

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: RESOLUTION NO. 1, FY 2012-13 GENERAL FUND MID-YEAR BUDGET REVIEW

COMMITTEE: INNOVATION, EFFICIENCY AND GOVERNMENTAL RELATIONS

LINK TO STRATEGIC FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY

This resolution recommends budgetary adjustments for the General Fund including: 1) the impact of the Florida Education Finance Program (FEFP) Third Calculation; 2) the changes in market conditions that affect interest income; 3) new miscellaneous state grants; 4) adjustments in Indirect Cost Reimbursement; and 5) increase in Transfer from Capital Outlay. Changes to specific revenue and appropriation items are described below.

Total revenues/other sources are being decreased by (\$47.4) million of which \$35.0 million is a decrease in revenue for McKay Scholarships which has an offsetting appropriation. Other revenue changes include new miscellaneous state grants, an increase in interest based on the latest available information, a statewide proration to funds available and the impact of lower FTE as compared to the forecast.

Major Revenue Adjustments In FEFP

Revenue adjustments include the following items reflected in the Third Calculation of the FEFP, received from the Department of Education in December 2012:

- Decrease of 1,284.18 **weighted** full-time equivalent (FTE) students reported (\$4.7 million).
- Eliminate revenue for McKay Scholarships (\$35.0 million) (offset by an appropriation decrease).
- Increase revenue for a Prior Year Adjustment (\$1.4 million) due primarily to an increase in weighted FTE and audit adjustments from 2009-10.
- Decrease revenue in other FEFP programs, primarily instructional materials and transportation, by (\$1.1 million).
- Increase proration (\$1.4 million) due to an increase in state appropriations over the forecast resulting in a reduction to districts.
- Decrease revenue for Categorical Programs by (\$2.5) million in Class Size Reduction due to a reduction in students.

Major Appropriation Changes

Major appropriation changes are summarized based upon projections. **Salaries** are increased due to an increase in salaries as approved by the Board, partially offset by a reduction in public school membership, shift of school budgets from non-salary to salary/fringes, and reduction of the Assigned Fund Balance to cover the cost of raises. **Employee benefits** are lower primarily due to a reduction in unemployment compensation appropriations.

Major changes to **non-salary** accounts are: 1) a shift to salary/fringes based on school-site discretionary spending decisions; 2) an increase in charter school payments due to an increase of students from an estimated 47,000 to approximately 47,541 students (\$9.3 million); 3) the elimination of McKay Scholarships (\$33.6 million) which is offset by a revenue reduction; and 4) a 50% reduction in the non-salary discretionary allocation to schools.

The total Contingency Reserve will be \$75.2 million or 3.07% of revenue. A minimum reserve of 3% is required by Florida Statute. It will be necessary to continue the strict hiring freeze on all open positions and continue to curtail expenditures in the final quarter of the year due to the potential revenue loss from tax collections.

This resolution reduces both revenues and appropriations by \$47.4 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:	\$ (42,326,752)
a. Decrease Florida Education Finance Program (FEFP) as follows:	
Decrease of 1,284.18 weighted FTE	\$ (4,655,487)
Safe Schools	652
Reading Allocation	(51,003)
Prior Year Adjustment	1,551,562
Prior Year Scholarship Adjustment	(155,310)
McKay Scholarship Adjustment	(35,037,507)
DJJ Supplemental Allocation	(43,588)
Instructional Materials	(699,749)
Transportation	(350,470)
Proration to Funds Available	(1,415,557)
Virtual Education Contribution	<u>57,209</u>
Total	<u>\$ (40,799,248)</u>
b. Decrease Class Size Reduction by (\$2,456,963) due to a reduction in students.	
c. Increase Miscellaneous State revenue by \$929,459 (programs identified on page 9 entitled Miscellaneous State Sources).	

REVENUE CHANGES (Continued)

**INCREASE
(DECREASE)**

- 2. Decrease **Local Revenues** as follows: \$ (9,097,965)
 - a. Reduce Tax Redemption (\$6,864,616) based on early results of tax collections. Staff will closely monitor collections and update in the next resolution as additional taxes are received.
 - b. Increase interest by \$15,000 based on the latest projection.
 - c. Reduce Federal Indirect cost revenue by (\$2,860,249). This reduction is required after the U.S. Department of Education advised districts that indirect cost could not be charged to the Jobs Bill Fund. This revenue reduction is offset with appropriation decreases.
 - d. Increase Food Service Indirect Cost revenue by \$611,900 based on current projections.
- 3. Increase **Transfer from Capital Outlay** to cover existing eligible maintenance costs. 4,000,000

