

Business Operations
Ofelia San Pedro, Deputy Superintendent

SUBJECT: TENTATIVE ADOPTION OF THE 2005-06 BUDGET

The Board received the Tentative Budget Recommendation for fiscal year 2005-06 on July 13, 2005. That budget recommendation included proposed millage rates, projected revenues and recommended appropriations for the General Fund, Debt Service Funds, Capital Outlay Funds, Special Revenue Funds and Fiduciary Fund.

At the July 13, 2005 meeting, the Board authorized the Superintendent to advertise the tentative budget and property tax millage rates for these funds as well as all related public notices required by Chapter 200, Florida Statutes.

The Tentative Budget Recommendation consisted of the following documents:

- **2005-06 Tentative Budget, Executive Summary**, which identifies policy issues and summarizes and analyzes projected revenues and proposed appropriations for all parts (funds) of the budget.
- **2005-06 Tentative Budget Workpapers** (computer printout) which provides details of appropriations in the operating budget (General Fund).

As authorized by the Board, the budget advertisement will be based upon the documents listed above, except that the millage rate for Required Local Effort adjusted to the level certified by the Commissioner of Education on July 15, 2005, based upon statewide assessed values of taxable property.

The 2005-06 budget consists of the documents listed above and the **School Allocation Plans** (for K-12 and Adult Centers) which identify the formulas used to develop personnel and materials, equipment and supplies allocations to the schools. For K-12 schools, many of these allocations are consolidated into a single revenue line from which these schools develop their own unique line-item budget.

Final adoption of the 2005-06 budget is scheduled for September 7, 2005. It is desirable, however, that minimal changes be made at final budget adoption, since schools and departments use the tentative adopted budget to hire personnel and complete ordering of materials for the opening of the 2005-06 fiscal year.

SP-2

Attached are the following documents:

- **Details of major revenue and appropriation changes** from prior year. Revisions subsequent to the Executive Summary are included on pages 5 and 9 and are indicated as Recommended for Adoption (Attachment A).
- A revised **2005-2006 Budget Summary**, similar to that advertised pursuant to the law (**Attachment B**).

The ***School Allocation Plan*** will be distributed to the Board no later than Friday, July 22, 2005.

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

1. Tentatively adopt the 2005-06 Annual Budget, which consists of the budget approved for advertising on July 13, 2005, as adjusted for recommended changes included in Attachment A, and including any amendments approved by the Board following the public hearing on July 26, 2005; and
2. Approve the ***School Allocation Plan***.

**DETAILS OF MAJOR REVENUE CHANGES
\$ (MILLIONS)**

<u>STATE</u>				<u>Increase (Decrease)</u>
1. Decrease Florida Education Finance Program (FEFP) revenues due primarily to a decrease of 1,589 weighted FTE's and a decrease in the District Cost Differential formula. Major factors in the FEFP formula are:				\$ (117.70)
	<u>2004-05</u>	<u>2005-06</u>	<u>% Increase/ (Decrease)</u>	
Unweighted FTE	362,290.97	362,824.84	.15%	
Weighted FTE	399,508.92	397,920.06	(.40%)	
Base Student Allocation	\$3,670.26	\$3,742.42	1.97%	
District Cost Differential	1.0445	1.0310	(1.29%)	
Required Local Effort (RLE)				
Millage Rate	5.452	5.458	.11%	
Discretionary Lottery	\$21.26	\$20.42	(3.95%)	
School Recognition	13.90	13.90	-	
Declining Enrollment	6.59	0	(100.00%)	
Prior Year Adjustment	8.15	0	(100.00%)	
Safe Schools	12.59	12.48	(.87%)	
Supp. Acad. Inst.	136.06	136.20	.10%	
ESE Guarantee	143.43	147.02	2.50%	
Adults with Disabilities	2.23	2.23	-	
Workforce Development	99.30	100.29	1.00%	
Non-Recurring DCD Transition	14.23	13.01	(8.57%)	
Comprehensive Reading	3.47	11.96	244.67%	
2. Increase funding of various State Categorical Programs mainly due to increases in the Class Size Reduction program (\$71.83 million), Florida Teacher Lead program (\$.14), Instructional Materials (\$.69 million) and Transportation (\$.73 million). Decreases include Instructional Technology (\$.16 million) and Teacher Training (\$ 2.56 million). Maintains the School Recognition Program, which awards \$100 per student to schools that receive a performance grade of A or improve one performance grade category, at the prior year's level.				70.67
3. Reduce Miscellaneous State programs. These revenues are offset by appropriation decreases.				(9.52)

