

# **BUDGET UPDATE**

## **Focus on**

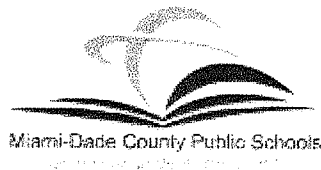
### **FY 2007-2008**

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March 10, 2008

Financial Operations  
Office of Budget Management



# **BOARD BUDGET WORKSHOP # 3**

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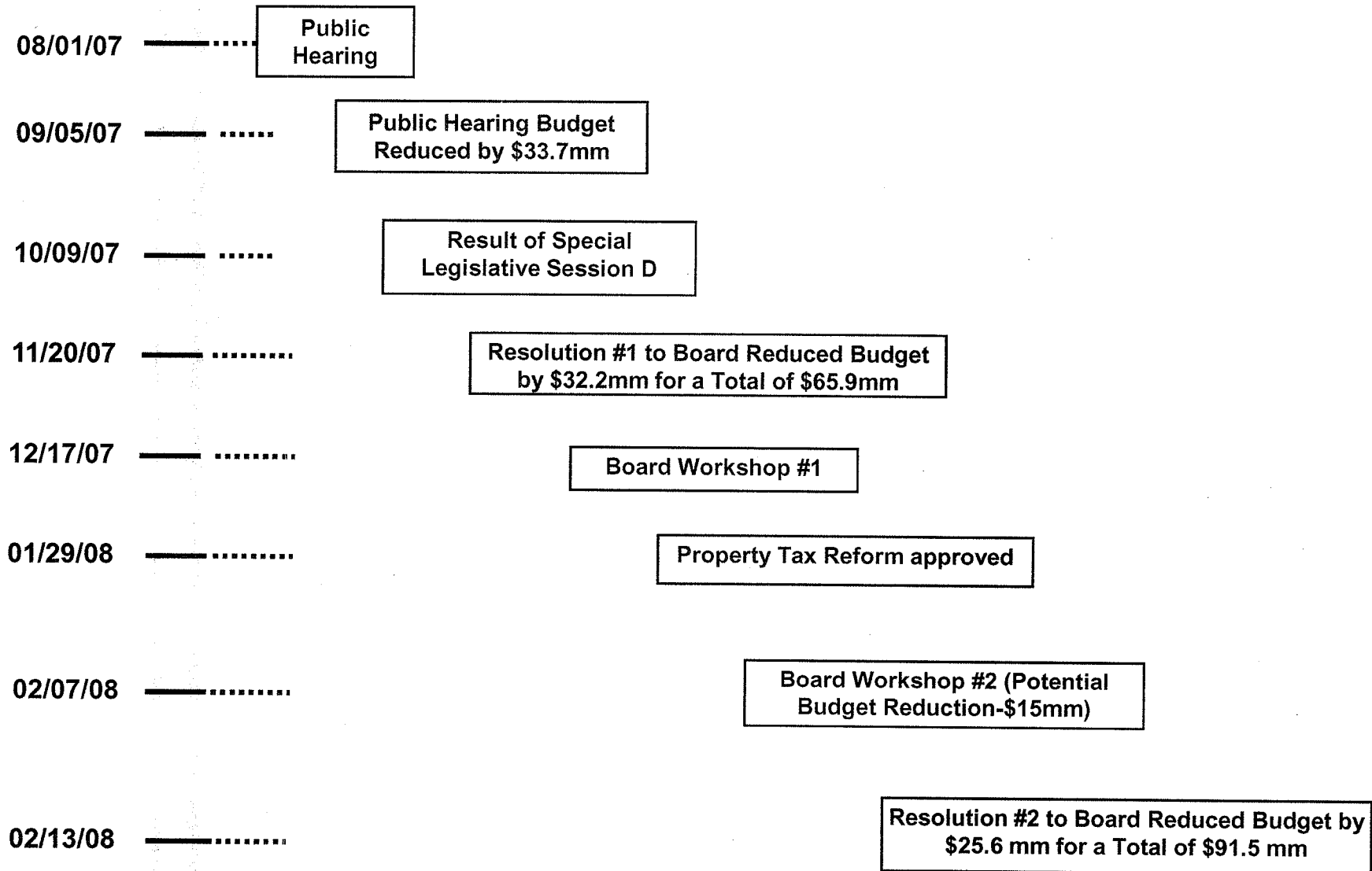
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# BOARD BUDGET WORKSHOP # 3

