

Financial Services
Mrs. Judith M. Marte, Chief Financial Officer

**SUBJECT: RESOLUTION NO. 1, FY 2014-15 GENERAL FUND MID-YEAR
BUDGET REVIEW**

COMMITTEE: FISCAL ACCOUNTABILITY

**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; and 3) new miscellaneous state and local grants. Changes to specific revenue and appropriation items are described below.

Total revenues/other sources are being decreased by \$55.5 million of which \$39.2 million is a decrease in revenue for McKay Scholarships which has an offsetting appropriation. Other revenue changes include new miscellaneous state/local grants, an increase in interest based on the latest available information, a statewide proration in the FEFP due to an under-count of uwFTE of 11,737.31 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 2014:

- Decrease of (1,950.09) **weighted** full-time equivalent (FTE) students reported (\$8.0 million).
- Eliminate revenue for McKay Scholarships (\$39.2 million) (offset by an appropriation decrease).
- Increase revenue for a Prior Year Adjustment by \$3.0 million in FEFP earned vs paid.
- Increase the negative proration \$7.5 million due to an increase in statewide FTE.
- Decrease revenue in other FEFP programs, primarily instructional materials and transportation, by \$0.9 million.
- Decrease revenue for Categorical Programs by \$5.1 million due to a reduction in Class Size Reduction Program due to a statewide proration to funds available in this program.
- Increase miscellaneous state/local grants \$2.2 million.

Major Appropriation Changes

Major appropriation changes are summarized based upon projections. **Salaries** are increased primarily due to Board approved raises partially offset by reclassifying Advanced Placement program from salaries to non-salary. **Employee benefits** are lower primarily due to a shift of expenditures to the Internal Service Fund.

Major changes to **non-salary** accounts are: 1) an increase in energy services; 2) an increase in charter school payments; 3) the elimination of McKay Scholarships (\$39.9 million) which is offset by a revenue reduction; 4) transfer of eligible expenditures to grants; and 5) new grants offset by revenue increases.

This resolution reduces the Tax Collection Reserve \$7.1 million due solely to the statewide proration. **Contingency Reserve** remains at \$81.2 million. The assigned/unassigned fund balance must be 3% of revenue as required by Florida Statute. In this resolution assigned/unassigned fund balance is 3.87% of revenue. It will be necessary to continue the strict hiring freeze on open positions and continue to curtail expenditures for the balance of the year due to any potential revenue loss from tax collections.

This resolution reduces both revenues and appropriations by \$55.5 million.

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

REVENUE CHANGES

**INCREASE
(DECREASE)**

1. Decrease State revenues due to the following:		\$ (55,194,610)
a. Decrease Florida Education Finance Program (FEFP) as follows:		
Decrease of 1,950.09 weighted FTE	\$ (7,979,463)	
Safe Schools	(28,324)	
Declining Enrollment	390,177	
Reading Allocation	(162,563)	
Prior Year Adjustment	2,974,712	
Prior Year Scholarship Adjustment	47,026	
McKay Scholarship Adjustment	(39,193,623)	
DJJ Supplemental Allocation	28,245	
Instructional Materials	(1,037,411)	
Instructional Materials Adjustment	(369,490)	
Transportation	188,200	
Proration to Funds Available	(7,462,339)	
Virtual Education Contribution	14,311	
Digital Classrooms Allocation	(31,175)	
Total	<u>\$ (52,621,717)</u>	

REVENUE CHANGES (Continued)

**INCREASE
(DECREASE)**

b. Decrease Discretionary Lottery funds \$36,188 partially offset by a prior year adjustment for this program of \$6,478.	
c. Decrease Class Size Reduction by \$5,060,849 due to an increase in statewide FTE causing a proration of funds available for the program.	
d. Increase Miscellaneous State revenue by \$2,517,666 (programs identified on page 9 entitled Miscellaneous State Sources).	
2. Decrease Local Revenues for:	\$ (325,018)
a. Increase interest based on the latest projection by \$12,000.	
b. Decrease other miscellaneous local revenue by \$337,018. Programs identified on page 10 entitled Miscellaneous Local Sources.	
TOTAL REVENUES AND OTHER SOURCES DECREASE	<u>\$ (55,519,628)</u>

