Lead Program (A)	2,284,297	-	2,284,297
Teacher Training (B)	4,987,623	-	4,987,623
Class Size Reduction	142,398,563	(1,782)	142,396,781
Charter Schools Capital Outlay (A)	6,900,117	-	6,900,117
Miscellaneous State	371,000	6,906,623	7,277,623
Total State	\$ 1,439,501,899	\$ (11,925,180)	\$ 1,427,576,719

* Includes Scholarships for Disabled Students in 2004-05 Adopted Budget as required by the DOE offset by an appropriation.

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

**SUMMARY OF REVENUES AND OTHER SOURCES
GENERAL FUND
2004 - 05**

Resolution No. 1

	ADOPTED BUDGET 9/8/04	RESOLUTION NO. 1	AMENDED BUDGET 2/16/05
LOCAL SOURCES			
FEFP Required Local Effort	\$ 770,193,135	\$ -	\$ 770,193,135
Local Discretionary Millage	90,128,984	-	90,128,984
Sub - Total	\$ 860,322,119	\$ -	\$ 860,322,119
Miscellaneous Local:			
Tax Redemptions	\$ 10,000,000	\$ -	\$ 10,000,000
Rent	200,000	-	200,000
Interest*	7,906,000	700,000	8,606,000
Vocational Fees	5,500,000	(1,000,000)	4,500,000
Financial Aid Fees	550,000	(100,000)	450,000
Community Schools-Contributions (A)	48,540	-	48,540
Community Schools - Internal (A)	13,014,000	-	13,014,000
Community Schools-Fringe Charges(B)	1,848,600	-	1,848,600
Driver Education	1,644,300	-	1,644,300
Fed. Indirect Cost Reimbursement	7,100,000	-	7,100,000
Universal Services (E-Rate)	3,000,000	(3,000,000)	-
Misc. School Receipts (A)	3,000,000	-	3,000,000
Food Service Indirect Costs	2,421,033	-	2,421,033
Other Miscellaneous Local	4,468,160	83,037	4,551,197
Total Local	\$ 921,022,752	\$ (3,316,963)	\$ 917,705,789
TOTAL REVENUES	\$ 2,373,712,051	\$ (15,242,143)	\$ 2,358,469,908
TRANSFERS			
From Capital Outlay	\$ 126,568,083	\$ -	\$ 126,568,083
FUND BALANCE FROM PRIOR YEAR	204,133,185	-	204,133,185
TOTAL REVENUES & OTHER SOURCES	\$ 2,704,413,319	\$ (15,242,143)	\$ 2,689,171,176

* Interest is net of a projected Fair Market Value of (\$800,000).

(A) Revenue for which appropriations equal revenue.

(B) Revenue for which appropriations exceed revenue.

**MISCELLANEOUS STATE REVENUES
GENERAL FUND
2004 - 05**

	ADOPTED BUDGET 9/8/04	RESOLUTION NO. 1	AMENDED BUDGET 2/16/05
CO & DS Withheld for Adm.	\$ 145,000	\$ -	\$ 145,000
State License Tax	150,000	-	150,000
Health Service (B)	76,000	-	76,000
SFW Individual Training Account (A)	-	668,024	668,024
Full Service Schools (A)	-	800,000	800,000
FDLRS General Revenue (A)	-	113,083	113,083
Radio Reading Service (A)	-	45,323	45,323
Readiness Coalition/Student Assessment (A)	-	51,401	51,401
Reading First Academies (A)	-	813,000	813,000
Reading Coach - Elementary (A)	-	1,358,201	1,358,201
Reading Coach - Middle (A)	-	1,830,705	1,830,705
Miami Film Culture (A)	-	11,478	11,478
Miami Film Intlex 06/05 (A)	-	4,363	4,363
Multi-Agency General Revenue (A)	-	33,312	33,312
WLRN - FM (A)	-	106,614	106,614
WLRN - TV (A)	-	557,675	557,675
Science Buddies (A)	-	400,000	400,000
Innovative Practices (A)	-	113,444	113,444
TOTAL MISCELLANEOUS STATE	\$ 371,000	\$ 6,906,623	\$ 7,277,623

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

**OTHER MISCELLANEOUS LOCAL REVENUES
GENERAL FUND
2004 - 05**

	ADOPTED BUDGET 9/8/04	RESOLUTION NO. 1	AMENDED BUDGET 2/16/05
Fee Supported Pre-K (B)	\$ 4,268,160	\$ -	\$ 4,268,160
Safe Schools-Fees (A)	200,000	-	200,000
Lost/Damaged Textbooks	-	83,037	83,037
TOTAL OTHER MISC LOCAL	\$ 4,468,160	\$ 83,037	\$ 4,551,197

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

MIAMI-DADE COUNTY PUBLIC SCHOOLS
2004-05 GENERAL FUND BUDGET
SUMMARY OF APPROPRIATIONS BY FUNCTION
RESOLUTION NO. 1
February 16, 2005

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	\$ 1,619,011,741	\$ 1,069,262,379	\$ 285,521,146	\$ 83,670,022	\$ 70,000	\$ 164,618,568	\$ 13,825,045	\$ 2,044,581
SUPPORT SERVICES:								
Pupil Personnel Services	125,312,681	91,478,260	27,822,642	5,693,852	-	198,275	89,652	30,000
Instructional Media Services	57,220,773	40,148,647	12,894,273	718,748	-	831,112	2,617,993	10,000
Instruction & Curriculum Dev	29,227,853	17,891,425	5,279,762	1,929,751	2,300	924,434	3,048,000	152,181
Instructional Staff Training	12,406,422	8,826,415	3,008,744	304,068	-	164,595	102,600	-
Board of Education	8,065,227	4,346,803	1,157,604	2,224,254	3,000	165,800	57,200	110,566
General Administration	10,237,985	6,556,330	1,686,289	1,441,911	26,000	450,973	66,500	9,982
School Administration	154,741,598	110,420,747	33,888,465	2,404,000	-	4,378,386	650,000	3,000,000
Facilities Acquisition & Construction								
7400								
Fiscal Services	15,365,721	9,447,961	2,770,735	395,648	600	81,657	188,391	2,480,729
Central Services	115,563,420	49,548,949	42,740,429	17,482,514	53,695	2,198,532	3,438,345	100,956
7700								
Transportation Services	93,045,736	50,420,283	21,623,724	12,690,447	5,599,814	2,142,510	568,958	-
7800								
Operation of Plant	242,941,645	95,064,239	38,988,063	54,322,405	47,976,515	2,074,791	4,476,773	38,859
7900								
Maintenance of Plant	110,573,337	57,561,973	17,597,455	18,541,358	790,935	11,531,733	4,549,883	-
8100								
Community Services	33,383,572	21,965,507	5,607,438	2,482,058	-	2,156,795	605,000	566,774
9100								
Debt Services	9200							
Total Instruction & Support Services	\$ 2,627,097,711	\$1,632,939,918	\$500,586,769	\$204,301,036	\$54,522,859	\$191,918,161	\$34,284,340	\$8,544,628
Transfers to Other Funds								
9792								
Debt Service	\$ -							
9793								
Capital Outlay	-							
9794								
Special Revenue	-							
9798								
Internal Service	-							
Total Appropriations & Transfers	\$ 2,627,097,711							
Fund Balance:								
Reserved Fund Balance	\$ -							
Unreserved Fund Balance	62,073,465							
Total Fund Balance	\$ 62,073,465							
Total Appropriations, Transfers and Fund Balance	\$ 2,689,171,176							