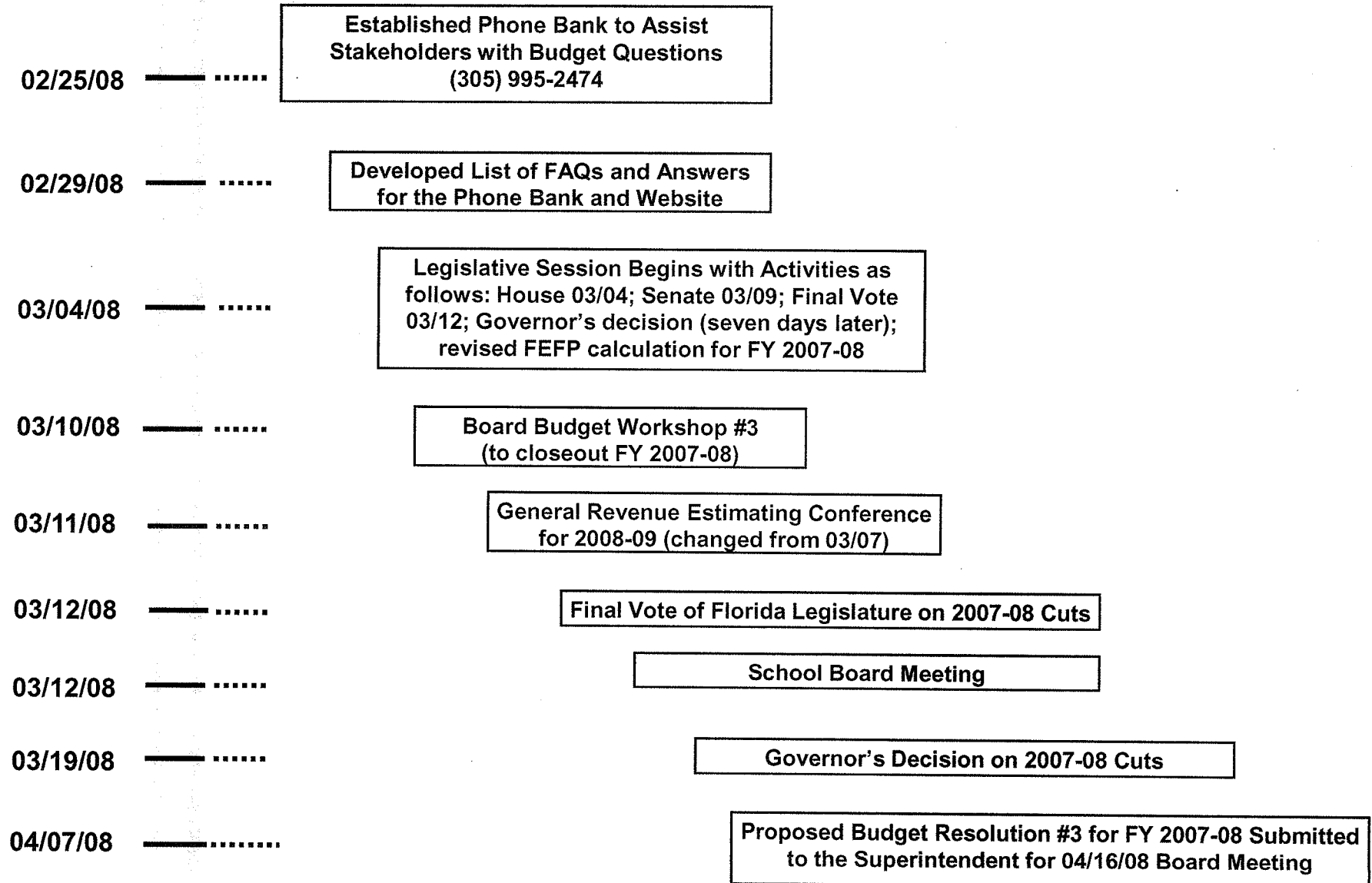
## OBJECTIVES

- To continue information sharing, including timelines, on the Budget.
- To update the Board on new developments, since the February 13, 2008 Board meeting, that impact the FY 2007-08 Budget.
- To establish a baseline of information on the District's funding sources, uses and FY 2007-08 available budget balances in the General Fund.
- To present recommendations for an additional reduction in the FY 2007-08 Budget in anticipation of State Budget cuts resulting from the current Legislative session.
- To discuss next steps