**DETAILS OF MAJOR REVENUE CHANGES
\$ (MILLIONS)**

<u>LOCAL</u>	<u>Increase (Decrease)</u>						
<p>4. Increase property tax proceeds due to an increase of Taxable Properties Assessment and New Construction. Local Effort millage mandated by the Legislature increases by (.006). Projected increases in Local taxes are as follows:</p> <table style="margin-left: 40px; margin-top: 10px;"> <tr> <td style="padding-right: 20px;">Required Local Effort (RLE)</td> <td style="text-align: right;">\$ 143.12</td> </tr> <tr> <td>Local Discretionary Millage</td> <td style="text-align: right;"><u>31.37</u></td> </tr> <tr> <td></td> <td style="text-align: right;">\$ 174.49</td> </tr> </table> <p>It is anticipated that the total levy of school property tax rates will decrease from 8.687 to 8.675 mills, or 1.2 cents per thousand dollars of assessed value. The budget recommendation requests that the Board authorizes a millage rate equal to or less than last year's millage. Required Local Effort millage will be revised by the Department of Education on July 19.</p>	Required Local Effort (RLE)	\$ 143.12	Local Discretionary Millage	<u>31.37</u>		\$ 174.49	<p>\$ 174.49</p>
Required Local Effort (RLE)	\$ 143.12						
Local Discretionary Millage	<u>31.37</u>						
	\$ 174.49						
<p>5. Increase in interest due to projected interest rates and cash flows.</p>	<p>7.45</p>						
<p>6. Decrease Universal Services (E-Rate). It is anticipated that the district will received \$12.7 million in 2004-05 covering a 2 - year period, following the recent decision from the lawsuit. Four million dollars are budgeted for 2005-06 for this program.</p>	<p>(8.68)</p>						
<p>7. Decrease Miscellaneous Local programs. These revenues are offset by appropriation decreases.</p>	<p>(.16)</p>						
 <u>TRANSFERS</u>							
<p>8. Increase Transfer from Capital Outlay to reflect current projections for eligible expenditures.</p>	<p>5.00</p>						
 <u>FUND BALANCE FROM PRIOR YEAR</u>							
<p>9. Increase beginning fund balance to reflect anticipated 2004-05 end-of-year balances.</p>	<p>4.66</p>						
Sub-Total	<hr style="width: 100%;"/> <p><u>\$ 126.21</u></p>						

**DETAILS OF MAJOR REVENUE CHANGES
\$ (MILLIONS)**

	<u>Increase (Decrease)</u>
<u>RECOMMENDED FOR ADOPTION</u>	
<u>(Changes Subsequent to Executive Summary)</u>	
1. Increase Florida Education Finance Program (FEFP) revenues due to a decrease in the Required Local Effort millage levy rate certified by the Commissioner of Education.	\$ 39.88
2. Decrease Property Taxes due to a decrease in the Required Local Effort (RLE) millage levy (from 5.458 to 5.220) certified by the Commissioner of Education on July 15, 2005.	(39.88)
3. Increase Discretionary Property Taxes due to an increase in the Tax Roll certified by the Property Appraiser on July 1, 2005.	.17
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Total Revenue Recommended Changes	\$.17
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Total Major Revenue and Fund Balance Changes	<u>\$ 126.38</u>

**DETAILS OF MAJOR APPROPRIATION CHANGES
\$ (MILLIONS)**

SCHOOLS

**Increase
(Decrease)**

1. Revise appropriations in K-12 and adult programs due to the following factors: \$ 39.28
- Reduce Class Size to meet the Constitutional Amendment Class Size Reduction program
 - Enrollment shifts from basic to special programs (i.e. Exceptional Education program)
 - Enrollment shifts to charter schools
 - Increase in adult programs offset by a revenue increase
 - Establish additional custodial allocations due to additional student stations established in 2004-05
 - Slight increase in Magnet Programs
 - Establish McKay/Opportunity Scholarship program as required