APPROPRIATION CHANGES

1. Salaries are projected to increase from the adopted budget due primarily to the following:	\$ 21,815,317
a. Increase salaries by \$523,385 in miscellaneous state/local grants offset by an increase in revenue.	
b. Increase salaries by \$23,925,232 for Board approved raises.	
c. Reclassification of the Advanced Placement budget from the salary account to non-salary (\$8,269,922).	
d. Increase salaries by \$5,636,622 based on latest projections.	
2. Employee benefits are decreased due to the following:	(41,548,659)
a. Increase in FICA/Retirement/Workers Compensation by \$1,677,432 based on salary adjustments shown above.	
b. Decreased health benefit expenditures from the adopted budget level by \$45,204,570. There are two primary drivers for this reduction: 1) the budgeted 2015 Board contribution rate increase was 9% (actual contribution rate was a 4% increase) and resulted in a favorable variance and 2) the Net Position for the Internal Service Fund exceeds the recommended balance of a 2 month reserve (cash basis).	

APPROPRIATION CHANGES (Continued)

**INCREASE
(DECREASE)**

A total of \$39 million of health insurance costs are being transferred from all funds to the Internal Service Fund to reduce the Net Position. The General Fund transfer is \$33,079,800. Staff is closely monitoring projections for the impact of the implementation of new rates effective January 1, 2015 so that this fund doesn't continue to unnecessarily increase reserves.

c. Increase in unemployment compensation by \$1,978,479.

- | | | |
|--|----|--------------|
| 3. Increase Energy Services mostly due to electricity costs. | \$ | 1,556,699 |
| 4. Increase appropriations for Charter Schools by shifting \$4,123,201 and \$290,000 from other non salary to charter schools for Instructional Materials & Digital Classrooms respectively. This is partially offset by a reduction in FEFP funding of \$2,164,566 due to 500 weighted FTE fewer than in the original estimate and a statewide proration. | | 2,248,635 |
| 5. Other non-salary accounts will decrease due primarily to the following: | | (32,460,877) |
| a. Increase in miscellaneous state/local programs by \$1,472,388 which is offset by an increase in revenue. | | |
| b. Eliminate appropriation for McKay Scholarships (\$39,927,188). The original FTE estimate included approximately 4,907 FTE McKay Scholarships resulting in appropriations established at \$39.9 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. | | |
| c. Transfer of eligible expenditure of \$2 million to Federal grants. Funds are available to cover said expenditures. | | |
| d. Increase non-salary accounts for distribution of Advanced Placement funds (reclassified from salary/fringe benefit accounts) in the amount of \$10,280,641. | | |
| e. Reduce appropriations by \$3,636,585 until revenue is recognized for FTE adjustments being made prior to the next FEFP calculation. | | |

APPROPRIATION CHANGES (Continued)

**INCREASE
(DECREASE)**

- f. Increase non-salary by \$1,349,867 based on latest projections due primarily to school based decisions.

TOTAL APPROPRIATION CHANGES

\$ (48,388,885)

TRANSFERS/UNASSIGNED/ASSIGNED FUND BALANCE

**INCREASE
(DECREASE)**

1. Decrease the Assigned Fund Balance (Tax Collection Shortfall Reserve) to balance due solely to the statewide proration.

\$ (7,130,743)

**TOTAL DECREASE IN TRANSFERS & UNASSIGNED/
ASSIGNED FUND BALANCE**

\$ (7,130,743)

**TOTAL DECREASE IN APPROPRIATIONS, TRANSFERS
& UNASSIGNED/ASSIGNED FUND BALANCE**

\$ (55,519,628)

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

1. adopt Resolution No. 1, FY 2014-15 General Fund Mid-Year Budget Review, decreasing revenues, appropriations and reserves by (\$55,519,628); 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 2014-15 GENERAL FUND
SUMMARY OF REVENUES AND APPROPRIATIONS
RESOLUTION NO. 1**