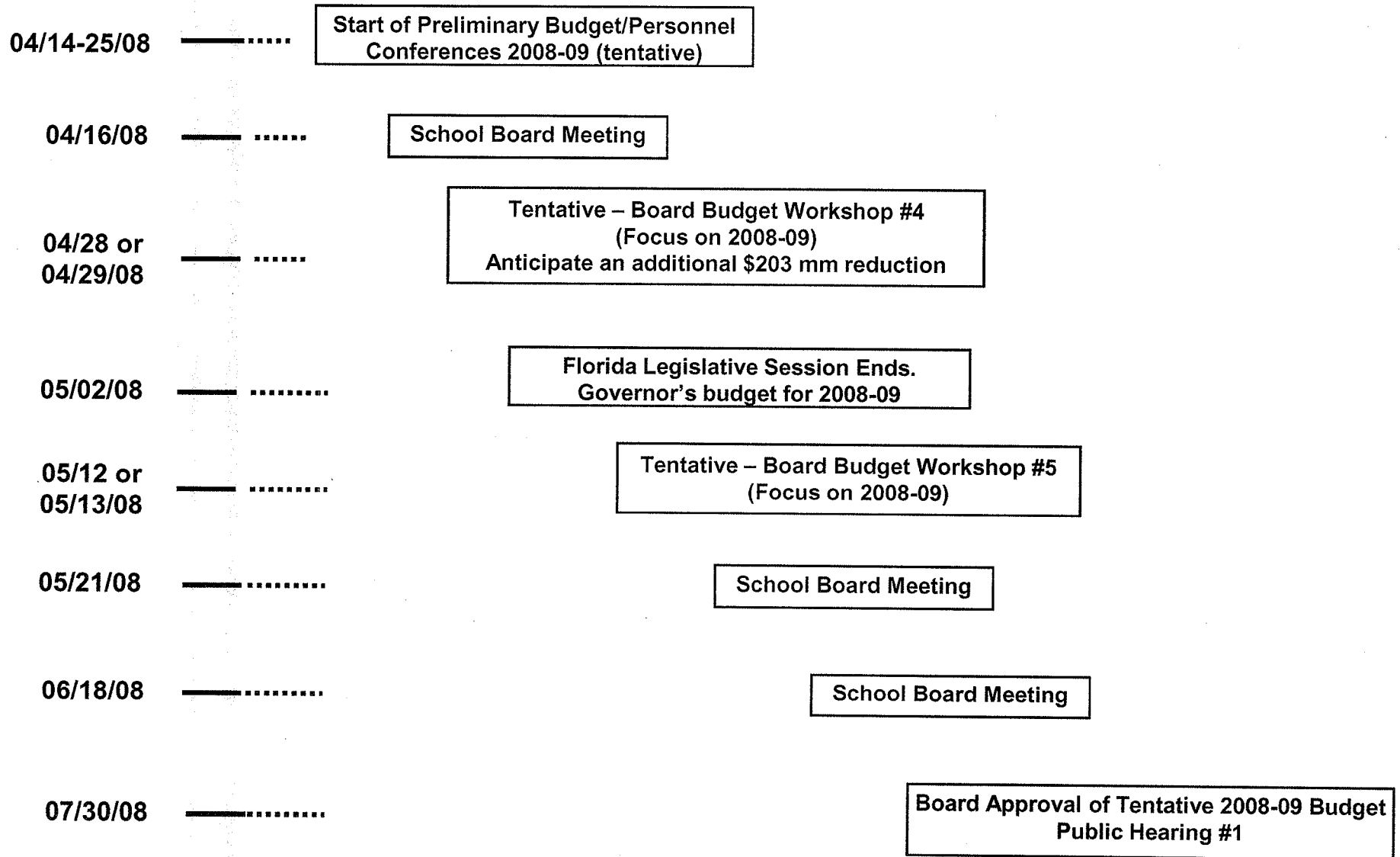
# Budget Reduction and Review Timeline FY 2007-08



