

Financial Services
Richard H. Hinds, Chief Financial Officer

**SUBJECT: RESOLUTION NO. 1, FY 2013-14 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; and 4) increase in Transfer from Capital Outlay. Changes to specific revenue and appropriation items are described below.

Total revenues/other sources are being decreased by \$32.0 million of which \$37.1 million is a decrease in revenue for McKay Scholarships which has an offsetting appropriation. Other revenue changes include new miscellaneous state grants, a decrease in interest based on the latest available information, an FEFP Enhancement Allocation 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 2013:

- Increase of 158.99 **weighted** full-time equivalent (FTE) students reported (\$0.6 million). Unweighted FTE increased 1,173.79; however, Exceptional Education programs were down causing revenues to be lower than expected resulting in lower weighted FTE (approximately \$8.0 million lower than anticipated with an increase of nearly 1,200 students).
- Eliminate revenue for McKay Scholarships (\$37.1 million) (offset by an appropriation decrease).
- Increase revenue for a Prior Year Adjustment (\$0.7 million) in FEFP earned vs paid.
- Decrease revenue in other FEFP programs, primarily instructional materials and transportation, by (\$0.04 million).
- Create an FEFP Enhancement Allocation due to a statewide reduction in wFTE (\$1.3 million).
- Decrease revenue for Categorical Programs by (\$1.6 million) in Class Size Reduction Program due to a statewide proration to funds available in this program.

**REPLACEMENT
E-14**

Major Appropriation Changes

Major appropriation changes are summarized based upon projections. **Salaries** are decreased primarily due to three major factors: 1) applicable portion of clerical pool reclassified to health benefits; 2) charter schools portion of teacher salary categorical to non-salary; 3) transfer of eligible expenditures to grants/capital outlay to fund Tax Collection Reserve. **Employee benefits** are higher primarily due to the shift of clerical pool to health benefits and an increase of \$7 million in health benefits authorized by the Board partially offset by fringes on salary adjustment above.

Major changes to **non-salary** accounts are: 1) reductions identified for shift to Tax Collection Reserve; 2) an increase in charter school payments due to the shift of teacher salary categorical to non-salary offset by a reduction in Charter School Capital Outlay payments; 3) the elimination of McKay Scholarships (\$38.0 million) which is offset by a revenue reduction; and 4) new grants offset by revenue increases.

In order to prepare for a possible shortfall in tax collections for the current fiscal year, the total **Contingency Reserve** has been increased to \$97.9 million or 3.80% 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 this potential revenue loss from tax collections.

This resolution reduces both revenues and appropriations by \$32.0 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:	\$ (35,227,120)
a. Decrease Florida Education Finance Program (FEFP) as follows:	
Increase of 158.99 weighted FTE	\$ 603,916
Safe Schools	(1,658)
Reading Allocation	29,806
Prior Year Adjustment	693,709
Prior Year Scholarship Adjustment	41,744
McKay Scholarship Adjustment	(37,104,263)
DJJ Supplemental Allocation	(42,543)
Instructional Materials	327,825
Instructional Materials Adjustment	(355,224)
Transportation	(431,322)
Proration to Funds Available	309,558
Virtual Education Contribution	(34,930)
Teacher Salary Increase	117,876
FEFP Enhancement Allocation	1,286,409
Total	<u>\$ (34,559,097)</u>

REVENUE CHANGES (Continued)

**INCREASE
(DECREASE)**

b. Decrease Class Size Reduction by (\$1,617,378) due to a statewide proration of funds available for the program.

c. Increase Miscellaneous State revenue by \$949,355 (programs identified on page 10 entitled Miscellaneous State Sources).

2. Decrease **Local Revenues** for interest based on the latest projection. \$ (169,000)

3. Decrease **Transfer from Capital Outlay** based on a decrease in FLDOE Charter School Capital Outlay funding. This reduction is offset by an appropriation decrease. (1,078,589)

**NET REVENUES AND OTHER SOURCES DECREASE
DUE TO PROJECTIONS**

\$ (36,474,709)

**REVENUE ADJUSTMENTS TO COVER PROJECTED TAX
COLLECTION SHORTFALL**

1. Increase **Federal Sources** for Medicaid reimbursement due to an increase in the percentage reimbursement determined by the State. This adjustment is based on actual receipts for FY 2012-13 reimbursements in excess of estimate. \$ 1,508,632