NET REVENUES AND OTHER SOURCES DECREASE \$ (47,424,717)

APPROPRIATION CHANGES

- 1. Salaries are projected to increase from the adopted budget due \$ 14,051,236 primarily to the following:
 - a. Increase salaries by \$153,571 in miscellaneous state/local grants offset by an increase in revenue.
 - b. Reclassification of the Advanced Placement budget from the salary account to non-salary (\$5,782,014).
 - c. Increase salaries by \$16,878,387 for mid-year raises as approved by the Board.
 - d. Increase hourly/overtime from a shift of non-salary accounts based on school-based decisions \$2,613,595.
 - e. Increase salaries by \$187,697 based on latest projections.
- 2. **Employee benefits** are decreased due to the following: (4,960,857)
 - a. Decrease in FICA/Retirement/Workers Compensation by (\$845,536) based on salary adjustments shown above.
 - b. Reclass employee benefits for Advanced Placement program to non-salary (\$902,572)
 - c. Maintained health benefits at adopted budget level. Staff is closely monitoring projections based on early results of the implementation of new rates effective January 1, 2013.

APPROPRIATION CHANGES (Continued)

**INCREASE
(DECREASE)**

- d. Decrease unemployment compensation and tuition reimbursements based on projections (\$3,212,749).
- 3. Increase **liability insurance** based on projections. \$ 436,628
- 4. Increase **energy services** based on projections. 1,043,912
- 5. Increase appropriations for **Charter School** based on an increase in enrollment. This increase also reflects the increase in the tax roll and discretionary millage levy not previously recognized. 9,321,752
- 6. Other **non-salary** accounts will decrease due primarily to the following: (35,447,803)
 - a. Increase in miscellaneous state/local programs by \$748,953 which is offset by an increase in revenue.
 - b. Adjust the following FEFP programs due to adjustments per 3rd FEFP calculation:

Instructional Materials	\$ (374,631)
DJJ Supplemental Allocation	<u>(43,588)</u>
Total	\$ (418,219)
 - c. Reduce appropriations to offset closure of outdated purchase orders (\$1,074,730).
 - d. Eliminate appropriation for McKay Scholarships (\$33,561,737). The original FTE estimate included approximately 4,000 FTE McKay Scholarships resulting in revenues and appropriations established at \$33.6 million. The Department of Education pays parents directly for student tuition in lieu of payment to the district. However, by law, both the revenue and appropriations must be reported in the District's adopted budget.
 - e. Reduce remaining (\$4,816,840) of non-salary discretionary allocation to school from final school based budgets. Schools have \$8 million of unspent funds as of 1/31/13.
 - f. Increase non-salary accounts for distribution of Advanced Placement funds (reclassified from salary and fringe benefit accounts) in the amount of \$6,684,586.
 - g. Decrease non-salary by (\$3,009,816) based on latest projections due primarily to school based decisions to cover hourly/overtime accounts.

TOTAL APPROPRIATION CHANGES

\$ (15,555,132)

<u>TRANSFERS/UNASSIGNED FUND BALANCE</u>	<u>INCREASE (DECREASE)</u>
1. Decrease Unassigned Fund Balance to balance. The Unassigned Fund Balance of \$75,211,900 represents 3.07% of revenue.	\$ (3,446,563)
2. Eliminate Assigned Fund Balance.	<u>(28,423,022)</u>
TOTAL INCREASE IN TRANSFERS/UNASSIGNED FUND BALANCE	<u>\$(31,869,585)</u>
TOTAL DECREASE IN APPROPRIATIONS, TRANSFERS & UNASSIGNED FUND BALANCE	<u>\$(47,424,717)</u>

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

1. adopt Resolution No. 1, FY 2012-13 General Fund Mid-Year Budget Review, decreasing revenues, appropriations and reserves by (\$47,424,717); and
2. adopt the Summary of Revenues and Appropriations (page 6) and the Summary of Appropriations by Function (page 11).