	<u>ADOPTED BUDGET 9/3/2014</u>	<u>INCREASE (DECREASE)</u>	<u>AMENDED BUDGET 2/11/2015</u>
REVENUES & BEGINNING BALANCES			
REVENUES			
Federal	\$ 18,743,686	\$ -	\$ 18,743,686
State	1,230,467,996	(55,194,610)	1,175,273,386
Local	1,457,580,190	(325,018)	1,457,255,172
TOTAL REVENUES	<u>\$ 2,706,791,872</u>	<u>\$ (55,519,628)</u>	<u>\$ 2,651,272,244</u>
TRANSFERS FROM CAPITAL OUTLAY	\$ 161,422,829	\$ -	\$ 161,422,829
BEGINNING FUND BALANCE	56,532,323	-	56,532,323
TOTAL REVENUES & BEGINNING BALANCES	<u>\$ 2,924,747,024</u>	<u>\$ (55,519,628)</u>	<u>\$ 2,869,227,396</u>
 APPROPRIATIONS & RESERVES			
APPROPRIATIONS			
Salaries	\$ 1,538,490,110	\$ 21,815,317	\$ 1,560,305,427
Employee Benefits	554,177,407	(41,548,659)	512,628,748
Liability Insurance	4,567,553	-	4,567,553
Energy Services	65,716,439	1,556,699	67,273,138
Charter Schools	368,516,941	2,248,635	370,765,576
Purchased Services	175,781,142	(36,093,788)	139,687,354
Other Non-Salary	97,929,886	3,632,911	101,562,797
TOTAL APPROPRIATIONS	<u>\$ 2,805,179,478</u>	<u>\$ (48,388,885)</u>	<u>\$ 2,756,790,593</u>
TRANSFERS TO OTHER FUNDS	\$ 9,730,720	\$ -	\$ 9,730,720
RESERVES & ENDING FUND BALANCE			
Assigned	\$ 28,627,184	\$ (7,130,743)	\$ 21,496,441
Unassigned (Contingency)	81,209,642	-	81,209,642
TOTAL RESERVES & ENDING FUND BALANCE	<u>\$ 109,836,826</u>	<u>\$ (7,130,743)</u>	<u>\$ 102,706,083</u>
TOTAL APPROPRIATIONS, RESERVES & ENDING FUND BALANCE	<u>\$ 2,924,747,024</u>	<u>\$ (55,519,628)</u>	<u>\$ 2,869,227,396</u>

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
FY 2014-16 GENERAL FUND
SUMMARY OF REVENUES AND OTHER SOURCES
RESOLUTION NO. 1**

	ADOPTED BUDGET 9/3/2014	INCREASE (DECREASE)	AMENDED BUDGET 2/11/2015
FEDERAL SOURCES			
Impact Aid	\$ 15,000	\$ -	\$ 15,000
R.O.T.C.	2,000,000	-	2,000,000
Medicaid Reimbursement	15,500,000	-	15,500,000
Federal Through State Community Schools	1,228,686	-	1,228,686
Federal Through State Adoption Incentive			
Total Federal	\$ 18,743,686	\$ -	\$ 18,743,686
STATE SOURCES			
FLORIDA EDUCATION FINANCE PROGRAM (C):			
Base Funding less FEFP Required Local Effort	\$ 381,687,275	\$ (7,979,463)	\$ 373,707,812
Safe Schools (B)	9,948,222	(28,324)	9,919,898
Supplemental Academic Instruction (B)	117,666,569	-	117,666,569
ESE Guarantee (B)	127,062,971	-	127,062,971
Declining Enrollment Supplement		390,177	390,177
Reading Allocation	16,036,282	(162,563)	15,873,719
Prior Year Adjustment		2,974,712	2,974,712
Prior Year Adjustment for Scholarship Deductions		47,026	47,026
McKay Scholarship Adjustment		(39,193,623)	(39,193,623)
DJJ Supplemental Allocation (A)	460,153	28,245	488,398
Instructional Materials	28,547,210	(1,037,411)	27,509,799
Instructional Materials - Adjustments		(369,490)	(369,490)
Transportation (B)	23,925,700	188,200	24,113,900
Teachers Lead Program (A)	5,935,630	-	5,935,630
Proration to Funds Available	(559,748)	(7,462,339)	(8,022,087)
Virtual Education Contribution	48,166	14,311	62,477
Digital Classrooms Allocation	3,100,722	(31,175)	3,069,547
Sub-Total FEFP	\$ 713,859,152	\$ (52,621,717)	\$ 661,237,435
OTHER STATE/CATEGORICAL PROGRAMS:			
Workforce Development (A)	\$ 79,272,335	-	\$ 79,272,335
Adults with Disabilities (A)	1,125,208	-	1,125,208
Performance Based Incentives	931,355	-	931,355
Voluntary Pre-K (B)	14,493,596	-	14,493,596
Full Service Schools (A)	768,000	-	768,000
Discretionary Lottery Funds	3,544,230	(36,188)	3,508,042
Prior Year Adjustment-Discretionary Lottery Funds		6,478	6,478
School Recognition/Merit (A)	16,674,275	-	16,674,275
Class Size Reduction	399,333,465	(5,060,849)	394,272,616
Miscellaneous State (see A-3)	466,380	2,517,666	2,984,046
Sub-Total Other State	\$ 516,608,844	\$ (2,572,893)	\$ 514,035,951
Total State	\$ 1,230,467,996	\$ (55,194,610)	\$ 1,175,273,386