# Timeline Going Forward



# Timeline Going Forward



# Events Since February 13, 2008

- **February 7<sup>th</sup> & 13<sup>th</sup>** - During session in March 2008, State Legislature could further reduce M-DCPS FY 07-08 budget by at least \$15 million.
- **February 19<sup>th</sup>** – In a conference call, the State’s newly appointed economist to the Budget and Tax Reform Commission indicated that although the Rubio proposal on property taxes may not get the requisite votes to pass, the commission is looking at several proposals for budget and tax reform.
- **February 21<sup>st</sup>** – Florida Department of Education releases revised estimated 3<sup>rd</sup> calculation with projected impact to M-DCPS of between \$23 - \$28.5 million (not the \$15 million previously reported on February 7, 2008).
- **February 21<sup>st</sup>** – In a conference call, the Commissioner of Education cautioned that the economic outlook for Florida in FY 08-09 “could worsen” and advised Districts to “continue to exercise fiscal restraint”.
- Market conditions continue to decline, resulting in negative impacts to:
  - Cost of borrowing money
  - Financial flexibility for debt financing, debt restructuring, and investment options
  - Timing to fund projects
  - Interest revenue on investments
- **March 4, 2008** – Florida Legislative session commenced.

# General Fund Budget

## Sources of General Fund Dollars

	FY 2003-04 Actual	FY 2004-05 Actual	FY 2005-06 Actual	FY 2006-07 Actual	FY2007-08	
					Adopted Budget	Amended Budget
<b>Federal Sources</b>						
Direct	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	2
State & Local	15	18	18	16	15	13
	<u>17</u>	<u>20</u>	<u>20</u>	<u>18</u>	<u>17</u>	<u>15</u>
<b>State Sources</b>						
FEFP	1,122	1,045	935	846	742	713
Categoricals & Grants	277	361	447	533	607	594
Lottery	19	21	18	14	14	17
	<u>1,418</u>	<u>1,427</u>	<u>1,400</u>	<u>1,393</u>	<u>1,363</u>	<u>1,324</u>
<b>Local Sources</b>						
Ad Valorem Taxes	789	856	995	1,145	1,309	1,306
Child Care Fees	20	31	20	22	19	18
Interest Income	6	11	24	24	21	16
Indirect Cost Recovery	10	14	12	9	10	10
Rental Income	1	-	2	2	1	1
Other Fees & Miscellaneous	29	29	19	34	30	30
	<u>855</u>	<u>941</u>	<u>1,072</u>	<u>1,236</u>	<u>1,390</u>	<u>1,381</u>
<b>SUB-TOTAL</b>	<u>2,290</u>	<u>2,388</u>	<u>2,492</u>	<u>2,647</u>	<u>2,770</u>	<u>2,720</u>
<b>Rebudgets*</b>	266	334	384	352	300	292
<b>GRAND TOTAL</b>	<u>\$ 2,556</u>	<u>\$ 2,722</u>	<u>\$ 2,876</u>	<u>\$ 2,999</u>	<u>\$ 3,070</u>	<u>\$ 3,012</u>

\* - Rebudgets of carryforward resources and the contingency reserve.