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
 FY 2012-13 GENERAL FUND
 SUMMARY OF REVENUES AND APPROPRIATIONS
 RESOLUTION NO. 1**

	<u>ADOPTED BUDGET 9/5/2012</u>	<u>INCREASE (DECREASE)</u>	<u>AMENDED BUDGET 3/13/2013</u>
REVENUES & BEGINNING BALANCES			
REVENUES			
Federal	\$ 16,829,410	\$ -	\$ 16,829,410
State	1,163,593,643	(42,326,752)	1,121,266,891
Local	1,318,642,129	(9,097,965)	1,309,544,164
TOTAL REVENUES	<u>\$ 2,499,065,182</u>	<u>\$ (51,424,717)</u>	<u>\$ 2,447,640,465</u>
TRANSFERS FROM CAPITAL OUTLAY	\$ 129,854,163	\$ 4,000,000	\$ 133,854,163
BEGINNING FUND BALANCE	144,143,037	-	144,143,037
SUBTOTAL REVENUES & BEGINNING BALANCES	<u>\$ 2,773,062,382</u>	<u>\$ (47,424,717)</u>	<u>\$ 2,725,637,665</u>
NON-REVENUE SOURCES - Other	-	-	-
TOTAL REVENUES & BEGINNING BALANCES	<u>\$ 2,773,062,382</u>	<u>\$ (47,424,717)</u>	<u>\$ 2,725,637,665</u>
APPROPRIATIONS & RESERVES			
APPROPRIATIONS			
Salaries	\$ 1,526,301,448	\$ 14,051,236	\$ 1,540,352,684
Employee Benefits	495,773,918	(4,960,857)	490,813,061
Liability Insurance	4,080,134	436,628	4,516,762
Energy Services	65,824,086	1,043,912	66,867,998
Charter Schools	280,568,319	9,321,752	289,890,071
Purchased Services	149,594,345	(17,934,152)	131,660,193
Other Non-Salary	143,035,014	(17,513,651)	125,521,363
TOTAL APPROPRIATIONS	<u>\$ 2,665,177,264</u>	<u>\$ (15,555,132)</u>	<u>\$ 2,649,622,132</u>
TRANSFERS TO OTHER FUNDS	\$ 803,633	\$ -	\$ 803,633
RESERVES & ENDING FUND BALANCE			
Assigned	\$ 28,423,022	\$ (28,423,022)	\$ -
Unassigned (Contingency)	78,658,463	(3,446,563)	75,211,900
TOTAL RESERVES & ENDING FUND BALANCE	<u>\$ 107,081,485</u>	<u>\$ (31,869,585)</u>	<u>\$ 75,211,900</u>
TOTAL APPROPRIATIONS, RESERVES & & ENDING FUND BALANCE	<u>\$ 2,773,062,382</u>	<u>\$ (47,424,717)</u>	<u>\$ 2,725,637,665</u>

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
FY 2012-13 GENERAL FUND
SUMMARY OF REVENUES AND APPROPRIATIONS
RESOLUTION NO. 1**

	<u>ADOPTED BUDGET 9/5/2012</u>	<u>INCREASE (DECREASE)</u>	<u>AMENDED BUDGET 3/13/2013</u>
FEDERAL SOURCES			
Impact Aid	\$ 15,000.00	\$ -	\$ 15,000.00
R.O.T.C.	2,000,000	-	2,000,000
Medicaid Reimbursement	13,000,000	-	13,000,000
Federal Through State Community Schools	1,814,410	-	1,814,410
Total Federal	<u>\$ 16,829,410</u>	<u>\$ -</u>	<u>\$ 16,829,410</u>
STATE SOURCES			
FLORIDA EDUCATION FINANCE PROGRAM (C):			
Base Funding less FEFP Required Local Effort	\$ 327,279,212	\$ (4,655,487)	\$ 322,623,725
Safe Schools (B)	9,778,876	652	9,779,528
Supplemental Academic Instruction (B)	116,919,085	-	116,919,085
ESE Guarantee (B)	126,800,708	-	126,800,708
Reading Allocation	16,109,499	(51,003)	16,058,496
Prior Year Adjustment	-	1,551,562	1,551,562
Prior Year Adjustment for Scholarship Deductions	-	(155,310)	(155,310)
McKay Scholarship Adjustment	-	(35,037,507)	(35,037,507)
DJJ Supplemental Allocation (A)	424,986	(43,588)	381,398
Instructional Material	27,241,294	(355,613)	26,885,681
Instructional Materials - Adjustments	-	(344,136)	(344,136)
Transportation (B)	24,816,144	(350,470)	24,465,674
Teachers Lead Program (A)	4,203,393	-	4,203,393
Proration to Funds Available	(1,583,388)	(1,415,557)	(2,998,945)
Virtual Education Contribution	108,612	57,209	165,821
Sub-Total FEFP	<u>\$ 652,098,421</u>	<u>\$ (40,799,248)</u>	<u>\$ 611,299,173</u>
OTHER STATE/CATEGORICAL PROGRAMS:			
Workforce Development (A)	\$ 81,016,722	-	81,016,722
Adults with Disabilities (A)	1,125,208	-	1,125,208
Performance Based Incentives	931,355	-	931,355
Voluntary Pre-K (B)	9,722,640	-	9,722,640
Full Service Schools (A)	768,000	-	768,000
School Recognition/Merit (A)	19,245,591	-	19,245,591
Class Size Reduction	397,517,801	(2,456,963)	395,060,838
Miscellaneous State (see page 9)	1,167,905	929,459	2,097,364
Sub-Total Other State	<u>\$ 511,495,222</u>	<u>\$ (1,527,504)</u>	<u>\$ 509,967,718</u>
Total State	<u>\$ 1,163,593,643</u>	<u>\$ (42,326,752)</u>	<u>\$ 1,121,266,891</u>

