

Business Operations
Ofelia San Pedro, Deputy Superintendent

SUBJECT: RESOLUTION NO. 1, 2007-08 GENERAL FUND BUDGET REVIEW

COMMITTEE: INNOVATION, EFFICIENCY AND GOVERNMENTAL RELATIONS

LINK TO DISTRICT STRATEGIC PLAN: IMPROVE FINANCIAL SERVICES

Due to lower than anticipated statewide revenues, the Governor called Special Session C to amend appropriations and create budget reductions to the 2007-08 budget. As a result of Special Session C, on October 12, 2007 the budget was trimmed by \$1.1 billion statewide, including all agencies.

This resolution recommends revenue and appropriation changes to reflect the impact of Special Session C and the Microsoft Antitrust Settlement adjustment (Agenda Item E-14) only. The highlights of the budget reductions include a reduction of \$32.0 million in the Florida Education Finance Program; including \$19.1 million for the Special Teachers Are Rewarded (STAR) program; reductions in categorical programs of \$2.9 million and reductions in Workforce Development of \$2.5 million. These budget reductions were partially offset by an increase in the General Fund of \$5.5 million from the Microsoft Settlement (Agenda Item E-14).

Major appropriation revisions include the deferral of obligation to pay teacher bonuses under the STAR program (\$19.1 million including fringe benefits), reduction of categorical programs, reduction of adult center budgets, reduction of available discretionary non-salary budgets by 5% in both schools and departments, a reduction in hourly/overtime accounts in non-school sites, a reduction in the MEP Pilot Performance Pay Program, and an extended freeze on open positions.

Both revenues and appropriations were reduced by \$32.2 million in this budget resolution.

E-13

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: | \$(37,696,569) |
| a. Reduce Florida Education Finance Program (FEFP) as follows: | |
| Reduction of base student allocation | \$(10,585,735) |
| Reduction in Declining Enrollment Supplement | (124,882) |
| DJJ Supplemental Allocation | (4,341) * |
| Safe Schools | (81,475) |
| ESE Guarantee Allocation | (1,050,126) |
| Supplemental Academic Instruction | (940,426) |
| Reading Allocation | (98,624) * |
| Special Teacher Award Allocation (STAR) | <u>(19,117,342) *</u> |
| Total | <u>\$(32,002,951)</u> |
| b. Create an Equal Percentage Adjustment (pro-ration) as determined by the Department of Education in the amount of \$34,485. | |
| c. Decrease in Discretionary Lottery in the amount of (\$235,604). | |
| d. Decrease in Categorical Programs due to results of Special Legislative Session as follows: | |
| Instructional Materials | \$ (237,446) * |
| Transportation | (210,205) * |
| Class Size Reduction | <u>(2,414,486)</u> |
| Total | <u>\$(2,862,137)</u> |
| e. Reduce Adults with Disabilities program by (\$89,290) * | |
| f. Reduce Performance Based Incentives program funded by Workforce Development (adult centers) by (\$27,882)* | |
| g. Reduce Workforce Development by (\$2,513,190)* | |
| *Offset by a reduction in appropriations. | |
| 2. Increase non-revenue sources by \$5,500,000 for the portion of the Microsoft Antitrust Settlement that will be recognized in the General fund. | 5,500,000 |
| NET REVENUE DECREASE | <u>\$(32,196,569)</u> |

APPROPRIATION CHANGES

**INCREASE
(DECREASE)**

1. **Salaries** are projected to decrease below current budget due primarily to the following: \$(23,991,766)
 - a. Decrease salaries due to State deferral of obligation to pay teacher bonuses under the Special Teachers Are Rewarded (STAR) program (\$15,868,965) offset by a revenue decrease.
 - b. Reduce projected clerical costs by maintaining a freeze on all open clerical positions, including school sites (\$2,516,602).
 - c. Reduce hourly accounts in adult centers due to a revenue reduction in Workforce Development (\$2,086,154).
 - d. Reduce available balances in hourly accounts in non-school sites by 20% (\$967,611).
 - e. Reduce available balances in overtime accounts in non-school sites by 10% (\$282,132).
 - f. Reduce projected salary costs by extending freeze on open positions in non-school sites (\$2,270,302).

