



School Board Workshop # 2 – May 28, 2019

Planning for the FY 19-20 Budget

Prepared by Financial Management

Workshop Agenda

- FY 2019-20 Legislative Budget
- Allocation of Referendum Funds
- FY 2019-20 Tentative Cost Increases
- FY 2019-20 Saving Opportunities & Funding Reductions
- Discussion on Capital Fund Budget
- Input and Questions from Board Members
- Questions
- Discussion on Software Rationalization (Dan Gohl)



Open Items that will Impact Budgets

- Information is still in development in both General and Capital Funds. Year end close will impact both.
- Still in the process of analyzing cost increases, and reviewing and aligning for savings priorities to GFOA smart spending and strategic plan.
- District appears to be in declining enrollment with the exception of ESE students. If enrollment stabilizes or increases, the district would receive additional funding (at least in Basic programs).



2018-19 FEFP 3rd Calc vs. 2019-20 FEFP Conference Report

(in millions)

	2018-19 3 rd Calc	2019-20 Conference Rpt
State Funding:		
Class Size Reduction	\$304	\$302
Best & Brightest	-	27
Remaining Categoricals	273	277
State (Net of above listed items)	470	471
Total State Funding	1,047	1,077
Local Funding	935	959
Total Revenue	\$1,982	\$2,036
2019-20 FEFP Increase over 2018-19 3rd Calc		\$54
Less Best & Brightest		(27)
Actual FEFP increase net of Best & Brightest		\$27



2019-20 Conference Report – BCPS' Revenue per UFTE

	2018-19 3 rd Calc	2019-20 Conference Rpt
Base Student allocation (BSA)	\$4,204.42	\$4,279.49
District Cost Differential (DCD)	1.0219	1.0197 <i>Financial Impact (\$2.7M)</i>
BSA Including DCD	\$4,296.50	\$4,363.80
BSA x DCE Increase over 2018-19 3rd Calc		\$67.30
	2018-19 3 rd Calc	2019-20 Conference Rpt
Revenue per UFTE	\$7,398.29	\$7,643.55
Revenue per UFTE Increase over 2018-19 3rd Calc		\$245.26



2019-20 Conference Report – Remaining Categoricals

(in thousands)

	2018-19 3 rd Calc	2019-20 Conference Rpt
Mental Health Assistance	\$6,027	\$6,516
Safe Schools	14,319	16,181
ESE Guaranteed Allocation	101,018	102,967
Supplemental Academic Inst.	59,522	59,193
Reading Allocation	11,853	11,697
Instructional Materials	21,564	21,491
Student Transportation	34,236	33,922
Digital Classrooms	3,866	427
Turnaround Supplemental Services	-	1,596
Lottery & School Recognition	13,317	13,305
Other Categoricals *	7,561	9,460
Total Remaining Categoricals	\$273,283	\$276,754



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

Best & Brightest (in millions)

	2018-19 Grants *	2019-20 Conference Rpt
Best & Brightest Funding	\$17	\$27
Best & Brightest Increase over 2018-19 Funding		\$10

* Please note that the source of funding in 2018-19 was Special Revenue (Grants)

Eligible Staff and Award Amounts

Award per Eligible Employee	Award \$
1) Principal (award amount per employee)	\$5,000
2) Instructional Personnel (award amounts per employee):	
• Recruitment (one-time award)	Up to \$4,000
• Retention (Effective \$1,000, and Highly Effective \$2,500)	\$1,000 to \$2,500
• Recognition (only if funds are leftover)	Unknown



Criteria for Best & Brightest eligibility is provided on HB 7070. The bill also amended s. 1012.732, F.S., and s.1011.62, F.S.

Allocation of Referendum Funds

On May 8, 2018, the School Board approved the allocation of referendum funds as follows:

- (1) 72% or more of all available funds for compensation of teachers and school related staff (including bus drivers, assistants, and food service workers);
- (2) up to 20% for security (school resource officers and security staff);
- (3) up to 8% for essential programs in our schools, such as additional guidance counselors, social workers, and behavioral staff.



Referendum Estimated Revenue

Property Tax Base (in millions)	Collection Rate*	Expected Yield (in millions)
\$205,307	94%	\$96.5

* Collection rate is based on historic collection rates. Any amount in excess will carry forward as assigned fund balance. Yield will change based on property values.

