

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: RESOLUTION NO. 1, FY 2011-12 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 annual Florida Education Finance Program (FEFP) Third Calculation 2) the changes in market conditions that affect interest income; and 3) new miscellaneous state grants. Changes to specific revenue and appropriation items are described below.

Total revenues are being decreased by (\$36.5) million of which \$32.3 million is a decrease in revenue for McKay Scholarships which has an offsetting appropriation. Other revenue changes include miscellaneous state grants, a decrease in interest based on the latest available information, a statewide proration to funds available and the impact of higher 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 2011:

- Increase of 750.99 **weighted** full-time equivalent (FTE) students reported (\$2.6 million).
- Eliminate McKay Scholarships (\$32.3 million) (offset by an appropriation decrease).
- Increase revenue for a Prior Year Adjustment (\$.7 million) due primarily to an increase in weighted FTE.
- Decrease revenue in other FEFP programs, primarily instructional materials and transportation, by (\$.5 million).
- Increase statewide proration (\$3.8 million) due to an increase of 9,289 students statewide over the forecast.
- Decrease in revenue for Categorical Programs by (\$3.1) million (primarily Class Size Reduction due to proration and an estimated penalty for not fully meeting Class Size Reduction at the classroom level).

Major Appropriation Changes

Major appropriation changes are summarized based upon projections. **Salaries** are decreased due to a shift of non-salary appropriations to salary/fringes partially offset by a reduction in public school membership and a decrease in expenses due to the strict hiring freeze. **FICA/retirement** costs are lower due to the reduction in salaries. **Employee health benefits** have increased due to a 18% increase previously approved by the Board effective January 1, 2012. This resolution funds the medical cost increases through March 31, 2012. An additional \$9 million will be required to cover cost increases from April 1 through June 30, 2012. Based on the strict hiring freeze in place and a curtailing of non salary expenditures, staff believes that the medical cost increase will be offset from savings in the these areas.

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 40,000 to approximately 41,000 students (\$1.4 million); 3) the elimination of McKay Scholarships (\$31.6 million) which is offset by a revenue reduction; and 4) a 50% reduction in the non-salary discretionary allocation to schools. In addition, a one-time **Transfer to Internal Service Fund** is established to adequately fund the ending net assets for the Fund.

The total Contingency Reserve will be \$80.5 million or 3.40% 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 second half of the year to achieve a higher fund balance for FY 2012-13. It is critical to curtail discretionary spending now in order to minimize program disruptions next year.

This resolution reduces both revenues and appropriations by \$36.5 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:	\$ (35,997,780)
a. Decrease Florida Education Finance Program (FEFP) as follows:	
Increase of 750.99 weighted FTE	\$ 2,639,248
Safe Schools	(4,882)
Reading Allocation	(16,531)
Merit Award	56,963
DJJ Supplemental Allocation	(28,412)
Instructional Materials	(380,612)
Transportation	(109,859)
Prior Year Adjustment	1,118,398
Prior Year Scholarship Adjustment	(380,038)
Proration to Funds Available	(3,839,683)
Virtual Education Contribution	5,637
McKay Scholarship Adjustment	<u>(32,265,345)</u>
Total	\$ (33,205,116)

REVENUE CHANGES (Continued)

**INCREASE
(DECREASE)**

- b. Decrease Categorical Programs based on confirmation of state reports as follows:

Discretionary Lottery Funds	\$ (1,560)
Class Size Reduction	(735,232)
Class Size Reduction - Est. Penalty	<u>(2,319,691)</u>
Total	\$ (3,056,483)

- c. Increase Miscellaneous State revenue by \$263,819 (programs identified on page 9 entitled Miscellaneous State Sources).

- 2. Decrease **Local revenues** due to a reduction in interest based on the latest projection. The adopted budget included miscellaneous local revenue in anticipation of taxes to be collected under the law passed in the 2011 legislative session. This resolution shifts the revenue from miscellaneous local to Required Local Effort. \$ (471,000)

NET REVENUES AND OTHER SOURCES DECREASE \$ (36,468,780)

APPROPRIATION CHANGES

- 1. **Salaries** are projected to decrease from the adopted budget due primarily to the following: \$(10,272,334)

- a. **Reclassification** of \$9,600,000 in Reading Program to salaries from non-salary.
- b. Increase salaries by \$35,338 in Miscellaneous State and Local grants offset by an increase in revenue.
- c. Reclassification of the Advanced Placement budget from the salary account to non-salary (\$5,070,076).
- d. Decrease salaries by (\$1,313,764) due to a reduction in teachers from the shift of students in public schools to charter schools.
- e. Decrease salaries by (\$13,523,832) based on latest projections.