2. Employee benefits are projected to decrease due to the decrease in salaries. (4,911,116)

3. **Other non-salary** accounts will decrease due primarily to the following: (3,293,687)
 - a. Decrease non school site available discretionary non-salary budgets by 5% (\$1,339,945).
 - b. Decrease DJJ Supplemental Allocation by (\$4,341) offset by a revenue decrease.
 - c. Decrease Reading Program by (\$98,624) offset by a revenue decrease.
 - d. Decrease Instructional Materials by (\$237,446) offset by a revenue decrease.

APPROPRIATION CHANGES (Continued)

**INCREASE
(DECREASE)**

- e. Decrease Transportation by (\$210,205) offset by revenue decrease.
- f. Decrease Adults with Disabilities program primarily in out-of-county travel, equipment and supplies (\$89,290) offset by a revenue decrease.
- g. Reduce adult center budgets for Performance Based Incentives (Workforce Development) (\$27,882) offset by a revenue decrease.
- h. Reduce school site available discretionary non-salary budgets by 5% (\$583,000).
- i. Eliminate open purchase orders in non-school sites with no activity prior to January 1, 2007. The budget will be reduced by the value of the open purchase order being eliminated (\$702,954).

TOTAL APPROPRIATION CHANGES

\$(32,196,569)

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

1. adopt Resolution No. 1, 2007-08 General Fund Budget Review, decreasing revenues and appropriations by (\$32,196,569); and
2. adopt the Summary of Revenues and Appropriations (page 6) and the Summary of Appropriations by Function (page 11).

**SUMMARY OF REVENUES AND APPROPRIATIONS
GENERAL FUND
2007-08**

RESOLUTION NO. 1

| | ADOPTED BUDGET 09/05/07 | RESOLUTION NO. 1 | PROPOSED AMENDED BUDGET 11/20/07 |
|---|-------------------------------|------------------------|---|
| REVENUES & BEGINNING BALANCES | | | |
| REVENUES | | | |
| Federal | \$ 17,643,391 | \$ - | \$ 17,643,391 |
| State | 1,361,928,614 | (37,696,569) | 1,324,232,045 |
| Local | 1,390,240,172 | - | 1,390,240,172 |
| TOTAL REVENUES | \$ 2,769,812,177 | \$ (37,696,569) | \$ 2,732,115,608 |
| TRANSFERS FROM CAPITAL OUTLAY | \$ 148,905,643 | \$ - | \$ 148,905,643 |
| BEGINNING FUND BALANCE | 151,321,445 | - | 151,321,445 |
| ADJUSTMENT TO FUND BALANCE | | - | |
| SUBTOTAL REVENUES & BEGINNING BALANCES | \$ 3,070,039,265 | \$ (37,696,569) | \$ 3,032,342,696 |
| NON-REVENUE SOURCES - Other | - | 5,500,000 | 5,500,000 |
| TOTAL REVENUES & BEGINNING BALANCES | \$ 3,070,039,265 | \$ (32,196,569) | \$ 3,037,842,696 |
| APPROPRIATIONS & RESERVES | | | |
| APPROPRIATIONS | | | |
| Salaries | \$ 1,787,898,699 | \$ (23,991,766) | \$ 1,763,906,933 |
| Employee Benefits | 581,444,133 | (4,911,116) | 576,533,017 |
| Purchased Services | 276,043,177 | - | 276,043,177 |
| Energy Services | 84,831,976 | - | 84,831,976 |
| Other Non-Salary | 270,685,061 | (3,293,687) | 267,391,374 |
| TOTAL APPROPRIATIONS | \$ 3,000,903,046 | \$ (32,196,569) | \$ 2,968,706,477 |
| TRANSFERS TO OTHER FUNDS | \$ - | \$ - | \$ - |
| RESERVES & ENDING FUND BALANCE | | | |
| Unreserved Fund Balance | \$ 69,136,219 | \$ - | \$ 69,136,219 |
| Unreserved Fund Balance-Rebudgets | | - | |
| Designated Reserves/State Categoricals | | - | |
| TOTAL RESERVES & ENDING FUND BALANCE | \$ 69,136,219 | \$ - | \$ 69,136,219 |
| TOTAL APPROPRIATIONS, RESERVES & ENDING FUND BALANCE | \$ 3,070,039,265 | \$ (32,196,569) | \$ 3,037,842,696 |

