



School Board Workshop # 2 – May 12, 2020

Planning for the FY 20-21 Budget

Prepared by Financial Management



Workshop Agenda

- Closing out FY 2019-20
- COVID-19 Financial Implications for the FY 2020-21 Budget
- FY 2020-21 Legislative Budget
- FY 2020-21 Potential Revenue Reductions
- Discussion on Capital Fund Budget
- Questions



Closing Out FY 2019-20

- Reduction in salary costs
- Freeze on all non-essential spending
- Review of discretionary spending vendor contracts
- Closing out unliquidated purchase orders
- Utilities cost savings
- Increase Fund Balance to carry forward one-time resources to help cushion against a mid-year holdback from the State



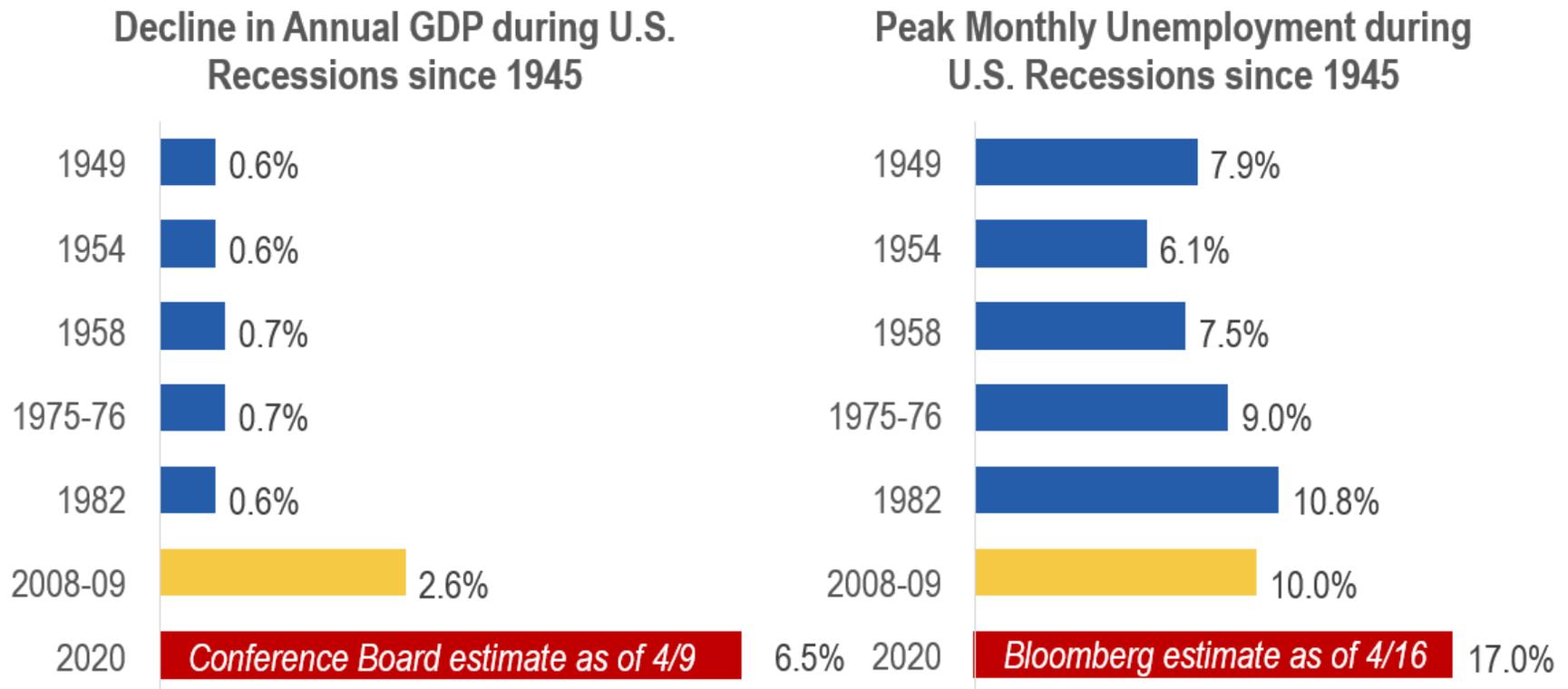
COVID-19: Financial Implications for School Districts

- School Districts across the nation and across Florida have more questions than answers at this time.
- An extremely fluid situation.
- No playbook; many lessons learned during the Great Recession of 2008, and in the process of compiling steps taken then.
- The Superintendent, his Leadership team, and the Finance team are working with various resources to develop sound strategies.



COVID-19: Financial Implications for School Districts

Economists predict the pandemic is driving an economic decline significantly larger than the Great Recession...