- 2. **Employee benefits** are increased due to the following: 8,848,346

- a. Decrease in FICA/Retirement/Workers Compensation by (\$2,079,082) based on salary adjustments shown above.
- b. Increase health benefits by \$10,927,428 based on the latest actuarial study. This reflects the estimated 18% cost increase for the period of January 1, 2012 through March 31, 2012. A transfer to the Internal Service Fund is included on page 4 of 11. It is anticipated that the Board will need to contribute an additional \$9 million (all funds) for the period of April 1, 2012 through June 30, 2012. Staff is closely monitoring projections and will recommend the increase, if necessary in the Spring Budget Resolution.

APPROPRIATION CHANGES (Continued)

**INCREASE
(DECREASE)**

3. Decrease **energy services** based on projections. (47,745)
4. Other **non-salary** accounts will decrease due primarily to the following: (43,838,929)
- a. Reclassify \$12,000,000 to salaries and fringe benefits.
 - b. Increase in miscellaneous state/local programs by \$141,711 which is offset by an increase in revenue.
 - c. Adjust the following FEFP programs due to adjustments per 3rd FEFP calculation:

Merit Award Program	\$ 56,963
DJJ Supplemental Allocation	(28,412)
Total	<u>\$28,551</u>
 - d. Increase appropriations for Charter Schools by \$1,422,424 due to an increase in enrollment.
 - e. Eliminate appropriation for McKay Scholarships (\$31,556,750). The original FTE estimate included approximately 4,000 FTE McKay Scholarships resulting in revenues and appropriations established at \$31.6 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.
 - f. Reduce non-salary discretionary allocation to schools to 50% from final school based budget. Schools have received only 50% of their funds thus far (\$5,623,060).
 - g. Increase non-salary accounts for distribution of Advanced Placement funds (reclassified from salary and fringe benefit accounts) in the amount of \$5,755,876.
 - h. Decrease non-salary by (\$2,007,681) based on latest projections.

TOTAL APPROPRIATION CHANGES

\$(45,310,662)

<u>TRANSFERS/UNASSIGNED FUND BALANCE</u>	<u>INCREASE (DECREASE)</u>
 <u>TRANSFERS/UNASSIGNED FUND BALANCE</u>	
1. Establish a one-time Transfer to Internal Service Fund to adequately fund the Ending Net Assets in that Fund.	\$ 12,000,000
2. Decrease Unassigned Fund Balance to balance. The Unassigned Fund Balance of \$80,472,792 will be restored to \$83.5 million based on anticipated favorable salary expenditures as of April 30, 2012.	(3,158,118)

TOTAL INCREASE IN TRANSFERS/UNASSIGNED FUND BALANCE	<u>\$ 8,841,882</u>
TOTAL DECREASE IN APPROPRIATIONS, TRANSFERS & RESERVES	<u>\$(36,468,780)</u>

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

1. adopt Resolution No. 1, FY 2011-12 General Fund Mid-Year Budget Review, decreasing revenues, appropriations and reserves by (\$36,468,780); 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
SUMMARY OF REVENUES AND APPROPRIATIONS
GENERAL FUND
FY2011-12
RESOLUTION NO. 1**