- (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 2014-15 GENERAL FUND
 SUMMARY OF REVENUES AND OTHER SOURCES
 RESOLUTION NO. 1

	AMENDED BUDGET 9/3/2014	INCREASE (DECREASE)	AMENDED BUDGET 2/11/2015
LOCAL SOURCES			
FEFP Required Local Effort	\$ 1,245,846,033	\$ -	\$ 1,245,846,033
Local Discretionary Millage	154,857,287	-	154,857,287
Sub - Total Local	<u>\$ 1,400,703,320</u>	<u>\$ -</u>	<u>\$ 1,400,703,320</u>
MISCELLANEOUS LOCAL:			
Rent	\$ 7,035,504	\$ -	\$ 7,035,504
Interest	613,000	12,000	625,000
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)	6,500,000	-	6,500,000
Misc. School Receipts (A)	3,000,000	-	3,000,000
Food Service Indirect Costs	2,879,068	-	2,879,068
Other Miscellaneous Local (see A-4)	2,921,945	(337,018)	2,584,927
Sub-Total Miscellaneous Local	<u>\$ 58,876,870</u>	<u>\$ (325,018)</u>	<u>\$ 58,551,852</u>
Total Local	<u>\$ 1,457,580,190</u>	<u>\$ (325,018)</u>	<u>\$ 1,457,255,172</u>
TOTAL REVENUES	<u>\$ 2,706,791,872</u>	<u>\$ (55,519,628)</u>	<u>\$ 2,651,272,244</u>
OTHER FINANCING SOURCES			
Transfers From Capital Outlay	\$ 161,422,829	\$ -	\$ 161,422,829
FUND BALANCE FROM PRIOR YEAR	<u>56,532,323</u>	<u>-</u>	<u>56,532,323</u>
TOTAL REVENUES & OTHER SOURCES	<u>\$ 2,924,747,024</u>	<u>\$ (55,519,628)</u>	<u>\$ 2,869,227,396</u>

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

MIAMI-DADE COUNTY PUBLIC SCHOOLS
 FY 2014-15 GENERAL FUND
 SUMMARY OF REVENUES AND OTHER SOURCES
 RESOLUTION NO. 1

	AMENDED BUDGET 9/3/2014	INCREASE (DECREASE)	AMENDED BUDGET 2/11/2015
MISCELLANEOUS STATE SOURCES			
CO & DS Withheld for Adm.	\$ 145,000	\$ -	\$ 145,000
State License Tax	248,420	-	248,420
Postsecondary Education Rediness			
Test Assesment (PERT) (A)	-	95,477	95,477
Health Service (A)	72,960	-	72,960
SFW Individual Training Account (A)	-	349,432	349,432
FDLRS - Gen Revenue (A)	-	51,586	51,586
SEDNET IDEA State General (A)	-	16,279	16,279
HIPPY	-	135,000	135,000
District Instructional Leadership & Faculty Development	-	929,445	929,445
WLRN - TV FL Community Svc. (A)	-	307,447	307,447
WLRN - FM Radio Community Svc. (A)	-	100,000	100,000
DA Summer Academy (A)	-	141,000	141,000
Learning for Life (A)	-	392,000	392,000
TOTAL MISCELLANEOUS STATE	\$ 466,380	\$ 2,517,666	\$ 2,984,046

(A) Revenue for which appropriations equal revenue.

(B) Revenue for which appropriations exceed revenue.