Source: Aspen Institute, Educational Resource Strategies (ERS)

COVID-19: Financial Implications for School Districts

Meeting Greater Needs

Responding to this challenge will require investment in several areas



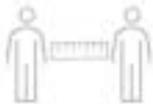
Assessing student learning & social-emotional needs



Providing extra time, staff & programming for education recovery



Providing social-emotional support



Social distancing imperatives



Source: Aspen Institute, Educational Resource Strategies (ERS)

COVID-19: Financial Implications for School Districts

- A Moody's Analytics report released on April 14, 2020, indicates the impact to state budgets nationwide will be as high as \$353B, and reserves to offset are \$181B.
- Florida's General Fund is likely to see a 25% impact, which falls between \$8B and \$10B.
- Florida's Rainy Day Fund \$4B.
- Impact to K-20 Education will be approximately \$2.6B.
- Currently, the Federal Government has allocated \$13B nationwide via the CARES Act.
- During the Great Recession of 2008, under ARRA and Education Job's Fund, the Federal Government allocated \$110B



2020-21 Legislative Budget for Broward

(in millions)

	2019-20 3 rd Calc	2020-21 Legislative Budget	Inc/(Decr)
State Funding:			
Class Size Reduction	\$303	\$303	\$0
Categoricals (slide 9)	271	279	8
Best & Brightest	27	-	(27)
Teacher Salary Increase Allocation	-	47	47
Net State FEFP	490	504	14
Total State Funding	\$1,091	\$1,133	\$42
Local Funding	953	963	10
Total Revenue	\$2,044	\$2,096	\$52
2020-21 Legislative Budget as compared to 2019-20, 3rd Calc			2.5%



2020-21 Legislative Budget – Categoricals (Broward)

(in thousands)

	2019-20 3 rd Calc	2020-21 Legislative Budget	Inc/(Decr)
Mental Health Assistance	\$6,530	\$8,830	\$2,300
ESE Guaranteed Allocation	102,894	105,727	2,833
Supplemental Academic Inst.	59,333	59,479	146
Safe Schools	16,065	15,976	(89)
Reading Allocation	11,755	11,613	(142)
Digital Classrooms	428	166	(262)
Instructional Materials	21,250	21,345	95
Student Transportation	32,949	33,293	344
Turnaround Supplemental Services	1,383	1,383	-
Lottery & School Recognition	14,010	14,007	(3)
Other Categoricals *	4,895	6,859	1,964
Total Categoricals	\$271,492	\$278,678	\$7,186



* Other Categoricals include, DJJ Supplemental Allocation, Funding Compression Allocation, Teachers Classroom Supply Assistance, and Proration to Appropriation.

2020-21 Pro-Forma Reduction (Broward)

(in millions)

	2020-21 Legislative Budget	2020-21 10% Redn	2020-21 15% Redn	2020-21 20% Redn
Net State FEFP	\$815.7	\$815.7	\$815.7	\$815.7
Lotto, School Recognition, & CSR	\$317.0	\$317.0	\$317.0	\$317.0
Total Funded through Sales Tax	\$1,132.7	\$1,132.7	\$1,132.7	\$1,132.7
Estimated Reduction		10% Reduction	15% Reduction	20% Reduction
Net State FEFP		(\$81.6)	(\$122.4)	(\$163.1)
Lotto, School Recognition, & CSR		(31.7)	(47.6)	(63.4)
Potential: Net State FEFP Reduction		(\$113.3)	(\$170.0)	(\$226.5)
Estimated Savings FY 2019-20 *		\$30.0	\$30.0	\$30.0
Estimated Commitment from CARES Act Broward's share is \$64.3M, less 17% for charters and 14% for private schools. Does not include \$173M Governor's Discretionary Fund.		44.8	44.8	44.8
Increase in Revenue in FY 2020-21 Budget **		5.0	5.0	5.0
Remaining Gap		(\$33.5)	(\$90.2)	(\$146.7)



* One-time solution

** Excludes the Teacher Salary Increase Allocation categorical of \$47M

FY 2020-21 Potential Cost Increases

Category	\$ In Millions
FRS Increase (based on proposed rates, awaiting final legislative decision)	(\$23.0)
Charter Schools Growth UFTE 1,113	(8.5)
Family Empowerment Scholarship Growth UFTE 655	(5.0)
Cost of Increase in Property & Casualty Insurance (8%) *	(1.6)
Costs for re-opening (Summer school, social distancing, support)	?
Potential Cost Increases	(\$38.1)
Increase in Maintenance Transfer from Capital	1.6
Net Potential Cost Increases	(\$36.5)



* The \$1.6M in insurance increase is to be absorbed by Maintenance Transfer.

Cost Reductions (Partial List)

- Strict hiring freeze (currently 134 positions will be held for FY 2020-21; approximately \$11.9M)
- Department cuts; minimum 10% but reviewing each department for larger cuts, even if it is for one year, by suspending certain services and programs.
- Travel restrictions; budgets reduced 95%, approximately \$2M
- Overtime restrictions
- Professional Development funded with eligible grant resources, approximately \$3M



2020-21 Budget Planning Update

- Board direction for the FY 2020-21 Budget year.
 - Ensure learning continuity
 - Protect classrooms
 - Protect jobs
 - Protect the Mental Health & Safety programs
- Working closely with GFOA, Florida Finance Council, Aspen Institute, ERS, and with CGCS to develop mitigation plans for FY 2020-21 budget shortfalls.
- Will conduct follow-ups as more information becomes available.