SUMMARY OF REVENUES AND OTHER SOURCES

General Fund
2007-08

| | ADOPTED BUDGET 9/5/2007 | RESOLUTION NO. 1 | PROPOSED AMENDED BUDGET 11/20/2007 |
|--|-------------------------------|------------------------|---|
| FEDERAL SOURCES | | | |
| Impact Aid | \$ 10,000 | \$ - | \$ 10,000 |
| R.O.T.C. | 2,480,000 | - | 2,480,000 |
| Medicaid Reimbursement | 13,100,000 | - | 13,100,000 |
| Federal Through State Community Schools | 2,053,391 | - | 2,053,391 |
| Total Federal | \$ 17,643,391 | \$ - | \$ 17,643,391 |
| STATE SOURCES | | | |
| FLORIDA EDUCATION FINANCE PROGRAM: | | | |
| Base Funding less FEFP Required Local Effort | \$ 389,975,643 | \$ (10,585,735) | \$ 379,389,908 |
| .510 Mill Compression | - | - | - |
| Safe Schools(B) | 11,807,238 | (81,475) | 11,725,763 |
| Supplemental Academic Instruction | 136,293,601 | (940,426) | 135,353,175 |
| ESE Guarantee | 152,192,161 | (1,050,126) | 151,142,035 |
| Declining Enrollment Supplement | 17,837,522 | (124,882) | 17,712,640 |
| Reading Allocation (A) | 14,293,396 | (98,624) | 14,194,772 |
| Prior Year Adjustment | - | - | - |
| Equal Percentage Adjustment | - | 34,485 | 34,485 |
| Opportunity Scholarship Adjustment | - | - | - |
| McKay Scholarship Adjustment | - | - | - |
| DJJ Supplemental Allocation | 634,396 | (4,341) | 630,055 |
| Sub-Total FEFP | \$ 723,033,957 | \$ (12,851,124) | \$ 710,182,833 |
| OTHER STATE: | | | |
| Non-Recurring DCD Transition Funding | \$ 13,005,362 | \$ - | \$ 13,005,362 |
| Special Teacher Are Rewarded (STAR/MAP) | 19,117,342 | (19,117,342) | - |
| Workforce Development | 104,267,786 | (2,513,190) | 101,754,596 |
| Adults with Disabilities (A) | 2,232,136 | (89,290) | 2,142,846 |
| Performance Based Incentives | 2,014,994 | (27,882) | 1,987,112 |
| Voluntary Pre-K (A) | 10,045,403 | - | 10,045,403 |
| CATEGORICAL PROGRAMS: | | | |
| Instructional Materials (A) | 34,412,578 | (237,446) | 34,175,132 |
| Transportation (B) | 30,170,558 | (210,205) | 29,960,353 |
| Teachers Lead Program (A) | 6,228,676 | - | 6,228,676 |
| Full Service Schools (A) | 800,000 | - | 800,000 |
| Excellent Teaching (A) | 5,079,852 | - | 5,079,852 |
| Discretionary Lottery Funds | 13,720,682 | (235,604) | 13,485,078 |
| School Recognition/Merit (A) | 21,476,233 | - | 21,476,233 |
| Class Size Reduction | 352,642,269 | (2,414,486) | 350,227,783 |
| Charter Schools Capital Outlay (A) | 12,039,169 | - | 12,039,169 |
| Miscellaneous State | 11,641,617 | - | 11,641,617 |
| Total State | \$ 1,361,928,614 | \$ (37,696,569) | \$ 1,324,232,045 |