2. Increase **Transfer from Capital Outlay** to cover projected eligible maintenance expenditures. 3,000,000

**REVENUE ADJUSTMENTS TO COVER PROJECTED
TAX COLLECTION SHORTFALL**

\$ 4,508,632

NET REVENUES AND OTHER SOURCES DECREASE

\$ (31,966,077)

APPROPRIATION CHANGES

**INCREASE
(DECREASE)**

1. **Salaries** are projected to decrease from the adopted budget due \$ (14,400,544) primarily to the following:

- a. Increase salaries by \$97,463 in miscellaneous state/local grants offset by an increase in revenue.
- b. Increase salaries by \$102,199 in Teachers Salary Allocation offset by an increase in revenue.
- c. Reclassification of Teachers Salary categorical from salaries to non-salary to fund Charter Schools (\$8,670,019).
- d. Reclassification of salaries to health insurance for the clerical pool (\$7,344,738).
- e. Increase hourly by \$1,414,551 based on projections.

2. **Employee benefits** are increased due to the following: 13,262,377

- a. Decrease in FICA/Retirement/Workers Compensation by (\$2,209,044) based on salary adjustments shown above.
- b. Reclassification of salaries to health insurance for the clerical pool allocation (\$8,471,421). Positions are not reflected in the adopted budget (the total estimated costs of the positions are included).

Increased health benefits from the adopted budget level by \$7 million as authorized by the Board. Staff is closely monitoring projections from the impact of the implementation of new rates effective January 1, 2014.

3. Increase appropriations for **Charter School** by shifting \$10 million from salary/fringe benefits to non-salary to pay out the Teacher Salary categorical to charter schools. 8,921,411

Decrease appropriations for Charter School Capital Outlay based on revenue estimate provided by Department of Education (\$1,078,589). This appropriation is offset by a reduction in the Transfer from Capital Outlay.

APPROPRIATION CHANGES (Continued)

**INCREASE
(DECREASE)**

4. Other non-salary accounts will decrease due primarily to the following: \$ (37,257,953)
- a. Increase in miscellaneous state/local programs by \$836,941 which is offset by an increase in revenue.
 - b. Adjust the following FEFP programs due to adjustments per 3rd FEFP calculation:

Instructional Materials	\$ (27,399)
DJJ Supplemental Allocation	<u>(42,543)</u>
Total	\$ (69,942)
 - c. Eliminate appropriation for McKay Scholarships (\$38,024,952). The original FTE estimate included approximately 4,590 FTE McKay Scholarships resulting in appropriations established at \$38.0 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.

TOTAL APPROPRIATION CHANGES

\$(29,474,709)

**BUDGET REDUCTIONS TO COVER PROJECTED TAX
COLLECTION SHORTFALL**

- 1. Reduce textbook allocations through flexibility as allowed by law, all required textbooks have been purchased. \$ (4,000,000)
- 2. Eliminate undistributed non-salary discretionary allocations to schools from final school based budgets. Schools have \$8.4 million of unspent funds as of 1/30/14, excluding the amount not distributed of \$5,083,571. (5,083,571)
- 3. Transfer of additional maintenance expenditures to the Food Service Fund based on the projected spending level. (1,000,000)
- 4. Additional transfer of eligible expenditures to Federal Grants. Funds are available in selected Federal Grants due to the release of sequestration budgets that had been set aside. (6,500,000)
- 5. Transfer of eligible costs to be abated to the capital outlay fund. (1,590,509)

**TOTAL APPROPRIATION REDUCTIONS TO COVER
PROJECTED TAX COLLECTION SHORTFALL**

\$(18,174,080)

<u>TRANSFERS/UNASSIGNED/ASSIGNED FUND BALANCE</u>	<u>INCREASE (DECREASE)</u>
1. Transfer of the Assigned Fund Balance (Tax Collection Shortfall Reserve) to fringe benefits to cover the Board's increased contribution for health care.	\$ (7,000,000)
2. Increase Contingency Reserve in the anticipation of a possible shortfall in tax collection revenue this fiscal year. The unassigned Fund Balance represents 3.8% of revenue.	22,682,712
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TOTAL INCREASE IN TRANSFERS & UNASSIGNED/ ASSIGNED FUND BALANCE	<u>\$ 15,682,712</u>
TOTAL DECREASE IN APPROPRIATIONS, TRANSFERS & UNASSIGNED/ASSIGNED FUND BALANCE	<u>\$(31,966,077)</u>

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

1. adopt Resolution No. 1, FY 2013-14 General Fund Mid-Year Budget Review, decreasing revenues, appropriations and reserves by (\$31,966,077); and
2. adopt the Summary of Revenues and Appropriations (page 7) and the Summary of Appropriations by Function (page 12).