	ADOPTED BUDGET 9/7/11	RESOLUTION NO. 1	AMENDED BUDGET 2/15/12
REVENUES & BEGINNING BALANCES			
REVENUES			
Federal	\$ 17,460,454	\$ -	\$ 17,460,454
State	1,097,037,242	(35,997,780)	1,061,039,462
Local	1,292,069,953	(471,000)	1,291,598,953
TOTAL REVENUES	\$ 2,406,567,649	\$ (36,468,780)	\$ 2,370,098,869
TRANSFERS FROM CAPITAL OUTLAY	\$ 138,064,858	\$ -	\$ 138,064,858
BEGINNING FUND BALANCE	221,712,200	-	221,712,200
SUBTOTAL REVENUES & BEGINNING BALANCES	\$ 2,766,344,707	\$ (36,468,780)	\$ 2,729,875,927
NON-REVENUE SOURCES - Other	-	-	-
TOTAL REVENUES & BEGINNING BALANCES	\$ 2,766,344,707	\$ (36,468,780)	\$ 2,729,875,927
APPROPRIATIONS & RESERVES			
APPROPRIATIONS			
Salaries	\$ 1,574,960,401	\$ (10,272,334)	\$ 1,564,688,067
Employee Benefits	488,115,366	8,848,346	496,963,712
Liability Insurance	4,365,609	-	4,365,609
Purchased Services	395,946,847	(38,010,966)	357,935,881
Energy Services	69,571,295	(47,745)	69,523,550
Other Non-Salary	149,754,279	(5,827,963)	143,926,316
TOTAL APPROPRIATIONS	\$ 2,682,713,797	\$ (45,310,662)	\$ 2,637,403,135
TRANSFERS TO OTHER FUNDS	\$ -	\$ 12,000,000	\$ 12,000,000
RESERVES & ENDING FUND BALANCE			
Unassigned (Contingency)	\$ 83,630,910	\$ (3,158,118)	\$ 80,472,792
TOTAL RESERVES & ENDING FUND BALANCE	\$ 83,630,910	\$ (3,158,118)	\$ 80,472,792
TOTAL APPROPRIATIONS, RESERVES & ENDING FUND BALANCE	\$ 2,766,344,707	\$ (36,468,780)	\$ 2,729,875,927

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
SUMMARY OF REVENUES AND OTHER SOURCES**

General Fund
FY2011-12

Resolution No. 1

	ADOPTED BUDGET 9/7/2011	RESOLUTION NO. 1	AMENDED BUDGET 2/15/2012
FEDERAL SOURCES			
Impact Aid	\$ 13,367	\$ -	\$ 13,367
R.O.T.C.	2,145,515	-	2,145,515
Medicaid Reimbursement	13,350,000	-	13,350,000
Federal Through State Community Schools	1,951,572	-	1,951,572
Total Federal	\$ 17,460,454	\$ -	\$ 17,460,454
STATE SOURCES			
FLORIDA EDUCATION FINANCE PROGRAM:			
Base Funding less FEFP Required Local Effort	\$ 277,562,359	\$ 2,639,248	\$ 280,201,607
Safe Schools(B)	9,778,182	(4,882)	9,773,300
Supplemental Academic Instruction	113,198,791	-	113,198,791
ESE Guarantee	126,550,963	-	126,550,963
Reading Allocation (A)	12,131,357	(16,531)	12,114,826
Merit Award Allocation (MAP)	1,197,313	56,963	1,254,276
DJJ Supplemental Allocation	452,716	(28,412)	424,304
Instructional Material	26,675,852	(60,176)	26,615,676
Instructional Materials - Adjustments	-	(320,436)	(320,436)
Transportation	24,493,471	(109,859)	24,383,612
Teachers Lead Program	4,202,272	-	4,202,272
Prior Year Adjustment	-	1,118,398	1,118,398
Prior Year Adjustment for Scholarship Deductions	-	(380,038)	(380,038)
Proration to Funds Available	(212,674)	(3,839,683)	(4,052,357)
Virtual Education Contribution	51,620	5,637	57,257
McKay Scholarship Adjustment	-	(32,265,345)	(32,265,345)
Sub-Total FEFP	\$ 596,082,222	\$ (33,205,116)	\$ 562,877,106
OTHER STATE:			
Workforce Development	\$ 81,814,780	\$ -	\$ 81,814,780
Adults with Disabilities (A)	1,323,776	-	1,323,776
Performance Based Incentives	849,190	-	849,190
Voluntary Pre-K (A)	9,341,360	-	9,341,360
CATEGORICAL PROGRAMS:			
Full Service Schools (A)	768,000	-	768,000
Discretionary Lottery Funds	1,018,720	(1,397)	1,017,323
Prior Year Adjustment-Lottery	-	(163)	(163)
School Recognition/Merit (A)	14,887,487	-	14,887,487
Class Size Reduction	389,783,803	(735,232)	389,048,571
Class Size Reduction-Est. Penalty	-	(2,319,691)	(2,319,691)
Miscellaneous State	1,167,904	263,819	1,431,723
Total State	\$ 1,097,037,242	\$ (35,997,780)	\$ 1,061,039,462

(A) Revenue for which appropriations equal revenue.