Division of Referendum Resources per Board Vote (May 8, 2018)

Category	Percent	\$ In Millions
1) Compensation of teachers and school related staff	72%	\$69.5
2) Safety: School Resource Officers and Security staff	20%	19.3
3) Other Essential School Programs	8%	7.7
Total Estimated Referendum Revenue	100%	\$96.5



Item #2 – Please note that approximately \$1M will be shared with charter schools

Savings Opportunities & Funding Reductions

Saving Opportunities/Funding Reductions	\$ In Millions
Departmental operating budget reductions (10% of discretionary non-school related budgets)	\$1.8
Departmental salary budget reductions (2.5% of budgeted positions)	2.0
Reduce cost for delivery of extra half hour to align with changes in state statute (includes use of new Turnaround Supplemental Services Allocation)	4.5
Changes in Florida Virtual funding formula in allocation plan	0.7
Total Savings	\$9.0



FY 2019-20 Preliminary Cost Increases

Category	\$ In Millions
Estimated FRS Increase	(\$4.0)
Utilities Inflationary Increase	(2.0)
Charter Schools Growth UFTE 441	(3.4)
Cost of Increase in Casualty and General Liability Insurance (increase in property insurance is covered by Capital)	(2.3)
The Annualized Cost of the FY 18-19 raises effective mid- year (2%) and contractual settlements	(16.0)
Cost to Redesign Payroll/HR Processes (estimated)	(2.8)
Preliminary Cost Increases	(\$30.5)



Current Budget Balancing

	\$ In Millions
Actual FEFP Increase Net of Best & Brightest (slide 4)	\$27.0
Savings Opportunities & Funding Reductions (slide 10)	9.0
Preliminary Cost Increases (slide 11)	(30.5)
Current Surplus Revenue	\$5.5



Open Items for Budget

- Health Insurance
- Savings from Organizational Chart
- Review of Supplements
- Review of Overtime
- Professional Development
- Software



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:

- The update also funds other annual capital costs such as; debt service, leases, maintenance, and capital funded salaries
- Funding needs to be considered for the capital costs of the payroll re-engineering (estimated \$750k for hardware upgrades)
- Capital lease programs are being considered based on School Board direction to fund a technology refresh and replacement of school buses
 - Lease payments will 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 (SB 2500 Item #116A)
 - The amount approved for Broward is estimated at \$4M for district schools and \$800k for charter schools.
- Includes funding for maintenance at the level of the support committed as of the latest budget amendment (K-3 5/21/19 RSBM).
- Funds previously set aside for charter school capital millage sharing, which we do not have to do in FY20, are available for District needs.
- Removes FY20 State PECO funding that was not approved in the State budget.



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	25,700	35,855
Local General Obligation Bond (as a result of re-baselining)	0	315,800	315,800
State / School Safety Grant Program SB 2500 (Appropriations Bill item# 116A)	0	4,840	4,840
State PECO Maintenance	2,200	(2,200)	0
State PECO Charter Schools (flow-thru) *	16,000	9,050	25,050
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	\$351,370	\$703,738



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	6,773	19,521
Facilities Capital Salaries	16,700	504	17,204
Quality Assurance	170	30	200
Capital Transfer to General Fund			
• Maintenance (PPO)	61,400*	1,658	63,058
• Capital Improvements (PPO)	10,120	0	10,120
• Environmental Health & Safety	1,900	0	1,900
• Athletic Facility Maintenance/Equipment	1,233	0	1,233
• BECON Tower Maintenance	150	0	150
• Property & Casualty Insurance	18,190*	0	18,190
• Charter School – State PECO	16,019	9,031	25,050
SMART Program	0	322,399	322,399
SMART Program Reserve	59,839	(3,838)	56,001
Charter Schools – Local Millage	8,511	(8,511)	0
Payroll Improvement Hardware	0	750	750
State / School Safety Grant			
• District Schools	0	4,010	4,010
• Charter Schools	0	830	830
Total Appropriations	\$371,886	\$331,852	\$703,738



* Note: The maintenance and property & casualty transfer is shown at the 5/21/19 amended value in the 2018-19 capital budget and also includes recent increases in property & casualty insurance premiums. The amended amounts were funded from unallocated capital reserves.

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	\$ 40,080	\$ 56,001	\$ 96,081
Unallocated Reserve	9,835	10,390		10,390
Total Capital Budget Reserves	\$ 68,755	\$ 50,470	\$56,001	\$ 105,905

* The current reserve balance includes funds from completed projects and will continue to be impacted by upcoming contract awards during the remainder of FY19. The reserve balances will be updated accordingly.

Note:

- 1) Over the next 5-years there is \$72.4 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 \$189 million projected available unallocated reserves.



Capital Budget

Bus Leasing 5-Year Projected Lease Payments

(in millions)

Lease Yr	Principal	Rate	Term	FY20	FY21	FY22	FY23	FY24	Total
2019/20	\$10.7	3.8%	8 yrs	\$0.8	\$1.6	\$1.6	\$1.6	\$1.6	\$7.2
2020/21	\$10.9	3.9%	8 yrs		0.8	1.6	1.6	1.6	5.6
2021/22	\$11.0	4.0%	8 yrs			0.8	1.6	1.6	4.0
2022/23	\$11.2	4.2%	8 yrs				0.9	1.6	2.5
2023/24	\$11.4	4.4%	8 yrs					0.9	0.9
Total				\$0.8	\$2.4	\$4.0	\$5.7	\$7.3	\$41.5