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
 FY 2013-14 GENERAL FUND
 SUMMARY OF REVENUES AND APPROPRIATIONS
 RESOLUTION NO. 1**

	<u>ADOPTED BUDGET 9/3/2013</u>	<u>INCREASE (DECREASE)</u>	<u>AMENDED BUDGET 2/12/2014</u>
REVENUES & BEGINNING BALANCES			
REVENUES			
Federal	\$ 17,543,686	\$ 1,508,632	\$ 19,052,318
State	1,264,763,356	(35,227,120)	1,229,536,236
Local	1,328,271,951	(169,000)	1,328,102,951
TOTAL REVENUES	<u>\$ 2,610,578,993</u>	<u>\$ (33,887,488)</u>	<u>\$ 2,576,691,505</u>
TRANSFERS FROM CAPITAL OUTLAY	\$ 155,195,143	\$ 1,921,411	\$ 157,116,554
BEGINNING FUND BALANCE	84,350,072	-	84,350,072
SUBTOTAL REVENUES & BEGINNING BALANCES	<u>\$ 2,850,124,208</u>	<u>\$ (31,966,077)</u>	<u>\$ 2,818,158,131</u>
NON-REVENUE SOURCES - Other	-	-	-
TOTAL REVENUES & BEGINNING BALANCES	<u>\$ 2,850,124,208</u>	<u>\$ (31,966,077)</u>	<u>\$ 2,818,158,131</u>
APPROPRIATIONS & RESERVES			
APPROPRIATIONS			
Salaries	\$ 1,577,945,989	\$ (21,415,030)	\$ 1,556,530,959
Employee Benefits	517,079,101	12,186,354	529,265,455
Liability Insurance	4,997,250	-	4,997,250
Energy Services	66,488,836	-	66,488,836
Charter Schools	327,464,749	8,921,411	336,386,160
Purchased Services	167,156,680	(21,015,664)	146,141,016
Other Non-Salary	104,092,342	(26,325,860)	77,766,482
TOTAL APPROPRIATIONS	<u>\$ 2,765,224,947</u>	<u>\$ (47,648,789)</u>	<u>\$ 2,717,576,158</u>
TRANSFERS TO OTHER FUNDS	\$ 2,687,361	\$ -	\$ 2,687,361
RESERVES & ENDING FUND BALANCE			
Assigned	\$ 7,000,000	\$ (7,000,000)	\$ -
Unassigned (Contingency)	75,211,900	22,682,712	97,894,612
TOTAL RESERVES & ENDING FUND BALANCE	<u>\$ 82,211,900</u>	<u>\$ 15,682,712</u>	<u>\$ 97,894,612</u>
TOTAL APPROPRIATIONS, RESERVES & & ENDING FUND BALANCE	<u>\$ 2,850,124,208</u>	<u>\$ (31,966,077)</u>	<u>\$ 2,818,158,131</u>

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
FY 2013-14 GENERAL FUND
SUMMARY OF REVENUES AND APPROPRIATIONS
RESOLUTION NO. 1**

	<u>ADOPTED BUDGET 9/3/2013</u>	<u>INCREASE (DECREASE)</u>	<u>AMENDED BUDGET 2/12/2014</u>
FEDERAL SOURCES			
Impact Aid	\$ 15,000	\$ -	\$ 15,000
R.O.T.C.	2,000,000	-	2,000,000
Medicaid Reimbursement	14,300,000	1,508,632	15,808,632
Federal Through State Community Schools	1,228,686	-	1,228,686
Total Federal	\$ 17,543,686	\$ 1,508,632	\$ 19,052,318
STATE SOURCES			
FLORIDA EDUCATION FINANCE PROGRAM (C):			
Base Funding less FEFP Required Local Effort	\$ 360,132,884	\$ 603,916	\$ 360,736,800
Safe Schools	9,859,256	(1,658)	9,857,598
Supplemental Academic Instruction	117,206,208	-	117,206,208
ESE Guarantee	126,355,688	-	126,355,688
Reading Allocation	16,001,389	29,806	16,031,195
Prior Year Adjustment	-	693,709	693,709
Prior Year Adjustment for Scholarship Deductions	-	41,744	41,744
McKay Scholarship Adjustment	-	(37,104,263)	(37,104,263)
DJJ Supplemental Allocation (A)	376,308	(42,543)	333,765
Instructional Materials	27,498,648	327,825	27,826,473
Instructional Materials - Adjustments	-	(355,224)	(355,224)
Transportation	24,736,229	(431,322)	24,304,907
Teachers Lead Program (A)	5,948,320	-	5,948,320
Proration to Funds Available	(309,558)	309,558	-
Virtual Education Contribution	96,050	(34,930)	61,120
Teacher Salary increase	62,825,677	117,876	62,943,553
FEFP Enhancements Allocation	-	1,286,409	1,286,409
Sub-Total FEFP	\$ 750,727,099	\$ (34,559,097)	\$ 716,168,002
OTHER STATE/CATEGORICAL PROGRAMS:			
Workforce Development (A)	\$ 79,601,906	-	\$ 79,601,906
Adults with Disabilities (A)	1,125,208	-	1,125,208
Performance Based Incentives	931,355	-	931,355
Voluntary Pre-K (B)	14,136,136	-	14,136,136
Full Service Schools (A)	768,000	-	768,000
School Recognition/Merit (A)	19,667,444	-	19,667,444
Class Size Reduction	394,930,666	(1,617,378)	393,313,288
Miscellaneous State (see A-3)	2,875,542	949,355	3,824,897
Sub-Total Other State	\$ 514,036,257	\$ (668,023)	\$ 513,368,234
Total State	\$ 1,264,763,356	\$ (35,227,120)	\$ 1,229,536,236

