



School Board Workshop # 1 – April 16, 2019

Planning for the FY 19-20 Budget

Prepared by Financial Management

Workshop Agenda

- FY 2019-20 Legislative Budget Proposals
- FY 2019-20 Preliminary Cost Increases
- FY 2019-20 Saving Opportunities & Funding Reductions
- Input from Board Members on Priorities
- Initial Discussion on Capital Fund Budget
- Questions



Open Item that will Impact Budgets

- Legislative proposals that require referendum funds to be shared with Charter Schools
- Revenue unknown is overarching issue
- Information is preliminary in both General and Capital Funds. Year end close will impact both
- Still in the process of analyzing cost increases and aligning priorities to GFOA smart spending and strategic plan
- District appears to be in declining enrollment with the exception of ESE students



2019-20 Budget Proposals

(in millions)

	2018-19 3 rd Calc	Governor's Proposal	House Proposal	Senate Proposal
State Funding:				
Class Size Reduction	\$304	\$304	\$302	\$295
Best & Brightest	-	40	26	22
Remaining Categoricals (slide 6)	273	276	276	307
State (Net of above listed items)	470	467	461	555
Total State Funding	1,047	1,087	1,065	1,179
Local Funding	935	962	959	892
Total Revenue	\$1,982	\$2,049	\$2,024	\$2,071
Changes for each proposal as compared to 2018-19, 3rd Calc	-	\$67	\$42	\$89



* All budget proposals include Best & Brightest funding for the first time, and hence artificially inflate the increase in education funding.

2019-20 Budget Proposals – Revenue per UFTE

	2018-19 3 rd Calc	Governor's Proposal	House Proposal	Senate Proposal
Base Student allocation (BSA)	\$4,204.42	\$4,254.42	\$4,242.76	\$4,353.82
District Cost Differential (DCD)	1.0219	1.0219	1.0197 <i>Financial Impact (\$2.7M)</i>	1.0219
BSA Including DCD	\$4,296.50	\$4,347.59	\$4,326.34	\$4,449.17
Changes in BSA and DCD as compared to 2018-19, 3rd Calc		\$51.09	\$29.84	\$152.67
	2018-19 3 rd Calc	Governor's Proposal	House Proposal	Senate Proposal
Revenue per UFTE	\$7,399.97	\$7,648.73	\$7,597.92	\$7,773.41
Changes in per UFTE Revenue as compared to 2018-19, 3rd Calc		\$248.76	\$197.95	\$373.45



2019-20 Budget Proposals – Remaining Categoricals

(in thousands)

	2018-19 3 rd Calc	Governor's Proposal	House Proposal	Senate Proposal
Mental Health Assistance	\$6,027	\$6,965	\$5,969	\$9,486
Safe Schools	14,319	20,112	14,953	21,828
ESE Guaranteed Allocation	101,018	101,147	102,869	102,672
Supplemental Academic Inst.	59,522	59,533	59,193	67,999
Reading Allocation	11,853	11,817	11,697	11,853
Instructional Materials	21,564	21,549	21,448	22,203
Student Transportation	34,236	34,330	34,411	42,230
Digital Classrooms	3,866	430	5,165	3,866
Turnaround Supplemental Services	-	-	-	4,332
Lottery & School Recognition	13,317	13,315	13,305	13,305
Other Categoricals *	7,561	6,322	7,294	6,901
Total Remaining Categoricals	\$273,283	\$275,520	\$276,304	\$306,675



* Other Categoricals include Declining Enrollment, DJJ Supplemental Allocation, Funding Compression Allocation, Teachers Classroom Supply Assistance, and Additional Allocation.

FY 2019-20 Preliminary Cost Increases

Category	\$ In Millions
FRS Increase (based on proposed rates, awaiting final legislative decision)	(\$5.0)
Utilities Inflationary Increase (still under review)	(3.0)
Charter Schools Growth UFTE 441	(3.4)
Cost of Increase in ESE FTE (still under review)	
Cost of Increase in Property Insurance	
Collective Bargaining	
Cost to Redesign Payroll/HR Processes (ROI exceeds 300%)	
Preliminary Cost Increases	(\$11.4)



Savings Opportunities & Funding Reductions

Saving Opportunities/Funding Reductions	\$ In Millions
Departmental operating budget reductions (10% of discretionary budgets)	\$1.8
Departmental salary budget reductions (2.5% of budgeted positions)	2.0
Reduce cost for delivery of extra hour to align with changes in state statute	6.0
Changes in Florida Virtual funding formula in allocation plan	0.7
Total Savings	\$10.5



Capital Budget 2019-20

District Educational Facilities Plan FY20 (DEFP)

Main Focus:

The update to the DEFP-FY20 focuses on aligning SMART Program funding for construction projects to ensure successful completion of the promises for the SMART Program