(A) Revenue for which appropriations equal revenue.

(B) Revenue for which appropriations exceed revenue.

(C) FEFP related revenue was updated to reflect the amounts per the FEFP 3rd calculation.

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
 FY 2012-13 GENERAL FUND
 SUMMARY OF REVENUES AND OTHER SOURCES
 RESOLUTION NO. 1**

	<u>ADOPTED BUDGET 9/5/2012</u>	<u>INCREASE (DECREASE)</u>	<u>AMENDED BUDGET 3/13/2013</u>
LOCAL SOURCES			
FEFP Required Local Effort	\$ 1,096,793,232	\$ -	\$ 1,096,793,232
Local Discretionary Millage	127,699,338	-	127,699,338
Sub - Total Local	<u>\$ 1,224,492,570</u>	<u>\$ -</u>	<u>\$ 1,224,492,570</u>
MISCELLANEOUS LOCAL:			
Tax Redemptions	\$ 31,500,000	\$ (6,864,616)	\$ 24,635,384
Rent	7,035,504	-	7,035,504
Interest	800,000	15,000	815,000
Vocational Fees	561,502	-	561,502
Post Secondary Fees	3,954,726	-	3,954,726
Continuing Workforce Fees	163,772	-	163,772
Financial Aid Fees	468,000	-	468,000
Community Schools-Contributions (A)	48,540	-	48,540
Community Schools - Internal (A)	18,235,386	-	18,235,386
Community Schools - Internal (A)	1,375,613	-	1,375,613
Community Schools - Internal (A)	458,537	-	458,537
Driver Education	2,000,000	-	2,000,000
Fed. Indirect Cost Reimbursement	8,912,260	(2,860,249)	6,052,011
Universal Services (E-Rate)	8,600,000	-	8,600,000
Misc. School Receipts (A)	3,000,000	-	3,000,000
Food Service Indirect Costs	2,267,168	611,900	2,879,068
Other Miscellaneous Local (see page 10)	4,768,551	-	4,768,551
Sub-Total Miscellaneous Local	<u>\$ 94,149,559</u>	<u>\$ (9,097,965)</u>	<u>\$ 85,051,594</u>
Total Local	<u>\$ 1,318,642,129</u>	<u>\$ (9,097,965)</u>	<u>\$ 1,309,544,164</u>
TOTAL REVENUES	<u>\$ 2,499,065,182</u>	<u>\$ (51,424,717)</u>	<u>\$ 2,447,640,465</u>
OTHER FINANCING SOURCES			
Transfers From Capital Outlay	\$ 129,854,163	\$ 4,000,000	\$ 133,854,163
FUND BALANCE FROM PRIOR YEAR	<u>144,143,037</u>	<u>-</u>	<u>144,143,037</u>
TOTAL REVENUES & OTHER SOURCES	<u>\$ 2,773,062,382</u>	<u>\$ (47,424,717)</u>	<u>\$ 2,725,637,665</u>

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

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
 FY 2012-13 GENERAL FUND
 SUMMARY OF REVENUES AND OTHER SOURCES
 RESOLUTION NO. 1**