- (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 2013-14 GENERAL FUND
 SUMMARY OF REVENUES AND OTHER SOURCES
 RESOLUTION NO. 1**

	<u>AMENDED TENTATIVE 9/3/2013</u>	<u>INCREASE (DECREASE)</u>	<u>AMENDED BUDGET 2/12/2014</u>
LOCAL SOURCES			
FEFP Required Local Effort	\$ 1,114,263,645	\$ -	\$ 1,114,263,645
Local Discretionary Millage	141,864,181	-	141,864,181
Sub - Total Local	<u>\$ 1,256,127,826</u>	<u>\$ -</u>	<u>\$ 1,256,127,826</u>
MISCELLANEOUS LOCAL:			
Tax Redemptions	\$ 15,000,000	\$ -	\$ 15,000,000
Rent	7,035,504	-	7,035,504
Interest	807,000	(169,000)	638,000
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 - Internal (A)	20,727,342	-	20,727,342
Driver Education	2,000,000	-	2,000,000
Fed. Indirect Cost Reimbursement	6,052,011	-	6,052,011
Universal Services (E-Rate)	7,000,000	-	7,000,000
Misc. School Receipts (A)	3,000,000	-	3,000,000
Food Service Indirect Costs	2,879,068	-	2,879,068
Other Miscellaneous Local	2,495,200	-	2,495,200
Sub-Total Miscellaneous Local	<u>\$ 72,144,125</u>	<u>\$ (169,000)</u>	<u>\$ 71,975,125</u>
Total Local	<u>\$ 1,328,271,951</u>	<u>\$ (169,000)</u>	<u>\$ 1,328,102,951</u>
TOTAL REVENUES	<u>\$ 2,610,578,993</u>	<u>\$ (33,887,488)</u>	<u>\$ 2,576,691,505</u>
OTHER FINANCING SOURCES			
Transfers From Capital Outlay	\$ 155,195,143	\$ 1,921,411	\$ 157,116,554
FUND BALANCE FROM PRIOR YEAR	<u>84,350,072</u>	<u>-</u>	<u>84,350,072</u>
TOTAL REVENUES & OTHER SOURCES	<u>\$ 2,850,124,208</u>	<u>\$ (31,966,077)</u>	<u>\$ 2,818,158,131</u>

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

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
 FY 2013-14 GENERAL FUND
 SUMMARY OF REVENUES AND OTHER SOURCES
 RESOLUTION NO. 1**

	<u>AMENDED BUDGET 9/3/2013</u>	<u>INCREASE (DECREASE)</u>	<u>AMENDED BUDGET 2/12/2014</u>
MISCELLANEOUS STATE SOURCES			
CO & DS Withheld for Adm.	\$ 145,000	\$ -	\$ 145,000
District Bandwidth Support	1,501,156	-	1,501,156
State License Tax	248,420	-	248,420
Health Service (A)	72,960	-	72,960
SFW Individual Training Account (A)	588,141	(108)	588,033
FDLRS - Gen Revenue (A)	51,586	-	51,586
SEDNET IDEA State General (A)	16,279	-	16,279
Collaborative Curriculum (A)	-	35,000	35,000
WLRN - TV FL Community Svc. (A)	-	307,447	307,447
WLRN - FM Radio Community Svc. (A)	-	313,016	313,016
DA Summer Academy (A)	252,000	-	252,000
Learning for Life (A)	-	294,000	294,000
TOTAL MISCELLANEOUS STATE	<u>\$ 2,875,542</u>	<u>\$ 949,355</u>	<u>\$ 3,824,897</u>