The ratio changes are as follows:

State Required 2008-09	2004-05 Compliance Status	Grade Level	Basic Allocation Ratio		
			2004-05	2005-06	Decrease
Elementary Schools					
18	24.03	K-1	22.65	20.40	2.25
18	24.03	2-3	22.65	20.40	2.25
22	24.96	4-5/6	28.10	25.85	2.25
22	24.96	4-8 (K-8)	24.95	22.70	2.25
ESOL-Self Contained					
18	24.03	K-3	22.65	20.40	2.25
22	24.96	4-6	22.65	20.40	2.25
Middle Schools					
22	24.96	4-8	24.70	22.45	2.25
Senior High Schools					
25	24.96	9-12	26.70	25.70	1.00
In-School Alternative Ed.					
22	24.03	4-5(6)	28.10	25.85	2.25
22	24.96	6-8	24.70	22.45	2.25
25	24.96	9-12	26.70	25.70	1.00

DETAILS OF MAJOR APPROPRIATION CHANGES (continued)
\$ (MILLIONS)

SCHOOLS (continued) **Increase**
(Decrease)

- 2. Increase appropriations for School Improvement Zone (SIZ). In 2004-05, a 20% salary increase for the extended day and year was funded through Title I and Titles II through V Federal Programs for a half year. To annualize the cost of the program, the General Fund will absorb a cost of \$15 million partially mitigated by the elimination of the 2004-05 allocation of \$5.24 million. Federal programs will continue to fund a portion of the costs. \$ 9.76

- 3. Increase appropriations of state categorical programs as listed below: 9.34

<u>Categorical Program</u>	<u>2004-05</u> <u>Appropriations</u>	<u>2005-06</u> <u>Appropriations</u>
Instructional Materials	\$ 30.83	\$ 31.53
Comprehensive Reading	3.47	11.96
Florida Teachers Lead Program	<u>2.28</u>	<u>2.43</u>
Total	<u>\$ 36.58</u>	<u>\$ 45.92</u>

Total School Changes **\$ 58.38**

OTHER

- 1. Decrease appropriations for various **Miscellaneous State** programs (offset by a decrease in revenue). \$ (9.52)

- 2. Decrease appropriations in **Other Miscellaneous Local** programs (offset by a decrease in revenue). (.16)

- 3. Increase appropriations for **FICA/retirement/liability/workers compensation**. This is due primarily to an increase in Florida Retirement System (FRS) contribution rate increase. The contribution rate for regular class employees increased from 7.39% to 7.83%. Includes an increase in worker's compensation/liability rates. 7.59

- 4. Increase appropriations for **energy services and other utilities** due to new schools and rate adjustments. 3.52

DETAILS OF MAJOR APPROPRIATION CHANGES (continued)
\$ (MILLIONS)

<u>OTHER (continued)</u>	<u>Increase (Decrease)</u>
5. Increase appropriations for Property Insurance premiums due to rate increases.	\$ 2.50
6. Increase appropriations for calendar 2005 employee benefits .	4.62
7. Transfer remaining bus aides to Individuals with Disabilities Education Act (IDEA) grant. These bus aides serve exceptional education students only.	8.70
8. Establish collective bargaining reserve to be negotiated.	55.72
9. Eliminate open positions in School Support Centers.	(4.53)
10. Increase appropriations for low achieving schools (double "F").	.62
Curriculum and Instruction	.05
School Leadership and Personnel	.39
Professional Development	.12
Parent and Community Involvement	.03
Teaching and Learning Environment	<u>.03</u>
Total	<u>.62</u>
Note: Specific details are reflected in the July 13, 2005, Board Item A-2.	
11. Increase appropriations to support the Professional Assessment and Comprehensive Evaluation System (PACES).	.38
12. Increase lapse due to hiring freeze.	(6.94)
13. Increase Contingency Reserve in the amount of \$0.19 million or about 2.25% of the preliminary General Fund budget. The contingency reserve is the best estimate of potential surplus funds which will result from financial operations during 2005-06. This includes Administrative Deferment reserves of \$8.87 million from schools.	0.19
14. Other unexplained increases.	5.14
Total Other Changes	\$ 67.83

DETAILS OF MAJOR APPROPRIATION CHANGES (continued)
\$ (MILLIONS)