MIAMI-DADE COUNTY PUBLIC SCHOOLS
FY 2014-15 GENERAL FUND
SUMMARY OF REVENUES AND OTHER SOURCES
RESOLUTION NO. 1

	AMENDED BUDGET 9/3/2014	INCREASE (DECREASE)	AMENDED BUDGET 2/11/2015
OTHER MISCELLANEOUS LOCAL SOURCES			
Fee Supported Pre-K (B)	\$ 2,257,200	\$ -	\$ 2,257,200
SFW Individual Training Account (A)	426,745	(426,745)	-
Fingerprinting (A)	238,000	-	238,000
VPK Academy (A)	-	89,727	89,727
TOTAL OTHER MISC LOCAL	\$ 2,921,945	\$ (337,018)	\$ 2,584,927

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

MIAMI-DADE COUNTY PUBLIC SCHOOLS
2014-15 GENERAL FUND BUDGET
SUMMARY OF APPROPRIATIONS BY FUNCTION
RESOLUTION NO. 1
DECEMBER 31, 2014

FUNCTION	TOTAL BUDGET	SALARIES (61XX)	EMPLOYEE BENEFITS (52XX)	PURCHASED SERVICES (53XX)	ENERGY SERVICES (54XX)	MATERIALS AND SUPPLIES (55XX)	CAPITAL OUTLAY (56XX)	OTHER EXPENSES (57XX)
INSTRUCTIONAL SERVICES:	\$ 1,863,041,271	\$ 1,056,048,051	\$ 344,169,943	\$ 390,035,065	\$ 2,265	\$ 67,245,235	\$ 2,121,579	\$ 3,419,133
5000								
SUPPORT SERVICES:								
6100 Pupil Personnel Services	101,731,663	73,328,622	23,398,312	4,669,663	-	335,086	-	-
6200 Instructional Media Services	20,166,315	14,886,492	4,418,867	692,795	-	3,214	162,947	-
6300 Instructional & Curriculum Development	28,421,607	15,424,275	3,952,466	5,451,928	-	131,631	246,950	3,214,357
6400 Instructional Staff Training	2,780,947	1,363,397	1,082,950	322,769	-	1,831	-	-
6500 Instructional Support	31,325,906	22,517,695	6,535,327	2,089,985	81,249	101,650	49,995	779,425
7100 Board of Education	7,416,501	4,512,015	1,345,048	601,907	3,707	124,404	636,771	-
7200 General Administration	5,366,444	3,526,528	988,390	141,295	24,698	48,762	489,980	21,226
7300 School Administration	155,900,782	119,348,944	33,864,649	720,239	19,966	1,425,778	1,207,268	-
7410 Facilities Acquisition & Construction	1,370,754	61,862	17,011	72,153	12,660	-	2,645	852,324
7500 Fiscal Services	10,575,593	7,214,691	2,082,022	410,430	-	13,481	-	-
7700 Central Services	58,634,440	31,606,353	8,608,456	18,332,701	95,570	(34,071)	116,501	(91,070)
7800 Transportation Services	79,538,592	38,334,247	18,137,313	9,957,177	8,942,775	4,316,256	-	(149,178)
7900 Operation of Plant	257,845,183	99,686,742	43,583,686	56,812,303	56,636,912	816,234	306,361	2,945
8100 Maintenance of Plant	103,143,463	50,222,371	15,828,690	23,619,957	1,453,336	11,765,987	258,627	(5,505)
8200 General Support	2,174,133	894,472	210,380	1,045,935	-	23,346	-	-
8300 Budget Clearing	-	-	-	-	-	-	94,813	327,416
8900 Community Services	26,855,148	21,326,870	4,395,238	44,161	-	666,628	-	501,833
9100 Debt Services	501,833	-	-	-	-	-	-	-
9200	\$ 2,756,790,593	\$ 1,560,305,427	\$ 512,628,748	\$ 515,020,483	\$ 67,273,138	\$ 86,985,454	\$ 5,704,437	\$ 6,872,906
Total Instruction & Support Services								
Transfers to Other Funds								
9782 Debt Service	\$ 9,730,720							
9793 Capital Outlay	-							
9794 Special Revenue	-							
9798 Internal Service	-							
9799 Trust & Agency	-							
Total Appropriations & Transfers	2,766,521,313							
Fund Balance:								
Non-Spendable:								
Reserve for Pre-Paid Expenses	-							
Reserve for Inventory	-							
Restricted:								
Reserve for State Categoricals	-							
Assigned:								
Tax Reserve	21,496,441							
Other Rebudgets	-							
Commitments	-							
Unassigned:								
Total Fund Balance	81,209,642							
Total Appropriations, Transfers and Fund Balance	102,706,083							
	\$ 2,869,227,396							