(B) Revenue for which appropriations exceed revenue.

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
SUMMARY OF REVENUES AND OTHER SOURCES**

**General Fund
FY2011-12**

Resolution No. 1

	ADOPTED TENTATIVE 9/7/2011	RESOLUTION NO. 1	AMENDED BUDGET 2/15/2012
LOCAL SOURCES			
FEFP Required Local Effort	\$ 1,091,713,063	\$ 30,000,000	\$ 1,121,713,063
Local Discretionary Millage	90,512,659	-	90,512,659
Sub - Total	\$ 1,182,225,722	\$ 30,000,000	\$ 1,212,225,722
Miscellaneous Local:			
Tax Redemptions	\$ 16,500,000	\$ -	\$ 16,500,000
Rent	6,190,000	-	6,190,000
Interest	1,220,000	(471,000)	749,000
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)	15,873,298	-	15,873,298
Community Schools - Internal (A)	1,895,373	-	1,895,373
Community Schools - Internal (A)	3,968,325	-	3,968,325
Driver Education	700,000	-	700,000
Fed. Indirect Cost Reimbursement	7,970,475	-	7,970,475
Universal Services (E-Rate)	8,500,000	-	8,500,000
Misc. School Receipts (A)	3,000,000	-	3,000,000
Food Service Indirect Costs	3,208,953	-	3,208,953
Other Miscellaneous Local	35,621,267	(30,000,000)	5,621,267
Total Local	\$ 1,292,069,953	\$ (471,000)	\$ 1,291,598,953
TOTAL REVENUES	\$ 2,406,567,649	\$ (36,468,780)	\$ 2,370,098,869
TRANSFERS			
From Capital Outlay	\$ 138,064,858	\$ -	\$ 138,064,858
FUND BALANCE FROM PRIOR YEAR	221,712,200	-	221,712,200
TOTAL REVENUES & OTHER SOURCES	\$ 2,766,344,707	\$ (36,468,780)	\$ 2,729,875,927

(A) Revenue for which appropriations equal revenue.

(B) Revenue for which appropriations exceed revenue.

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
SUMMARY OF REVENUES AND OTHER SOURCES
General Fund
FY2011-12**

Resolution No. 1

MISCELLANEOUS STATE SOURCES	ADOPTED BUDGET 9/7/2011	RESOLUTION NO. 1	AMENDED BUDGET 2/15/2012
CO & DS Withheld for Adm.	\$ 145,000	\$ -	\$ 145,000
State License Tax	248,420	-	248,420
Multiagency State General Revenue	-	-	-
Health Service (B)	72,960	-	72,960
SFW Individual Training Account	701,524	-	701,524
FDLRS - Gen Revenue	-	51,586	51,586
SEDNET IDEA State General	-	16,279	16,279
Collaborative Curriculum	-	20,204	20,204
Learning for Life	-	175,750	175,750
TOTAL MISCELLANEOUS STATE	\$ 1,167,904	\$ 263,819	\$ 1,431,723

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

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
SUMMARY OF REVENUES AND OTHER SOURCES
General Fund
FY2011-12**

Resolution No. 1

	ADOPTED BUDGET 9/7/2011	RESOLUTION NO. 1	AMENDED BUDGET 2/15/2012
OTHER MISCELLANEOUS LOCAL SOURCES			
Fee Supported Pre-K (B)	\$ 5,222,611	\$ -	\$ 5,222,611
MDCPS Police Reimbursable OT	160,656	-	160,656
Value Adjustment Board Legislative Change	30,000,000	(30,000,000)	-
Fingerprinting	238,000	-	238,000
TOTAL OTHER MISC LOCAL	\$ 35,621,267	\$ (30,000,000)	\$ 5,621,267