	ADOPTED BUDGET 9/5/2012	INCREASE (DECREASE)	AMENDED BUDGET 3/13/2013
MISCELLANEOUS STATE SOURCES			
CO & DS Withheld for Adm.	\$ 145,000	\$ -	\$ 145,000
State License Tax	248,420	-	248,420
Postsecondary Education Readiness	-		
Test Assesment (PERT) (A)		93,377	93,377
Health Service (A)	72,960	-	72,960
SFW Individual Training Account (A)	701,525	-	701,525
FDLRS - Gen Revenue (A)	-	51,586	51,586
SEDNET IDEA State General (A)	-	16,279	16,279
Collaborative Curriculum (A)	-	28,000	28,000
WLRN - TV FL Community Svc. (A)		307,477	307,477
Voluntary Pre-K Assessment (A)		69,890	69,890
DA Summer Academy (A)		68,850	68,850
Learning for Life (A)	-	294,000	294,000
TOTAL MISCELLANEOUS STATE	<u>\$ 1,167,905</u>	<u>\$ 929,459</u>	<u>\$ 2,097,364</u>

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

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
 FY 2012-13 GENERAL FUND
 SUMMARY OF REVENUES AND OTHER SOURCES
 RESOLUTION NO. 1**

	ADOPTED BUDGET 9/5/2012	INCREASE (DECREASE)	AMENDED BUDGET 3/13/2013
OTHER MISCELLANEOUS LOCAL SOURCES			
Fee Supported Pre-K (B)	\$ 4,530,551	\$ -	\$ 4,530,551
Fingerprinting	238,000	-	238,000
TOTAL OTHER MISC LOCAL	<u>\$ 4,768,551</u>	<u>\$ -</u>	<u>\$ 4,768,551</u>

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

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
2012-13 GENERAL FUND BUDGET
SUMMARY OF APPROPRIATIONS BY FUNCTION
RESOLUTION NO. 1
MARCH 13, 2013**

FUNCTION	TOTAL BUDGET	SALARIES (\$1XX)	EMPLOYEE BENEFITS (\$2XX)	PURCHASED SERVICES (\$3XX)	ENERGY SERVICES (\$4XX)	MATERIALS AND SUPPLIES (\$5XX)	CAPITAL OUTLAY (\$6XX)	OTHER EXPENSES (\$7XX)
INSTRUCTIONAL SERVICES:	\$ 1,780,971,600	\$ 1,042,865,571	\$ 332,576,321	\$ 321,035,746	\$ 1,514	\$ 70,293,142	\$ 6,302,476	\$ 9,896,830
5000								
6100	98,219,889	70,774,965	22,455,854	4,951,092	-	20,830	17,148	-
6200	24,596,923	18,356,747	5,533,884	541,005	-	28,617	136,670	-
6300	20,485,843	15,557,713	3,907,600	879,437	-	100,212	-	40,881
6400	2,490,979	1,068,457	946,846	466,961	-	8,715	-	-
6500	29,275,845	20,537,375	6,143,309	152,990	78,543	143,210	2,220,418	-
7100	6,570,506	4,124,941	1,122,932	950,085	3,463	105,735	4,123	259,227
7200	4,356,167	3,334,935	891,032	74,719	25,589	29,892	-	-
7300	153,678,043	118,452,266	33,137,738	621,105	56,726	1,219,418	377,363	13,407
7410		7,511,791	2,181,038	681,201	-	29,266	90,650	2,200,000
7500	12,693,846	30,359,564	143,952	21,783,279	78,334	-	11,875	-
7700	52,347,004	38,623,466	18,890,814	8,853,394	9,321,675	3,032,141	17,485,524	-
7800	96,207,014	98,663,047	43,311,008	45,978,691	55,906,182	601,913	229,469	-
7900	244,110,310	47,830,996	15,096,413	17,800,050	1,395,972	9,368,277	1,567,489	1,546
8100	92,882,743	819,620	196,629	2,053,409	-	920,215	142,843	-
8200	3,079,364	21,481,230	4,275,491	43,862	-	-	-	-
9100	27,010,956							
9200	445,000							
Total Instruction & Support Services	\$ 2,649,622,132	\$ 1,540,352,684	\$ 490,813,061	\$ 428,067,026	\$ 66,867,998	\$ 65,911,089	\$ 30,605,069	\$ 9,004,206
Transfers to Other Funds:								
9792								
9793	\$ 803,633							
9794								
9798								
9799								
Total Appropriations & Transfers	2,650,425,765							
Fund Balance:								
Non-Spendable:								
Reserve for Pre-Paid Expenses								
Reserve for Inventory								
Restricted:								
Reserve for State Categories								
Assigned:								
Other Rebudgets								
Commitments								
Unassigned:								
Total Fund Balance	75,211,900							
Total Appropriations, Transfers and Fund Balance	\$ 2,725,637,665							