Assumptions:

- 1) 100 school buses per year
- 2) Average price between \$107,000 & \$113,566 per bus
- 3) Semiannual payments (only one payment in the 1st year and one in the last year)
- 4) 1st payment includes \$31K cost of issuance



Capital Budget

Technology Leasing Options – Vendor Financing

#	Description Student Devices	Price	Term	Unit Count	Annual Payment
1	Lenovo 300e Windows	@\$229	3yr	62,667 188,000 devices in 3 years	\$4.8M
2	Lenovo 300e Windows	@\$244	4yr	47,000 188,000 devices in 4 years	\$3.0M
3	Lenovo 100e Windows	@\$199	3yr	62,667 188,000 devices in 3 years	\$4.2M
4	Lenovo 100e Windows	@\$214	4yr	47,000 188,000 devices in 4 years	\$2.7M

Option 2 is used in the next slide to show 5-yr estimated lease payments



Capital Budget

Technology Leasing 5-Year Projected Lease Payments

(in millions)

Lease Yr	Principal	Rate	Term	FY20	FY21	FY22	FY23	FY24	Total
2019/20	\$14.4	2.75%	4 yrs	\$2.9	\$3.8	\$3.8	\$3.8	\$1.0	\$15.3
2020/21	\$14.4	2.90%	4 yrs		2.9	3.8	3.8	3.8	14.3
2021/22	\$14.4	3.05%	4 yrs			2.9	3.8	3.8	10.5
2022/23	\$14.4	3.20%	4 yrs				2.9	3.8	6.7
2023/24	\$2.9 *	3.35%	4 yrs					0.6	0.6
Total				\$2.9	\$6.7	\$10.5	\$14.3	\$13.0	\$47.4

Assumptions:

- 1) Based on option 2 from the previous slide
- 2) 47,000 Student computers per year for 4-years to refresh all 188,000 student devices
- 3) 3,495 staff computers per year (7-yr replacement cycle)
- 4) Vendor Financing with monthly payments
- 5) Assumes 9 payments the first year, and 3 payments in the last year



* Staff devices only in the 5th year

Feedback on Priorities

Budget Workshop #3
June 18, 2019



Appendix

Software Rationalization





Academics | Finance | Information Technology | OSPA | Strategy & Operations

Software Rationalization

Using the right tools in the right way

Daniel Gohl, Chief Academic Officer

Software Rationalization Process

Used Software (Self-reported + Procurement + OIT)

Applied Filters

- Defined use case
- Standards Aligned
- Core or Supplemental
- Interoperability
- Reporting Capabilities
- Practitioner Input
- Procurement History
- Utilization History
- Provisioning of users
- Cost

District Standard

School Selected

District Provided Productivity

- BASIS
- Canvas-
- iObservation
- LAB
- Office 365
- Pinnacle

District Provided Instructional

- Adopted Textbooks
- ArcGIS
- Hoonuit
- Khan Academy
- Naviance
- NearPod
- NewsELA
- Vocabulary.com

Menu Selected Progress Monitoring

- iReady
- OR**
- Mastery Connect
- OR**
- Performance Matters

Menu Selected Supplemental

- Use case defined by combination of grade level, subject matter, and MTSS/RtI
- Menu of 3-5 per use case
- See Appendix SR1



Software Rationalization Progress Monitoring

<u>Grade Band</u>	<u>Assessment Focus</u>	<u>Assessment Instrument Options Proposed Vendor - Product</u>
Grades K – 3	Literacy	Heinemann – Benchmark Assessment Systems
Grades 2 – 8 - ELA - Math	Florida Standards	Curriculum Associates – iReady OR Instructure – Standards Mastery OR Power School – Performance Matters
Grades 5 & 8 - Science	Florida Standards	Instructure – Standards Mastery OR Power School – Performance Matters
Grade 7 - Civics	Florida Standards	Instructure – Standards Mastery OR Power School – Performance Matters
High School - Algebra - Biology - English 9 & 10 - US History	Florida Standards	Instructure – Standards Mastery OR Power School – Performance Matters



Software Rationalization Supplemental Resources

Practices in SY 2018-19

- Selected by individual school by local team
- Standard pricing negotiated by Office of Procurement beginning in FY2019
- Dozens of competing products being used in each “use-case” of grade level and subject

Proposal for SY 2019-20

- Selected by individual schools from managed menu
- Standard pricing negotiated by Office of Procurement
- Managed menu of 3—5 products per “use-case”
- Process for schools to go “off-menu” by appeal to Academics through Cadre Director



Software Rationalization Next Steps

1. Integrate approved list into Procurement Processes
2. Establish OIT system for monitoring use of non-approved sites
3. Disseminate request process for procuring “off-menu”
4. Progress Monitoring: Establish expectations and limits on usage (time & grade)
5. Anticipated budget reduction being estimated
6. Realized savings will be calculated from FY2019 baseline



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