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

MIAMI-DADE COUNTY PUBLIC SCHOOLS
2011-12 GENERAL FUND BUDGET
SUMMARY OF APPROPRIATIONS BY FUNCTION
RESOLUTION NO. 1
FEBRUARY 16, 2012

FUNCTION	TOTAL BUDGET	SALARIES (61XX)	EMPLOYEE BENEFITS (62XX)	PURCHASED SERVICES (63XX)	ENERGY SERVICES (64XX)	MATERIALS AND SUPPLIES (65XX)	CAPITAL OUTLAY (66XX)	OTHER EXPENSES (67XX)
INSTRUCTIONAL SERVICES	\$ 1,793,219,221	\$ 1,076,347,915	\$ 329,001,544	\$ 261,737,366	\$ 4,106	\$ 122,038,826	\$ 2,117,760	\$ 1,971,704
SUPPORT SERVICES:								
5000 Pupil Personnel Services	96,874,960	68,548,667	22,900,639	5,399,612	-	26,042	-	-
6100 Instructional Media Services	25,333,833	18,543,041	5,770,998	53,892	-	16,962	948,940	-
6200 Instruction & Curriculum Development	23,109,781	15,153,179	4,135,622	2,964,498	-	148,988	222,728	484,766
6300 Instructional Staff Training	6400	2,162,203	1,908,772	11,810	-	8,822	-	-
6400 Instructional Support	25,462,907	18,537,214	6,130,757	607,788	90,952	96,196	-	-
6500 Board of Education	7100	6,378,020	1,086,120	958,468	2,462	135,468	67,572	281,230
6600 General Administration	4,760,376	3,748,845	874,895	82,536	25,518	27,276	-	1,306
6700 School Administration	152,710,053	117,172,874	33,574,925	477,436	6,792	1,232,226	201,896	43,904
6800 Facilities Acquisition & Construction	7410	-	-	-	-	-	-	-
6900 Fiscal Services	10,317,517	7,677,108	2,173,637	365,326	5,630	28,662	24,150	43,004
7000 Central Services	57,699,284	30,126,950	8,759,814	17,571,026	102,618	1,050,813	2,390	85,673
7100 Transportation Services	75,859,853	40,075,484	18,656,863	7,214,378	8,132,244	1,578,708	-	2,176
7200 Operation of Plant	251,781,394	97,712,445	43,683,739	49,884,338	59,639,990	489,442	371,440	-
7300 Maintenance of Plant	79,576,617	43,302,638	13,647,583	12,178,992	1,513,238	8,884,090	48,882	1,194
7400 General Support	3,821,493	1,002,831	240,224	2,554,156	-	24,282	-	-
7500 Budget Clearing	8300	-	-	-	-	-	-	-
7600 Community Services	9100	20,729,973	4,217,580	239,868	-	548,412	37,844	378,542
7700 Debt Services	254,000	-	-	-	-	-	-	254,000
Total Instruction & Support Services	\$ 2,637,403,135	\$ 1,564,688,067	\$ 496,963,712	\$ 362,301,490	\$ 69,523,550	\$ 136,335,215	\$ 4,043,602	\$ 3,547,499
Transfers to Other Funds								
9792 Debt Service	\$ -	-	-	-	-	-	-	-
9793 Capital Outlay	-	-	-	-	-	-	-	-
9794 Special Revenue	-	-	-	-	-	-	-	-
9798 Internal Service	12,000,000	-	-	-	-	-	-	-
9799 Trust & Agency	-	-	-	-	-	-	-	-
Total Appropriations & Transfers	2,649,403,135	-	-	-	-	-	-	-
Fund Balance:								
Non-Spendable:								
Reserve for Pre-Paid Expenses	\$ -	-	-	-	-	-	-	-
Reserve for Inventory	-	-	-	-	-	-	-	-
Restricted:								
Reserve for State Categoricals	-	-	-	-	-	-	-	-
Assigned:								
Other Rebudgets	-	-	-	-	-	-	-	-
Commitments	-	-	-	-	-	-	-	-
Unassigned:								
Total Fund Balance	80,472,792	-	-	-	-	-	-	-
Total Appropriations, Transfers and Fund Balance	80,472,792	-	-	-	-	-	-	-
	\$ 2,729,875,927	-	-	-	-	-	-	-