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

SUMMARY OF REVENUES AND OTHER SOURCES
General Fund
2007-08

| | ADOPTED BUDGET 9/5/2007 | RESOLUTION NO. 1 | PROPOSED AMENDED BUDGET 11/20/2007 |
|---|-------------------------------|------------------------|---|
| LOCAL SOURCES | | | |
| FEFP Required Local Effort | \$ 1,155,374,848 | \$ - | \$ 1,155,374,848 |
| Local Discretionary Millage | 153,971,623 | - | 153,971,623 |
| Sub - Total | \$ 1,309,346,471 | \$ - | \$ 1,309,346,471 |
| Miscellaneous Local: | | | |
| Tax Redemptions | \$ 9,000,000 | \$ - | \$ 9,000,000 |
| Rent | 1,160,000 | - | 1,160,000 |
| Interest | 21,165,000 | - | 21,165,000 |
| Vocational Fees | 4,500,000 | - | 4,500,000 |
| Financial Aid Fees | 450,000 | - | 450,000 |
| Community Schools-Contributions (A) | 48,540 | - | 48,540 |
| Community Schools - Internal (A) | 17,077,870 | - | 17,077,870 |
| Community Schools-Fringe Charges(B) | 1,388,174 | - | 1,388,174 |
| Driver Education | 1,294,300 | - | 1,294,300 |
| Fed. Indirect Cost Reimbursement | 7,100,000 | - | 7,100,000 |
| Universal Services (E-Rate) | 6,500,000 | - | 6,500,000 |
| Misc. School Receipts (A) | 3,000,000 | - | 3,000,000 |
| Food Service Indirect Costs | 2,421,033 | - | 2,421,033 |
| Other Miscellaneous Local | 5,788,784 | - | 5,788,784 |
| Total Local | \$ 1,390,240,172 | \$ - | \$ 1,390,240,172 |
| TOTAL REVENUES | \$ 2,769,812,177 | \$ (37,696,569) | \$ 2,732,115,608 |
| TRANSFERS | | | |
| From Capital Outlay | \$ 148,905,643 | \$ - | \$ 148,905,643 |
| NON-REVENUE SOURCES | | | |
| Microsoft Antitrust Settlement | - | 5,500,000 | 5,500,000 |
| FUND BALANCE FROM PRIOR YEAR | 151,321,445 | - | 151,321,445 |
| TOTAL REVENUES & OTHER SOURCES | \$ 3,070,039,265 | \$ (32,196,569) | \$ 3,037,842,696 |

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

MISCELLANEOUS STATE REVENUES

General Fund

2007-08

| | ADOPTED BUDGET 9/5/2007 | RESOLUTION NO. 1 | PROPOSED AMENDED BUDGET 11/20/2007 |
|---|--|-----------------------------|---|
| Miscellaneous Prior Year State Adjustment | \$ 10,000,000 | \$ - | \$ 10,000,000 |
| CO & DS Withheld for Adm. | 145,000 | - | 145,000 |
| State License Tax | 160,000 | - | 160,000 |
| Health Service (B) | 198,067 | - | 198,067 |
| MSE/SFSAS (A) | 1,138,550 | - | 1,138,550 |
| TOTAL MISCELLANEOUS STATE | \$ 11,641,617 | \$ - | \$ 11,641,617 |

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

OTHER MISCELLANEOUS LOCAL REVENUES

General Fund

2007-08

| | ADOPTED BUDGET 9/5/2007 | RESOLUTION NO. 1 | PROPOSED AMENDED BUDGET 11/20/2007 |
|-------------------------------|--|-----------------------------|---|
| Fee Supported Pre-K (B) | \$ 5,588,784 | \$ - | \$ 5,588,784 |
| Safe Schools-Fees (A) | 200,000 | - | 200,000 |
| TOTAL OTHER MISC LOCAL | \$ 5,788,784 | \$ - | \$ 5,788,784 |

(A) Revenue for which appropriations equal revenue.

(B) Revenue for which appropriations exceed revenue.