Open Items that will Impact Budgets

- Information is very preliminary for General Fund. Capital Fund is closer to what we expect.
- Still in the process of determining cost increases and aligning resources to our new normal and our re-opening.
- Changes and shifts in FTE have many variables involved including charter schools, a potential shift to virtual and the FES scholarship program. We are closely monitoring FTE.



Capital Budget 2020-21

District Educational Facilities Plan FY21 (DEFP)

Capital Budget Update:

- *Adjust property value growth rates for anticipated economic impacts of the Coronavirus recession*
- State appropriations for security upgrades is approximately:
 - ≈ \$3.3 million for District schools
 - ≈ \$600 thousand for charter schools

Other Considerations:

The update also maintains funding for other annual capital costs such as; debt service, maintenance, capital funded salaries and leases approved in last year's Adopted DEFP for the technology refresh program and to replace school bus and white fleet vehicles, the 2nd year of the e-rate funding, and the FY21 State security grant for school hardening.



Capital Budget Revenue Update FY21

(in thousands)

Revenue & Financing Source	Total DEFP FY21	
Local Capital Millage	\$323,077	①
Local Revenue (Land, Impact Fees, misc.)	24,655	
Technology Refresh Lease	16,570	
New/Replacement Bus & White Fleet Lease	14,414	
State Safety (School Hardening Grant)	4,032	②
State PECO Maintenance	0	
State PECO Charter Schools (flow-thru)	25,050	③
State Capital Outlay & Debt Service (CO&DS - motor vehicle license revenue)	8,600	
Federal BABs Tax Subsidies	2,711	
New Revenue Sub-Total	\$419,109	
Funding Available from Unallocated Capital Reserve (as of 5/19/20)	79,134	
Revenue Total	\$498,243	

- 1) Property value growth estimate revised down due to Coronavirus recession 5% reduced to 3.3% ≈ \$7M
- 2) 3rd year of Security funding included in State's 2020 budget
- 3) This amount flows thru directly to charter schools – Increase of ≈ \$10M

Capital Budget Appropriations Update FY21

(in thousands)

Appropriations Category	Total DEFP FY21	
COPs Debt	\$159,267	①
Equipment & Bldg. Leases	26,726	
Technology Refresh	16,570	
New/Replacement Buses	10,861	
New/Replacement White Fleet	3,553	
Safety Projects – State Hardening Grant	4,032	
Facilities Capital Salaries	17,548	②
Quality Assurance	200	
Capital Transfer to General Fund	98,430	③
SMART Program	53,185	
SMART Program Reserve	16,615	
Charter Schools – State PECO	25,050	④
Charter Schools – Local Millage	0	⑤
Magnet/Innovative Programs Equip.	653	
E-rate Security Cameras & Infrastructure	5,706	⑥
Total Appropriations	\$438,396	
<i>Balance = Unallocated Reserve at Adoption</i>	\$59,847	

- 1) Includes Interest for new COPs in FY21 - \$10.1M
- 2) Includes 2% raise - \$0.3M
- 3) Maintenance from previous year + 2% raise - \$2M & \$1.6M P&C Insurance Increase
- 4) This amount flows thru directly to charter schools from State PECO
- 5) Set aside not required – State fully funded charters - \$12.4M reduction
- 6) 2nd Year of E-rate funding from 4/21/20 KK-1

Capital Budget Reserves Update FY21

(in thousands)

Description	FY20		FY21 New Appropriation	Projected Total at FY21 Budget Adoption (Current Balance + FY21)
	7/1/19 Beginning Balance	Current Balance *		
SMART Program Reserve	\$59,398	\$173,188	\$16,615	\$189,803
Unallocated Reserve				
- Beginning/Current Balance	40,842	79,134		
- Used for FY21 Budget			(19,287)	
- FY21 Beginning Balance				59,847
Total Capital Budget Reserves	\$100,240	\$252,322	(\$2,672)	\$249,650

* The current reserve balance includes the funding from the new COPs and will also be impacted by upcoming contract awards during the remainder of FY21. Unallocated Reserves are reduced for the impact of the new COPs debt service, funding the FY21 e-rate equipment and the set-aside for the potentially uncollectable millage

- Over the next 4-years there is an estimated \$89 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
- In the outer years of the Adopted DEFP, there is an additional estimated \$176 million projected available unallocated reserves



Budget Adoption Timeline Fiscal Year 2020-21

February 11, 2020	1 st Budget Workshop
May 12, 2020	2 nd Budget Workshop
June 16, 2020	3 rd Budget Workshop (may change depending on information released by the State Legislature)
July 21, 2020	Advertisement of Tentative FY21 District Budget
July 23, 2020	Tentative DEFP #1 at School Board Meeting (Thursday)
July 23, 2020	1 st Public Budget Hearing, after 5:00 p.m. (Thursday) (plan on rescheduling)
September 1, 2020	Final DEFP #2 Adoption at School Board Meeting, after 5:00 p.m.
September 9, 2020	Final Public Budget Hearing, after 5:00 p.m.



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