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

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
 FY 2013-14 GENERAL FUND
 SUMMARY OF REVENUES AND OTHER SOURCES
 RESOLUTION NO. 1**

	<u>AMENDED BUDGET 9/3/2013</u>	<u>INCREASE (DECREASE)</u>	<u>AMENDED BUDGET 2/12/2014</u>
OTHER MISCELLANEOUS LOCAL SOURCES			
Fee Supported Pre-K (B)	\$ 2,257,200	\$ -	\$ 2,257,200
Fingerprinting	238,000	-	238,000
TOTAL OTHER MISC LOCAL	<u>\$ 2,495,200</u>	<u>\$ -</u>	<u>\$ 2,495,200</u>

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

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
2013-14 GENERAL FUND BUDGET
SUMMARY OF APPROPRIATIONS BY FUNCTION
RESOLUTION NO. 1
FEBRUARY 12, 2014**

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	\$ 1,850,716,676	\$ 1,066,443,554	\$ 362,155,034	\$ 366,967,608	\$ 2,257	\$ 48,070,934	\$ 3,028,969	\$ 4,058,300
SUPPORT SERVICES:								
5000 Pupil Personnel Services	102,365,437	71,863,204	24,166,012	6,317,166	-	19,055	-	-
6100 Instructional Media Services	22,572,973	15,785,034	5,135,550	682,333	-	15,647	974,409	-
6200 Instruction & Curriculum Development	24,565,704	14,544,162	3,964,251	2,463,215	-	93,286	574,502	-
6300 Instructional Staff Training	1,849,644	792,030	1,047,790	9,536	-	288	-	2,926,288
6400 Instructional Support	27,044,390	19,604,367	6,242,432	1,120,015	86,408	71,518	(80,350)	-
6500 Board of Education	7,406,226	4,177,777	1,289,892	996,173	4,519	77,075	54,071	806,719
7100 General Administration	4,607,111	3,232,390	1,076,031	247,240	28,911	19,402	1,342	1,795
7200 School Administration	152,980,944	116,224,963	34,823,635	771,226	10,328	791,516	344,502	14,774
7300 Facilities Acquisition & Construction	1,117,798	-	-	-	-	1,117,798	-	-
7410 Fiscal Services	10,605,850	7,312,368	2,248,615	434,218	-	8,078	35,768	566,603
7500 Central Services	52,331,931	30,020,163	2,182,693	19,771,557	105,759	10,439	145,801	95,519
7700 Transportation Services	79,536,082	37,837,367	18,889,586	9,822,179	10,378,464	2,741,599	-	(133,113)
7800 Operation of Plant	250,097,608	97,169,519	44,466,770	52,523,195	54,223,503	579,179	1,134,021	1,421
7900 Maintenance of Plant	100,340,744	50,189,333	16,914,496	23,797,746	1,648,687	7,747,696	46,506	(3,720)
8100 General Support	2,385,069	802,177	231,700	1,341,368	-	9,824	-	-
8200 Community Services	26,230,090	20,552,551	4,430,968	269,651	-	235,543	36,543	704,834
9100 Debt Services	822,081	-	-	-	-	-	-	822,081
9200 Total Instruction & Support Services	\$ 2,717,576,158	\$ 1,556,530,959	\$ 529,265,455	\$ 487,524,426	\$ 66,488,836	\$ 60,491,079	\$ 7,413,902	\$ 9,861,501
Transfers to Other Funds								
9792 Debt Service	\$ 2,687,361	-	-	-	-	-	-	-
9793 Capital Outlay	-	-	-	-	-	-	-	-
9794 Special Revenue	-	-	-	-	-	-	-	-
9798 Internal Service	-	-	-	-	-	-	-	-
9799 Trust & Agency	-	-	-	-	-	-	-	-
Total Appropriations & Transfers	2,720,263,519							
Fund Balance:								
Non-Spendable:								
Reserve for Pre-Paid Expenses	\$ -							
Reserve for Inventory	-							
Restricted:								
Reserve for State Categoricals	-							
Assigned:								
Tax Reserve	-							
Other Rebudgets	-							
Commitments	-							
Unassigned:								
Total Fund Balance	97,894,612							
Total Appropriations, Transfers and Fund Balance	\$ 2,818,158,131							