DADE COUNTY PUBLIC SCHOOLS
2007-08 GENERAL FUND BUDGET
SUMMARY OF APPROPRIATIONS BY FUNCTION
RESOLUTION NO. 1
November 20, 2007

| FUNCTION | TOTAL BUDGET | SALARIES (51XX) | EMPLOYEE BENEFITS (52XX) | PURCHASED SERVICES (53XX) | ENERGY SERVICES (54XX) | MATERIALS AND SUPPLIES (55XX) | CAPITAL OUTLAY (56XX) | OTHER EXPENSES (57XX) |
|---|------------------------|------------------------|--------------------------|---------------------------|------------------------|-------------------------------|-----------------------|-----------------------|
| INSTRUCTIONAL SERVICES | \$1,980,188,392 | \$1,188,638,782 | \$ 375,539,926 | \$ 188,635,239 | \$ 121,229 | \$ 221,836,026 | \$ 1,706,114 | \$ 3,711,076 |
| SUPPORT SERVICES: | | | | | | | | |
| Pupil Personnel Services | 135,507,436 | 99,051,289 | 31,815,310 | 4,151,814 | - | 260,309 | 195,214 | 33,500 |
| Instructional Media Services | 42,080,151 | 30,089,834 | 9,722,992 | 2,12,864 | - | 47,507 | 2,006,954 | - |
| Instruction & Curriculum Development | 25,049,808 | 16,735,136 | 5,056,715 | 2,225,540 | 3,500 | 717,426 | 187,041 | 124,450 |
| Instructional Staff Training | 11,803,113 | 8,038,587 | 3,557,301 | 91,643 | - | 50,582 | 65,000 | - |
| Instructional Support | 38,477,883 | 26,233,540 | 8,759,766 | 2,886,985 | 46,600 | 548,042 | 2,950 | - |
| Board of Education | 7,459,512 | 4,606,393 | 1,301,914 | 1,351,847 | 3,000 | 67,858 | 11,500 | 117,000 |
| General Administration | 11,562,248 | 7,906,425 | 2,116,956 | 954,415 | 57,200 | 326,537 | 153,965 | 46,750 |
| School Administration | 170,056,511 | 125,382,461 | 39,825,100 | 354,179 | - | 1,420,171 | 74,300 | 3,000,300 |
| Facilities Acquisition & Construction | 102,457 | 10,672 | 2,185 | 86,400 | 1,200 | - | 2,000 | - |
| Fiscal Services | 22,223,473 | 10,453,120 | 3,175,514 | 532,471 | 4,000 | 128,632 | 115,652 | 7,814,084 |
| Central Services | 12,189,462 | 1,835,487 | 1,142,041 | 7,771,484 | 114,150 | 344,922 | 869,562 | 111,816 |
| Transportation Services | 85,745,469 | 48,332,562 | 21,496,917 | 8,230,548 | 7,449,108 | (178,705) | 415,039 | - |
| Operation of Plant | 271,521,496 | 110,168,476 | 47,344,992 | 36,952,959 | 76,182,409 | 750,651 | 116,009 | 6,000 |
| Maintenance of Plant | 117,569,428 | 60,292,726 | 19,144,096 | 19,969,194 | 849,580 | 15,803,150 | 1,510,682 | - |
| General Support | 1,289,271 | 823,439 | 227,408 | 179,572 | - | 49,000 | 9,852 | - |
| Budget Clearing | | | | | | | | |
| Community Services | 35,880,368 | 25,308,004 | 6,303,885 | 1,456,023 | - | 2,362,456 | - | 450,000 |
| Debt Services | | | | | | | | |
| Total Instruction & Support Services | \$2,968,706,477 | \$1,763,906,933 | \$ 576,533,017 | \$ 276,043,177 | \$ 84,831,976 | \$ 244,534,564 | \$ 7,441,834 | \$ 15,414,976 |
| Transfers to Other Funds | \$ | | | | | | | |
| Debt Service | | | | | | | | |
| Capital Outlay | | | | | | | | |
| Special Revenue | | | | | | | | |
| Internal Service | | | | | | | | |
| Trust & Agency | | | | | | | | |
| Total Appropriations & Transfers | 2,968,706,477 | | | | | | | |
| Fund Balance: | | | | | | | | |
| Reserved Fund Balance | | | | | | | | |
| Unreserved Fund Balance | 69,136,219 | | | | | | | |
| Total Fund Balance | 69,136,219 | | | | | | | |
| Total Appropriations, Transfers and Fund Balance | \$3,037,842,696 | | | | | | | |