Other Capital Items:

- This update includes State School Security Grant funds similar to the funding from the State in FY19, which may or may not be in the final appropriations act
- The update also maintains funding for other annual capital costs such as; debt service, leases, maintenance, and capital funded salaries
- Includes funding for required charter school capital outlay from State PECO and the local capital millage
- Funding needs to be considered for the capital costs of the payroll re-engineering, which will have an 18 month ROI of over 300%

Other Considerations:

Should capital lease programs be considered to fund a technology refresh, replacement of school buses, and/or additional safety needs?
(Lease payments would reduce funds in the unallocated reserve)



Capital Budget Revenue & Appropriation Assumptions

- Includes revenue from the sale of land for:
 - South Area Portable Complex (Pines & 172nd)
 - Elementary D-1 Site (Broward & Hiatus)
- House Appropriations Bill includes funding for capital outlay School Safety Grant Program (HB 5001 Item #28)
 - If approved, estimate for Broward is \$8M for district schools and \$1.6M for charter schools (similar to FY19 State funding)
- Includes funding for maintenance at the same level as the FY19 adopted capital budget
- Does not include potential FEMA reimbursements from Hurricane Irma



Revenue & Appropriations Update

The following slides are a comparison of FY20 from the previous Adopted DEFP (as adopted on September 5, 2018) and the first projected revenue and appropriations for FY20 in the new DEFP to be adopted this summer

Adopted September 2018

District Educational Facilities Plan Revenues (in thousands)						
Carryover FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Total

To Be Adopted Summer 2019

District Educational Facilities Plan Revenues (in thousands)						
Revenue & Financing Sources	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Total

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Capital Budget Revenue Update FY20

(in thousands)

Revenue & Financing Source	FY20 From Previous ADEFP	Changes	Total for New DEFP FY20
Local Capital Millage	\$312,346	(\$1,064)	\$311,282
Local Revenue (Land, Impact Fees, misc.)	10,155	22,700	32,855
Local General Obligation Bond (as a result of re-baselining)	0	315,800	315,800
State / School Safety Grant Program HB 5001 (Appropriations Bill item# 28)	0	9,600	9,600
State PECO Maintenance	2,200	2,600	4,800
State PECO Charter Schools (flow-thru)	16,000	(398)	15,602
State Capital Outlay & Debt Service (CO&DS - motor vehicle license revenue)	7,300	900	8,200
Federal BABs Tax Subsidies	4,367	(1,656)	2,711
Total Revenue	\$352,368	\$348,482	\$700,850



Capital Budget Appropriations Update FY20

(in thousands)

Appropriations Category	FY20 From Previous ADEFP	Changes	Total for New DEFP FY20
COPs Debt	\$164,906	(\$1,784)	\$163,122
Equipment & Bldg. Leases	12,748	3,111	15,859
Facilities Capital Salaries	16,700	0	16,700
Quality Assurance	170	0	170
Capital Transfer to General Fund			
• Maintenance	73,475	9,964	83,439
• Ariba (end-to-end Procurement System originally partially funded in FY17/18)	0	400	400
SMART Program	0	322,399	322,399
SMART Program Reserve	59,839	(6,638)	53,201
Charter Schools – State PECO	16,019	(417)	15,602
Charter Schools – Local Millage	8,511	(11)	8,500
State / School Safety Grant			
• District Schools	0	8,000	8,000
• Charter Schools	0	1,600	1,600
Total Appropriations	\$352,638	\$336,624	\$688,992
Unallocated (Revenue – Appropriations)			\$11,858



Capital Budget Reserves Update FY20

(in thousands)

Description	FY19		FY20	Projected Total at FY20 Budget Adoption (Current Balance + FY20)
	Beginning Balance	Current Balance*		
SMART Program Reserve	\$ 58,920	\$ 56,947	\$ 53,201	\$ 110,148
Unallocated Reserve	9,835	17,653	11,858	29,511
Total Capital Budget Reserves	\$ 68,755	\$ 74,600	\$ 65,059	\$ 139,659

* The current reserve balance will be impacted by upcoming contract awards during the remainder of FY19 and the reserve balances will be updated accordingly

Note:

- 1) Over the next 5-years there is \$80.9 million set aside for charter school millage sharing; if the State fully funds charter school capital outlay these dollars will move to the capital reserves
- 2) In the outer years of the 5-year DEFP, there is an additional \$268 million projected available unallocated reserves



Next Steps

1. Complete the review of current budget projections
2. Review underlying assumptions from major cost increases for next year
3. Analyze the Board's recommendations for funds utilization in FY 2019-20 that is shared with us today
4. Explore options for additional revenue enhancements and cost reductions



Feedback on Priorities

Next workshop on Budget
May 28, 2019



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