RECOMMENDED FOR ADOPTION
(Changes Subsequent to Executive Summary)

Increase contingency from \$62,259,274 to \$62,426,835 to balance.	.17
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Total Appropriation Recommended Changes	\$.17
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Total Appropriation Changes	<u>\$ 126.38</u>

SUMMARY OF REVENUES & APPROPRIATIONS - ALL FUNDS
2005-06 TENTATIVE BUDGET

	GENERAL FUND	DEBT SERVICE FUNDS	CAPITAL OUTLAY FUNDS	SPECIAL REVENUE FUNDS	FIDUCIARY FUND	TOTAL ALL FUNDS
REVENUES						
Federal	\$ 16,987,400	\$ -	\$ -	\$ 399,864,737	\$ -	\$ 416,852,137
State	1,411,769,493	13,839,044	63,958,341	2,834,000	-	1,492,400,878
Local	1,063,881,256	79,989,779	406,794,786	39,458,177	3,969,185	1,594,093,183
TOTAL REVENUES	\$ 2,492,638,149	\$ 93,828,823	\$ 470,753,127	\$ 442,156,914	\$ 3,969,185	\$ 3,503,346,198
Transfers In	\$ 131,568,083	\$ 93,266,174	\$ 5,875,000	\$ -	\$ -	\$ 230,709,257
Non Revenue Sources	-	-	831,968,989	-	-	831,968,989
Beginning Fund Balance	208,789,927	75,696,832	930,725,249	7,103,355	30,900,259	1,253,215,622
TOTALS	\$ 2,832,996,159	\$ 262,791,829	\$ 2,239,322,365	\$ 449,260,269	\$ 34,869,444	\$ 5,819,240,066
Less: Transfers						230,709,257
TOTAL ALL FUNDS						\$ 5,588,530,809
APPROPRIATIONS						
Instruction	\$ 1,828,647,114	\$ -	\$ -	\$ 199,695,700	\$ -	\$ 2,028,342,814
Pupil Personnel	121,589,451	-	-	21,533,043	-	143,122,494
Instructional Media Services	57,636,215	-	-	2,423,431	-	60,059,646
Instructional & Curriculum Dev.	24,617,446	-	-	21,562,741	-	46,180,187
Instructional Staff Training	6,270,438	-	-	29,726,423	-	35,996,861
Board of Education	7,678,791	-	-	7,864,884	-	15,543,675
General Administration	9,401,017	-	-	-	-	9,401,017
School Administration	151,850,275	-	1,987,909,955	8,319,562	-	1,996,229,517
Facilities - Other	-	-	-	-	-	-
Fiscal Services	16,932,018	-	-	-	-	16,932,018
Food Services	-	-	-	144,032,671	-	144,032,671
Central Services	59,772,859	-	-	769,867	-	60,542,726
Pupil Transportation Services	88,698,189	-	-	888,751	-	89,586,940
Operation of Plant	253,847,265	-	-	4,166,665	-	258,013,930
Maintenance of Plant	111,894,057	-	-	13,155	-	111,907,212
Community Services	31,734,189	-	-	2,172,429	4,027,714	37,934,332
Debt Services	-	188,146,261	-	-	-	188,146,261
TOTAL APPROPRIATIONS	\$ 2,770,569,324	\$ 188,146,261	\$ 1,987,909,955	\$ 443,169,322	\$ 4,027,714	\$ 5,393,822,576
Transfers to Other Funds	\$ -	\$ -	\$ 230,709,257	\$ -	\$ -	\$ 230,709,257
ENDING FUND BALANCE						
Undesignated Reserves	\$ 62,426,835	\$ -	\$ 20,703,153	\$ 6,090,947	\$ -	\$ 89,220,935
Designated Reserves	-	74,645,568	-	-	30,841,730	105,487,298
TOTALS	\$ 62,426,835	\$ 74,645,568	\$ 20,703,153	\$ 6,090,947	\$ 30,841,730	\$ 194,708,233
TOTAL ALL FUNDS	\$ 2,832,996,159	\$ 262,791,829	\$ 2,239,322,365	\$ 449,260,269	\$ 34,869,444	\$ 5,819,240,066
Less: Transfers						230,709,257
TOTAL ALL FUNDS						\$ 5,588,530,809