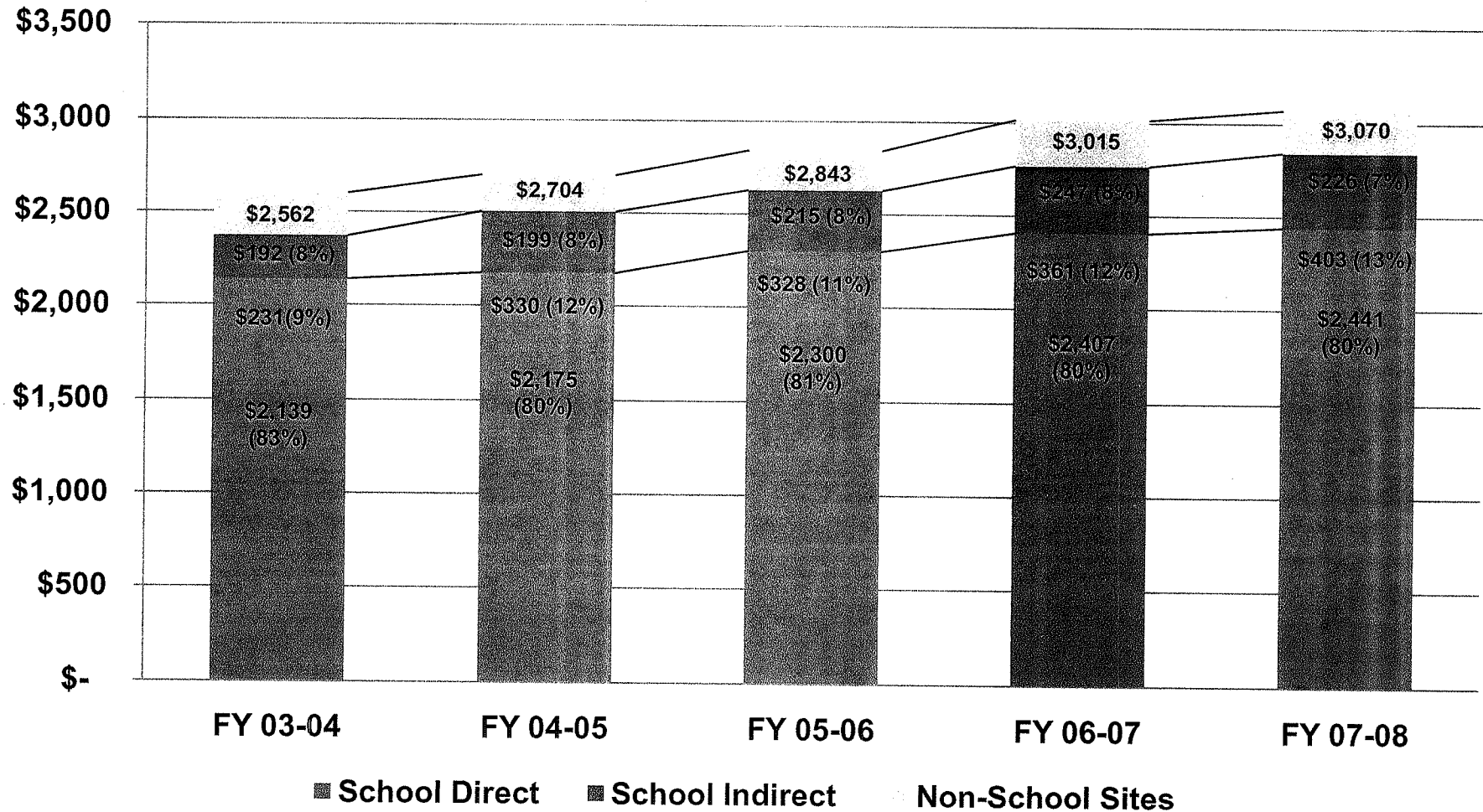
Source: Annual Financial Report for previous year and School Board Agenda Items for Adopted and Amended Budgets of 2007-08



# Where Does The Money Go?

FY 04 – FY 08

\$ in millions



School Indirect includes Charter Schools, Police & Security, Facilities Operations and Maintenance, and Transportation  
 Non-School Sites includes Business, Financial Operations and School Operations, 10% of ITS, Professional Development, Human Resources, Board Attorney, and Superintendent

Source: Budget Executive Summary

# General Fund Budget Summary of Reductions Already Achieved FY 2007-08

	<u>Total</u>		<u>School Direct</u>		<u>School Indirect</u>		<u>District</u>	
<b>Tentative Adopted Budget - August 01, 2007</b>	\$ 3,103.7		\$ 2,434.6		\$ 409.0		\$ 260.1	
<b>Reductions:</b>								
Amendment E-15 - September, 2007	(33.7)	1.1%	(1.9)		(6.0)		(25.8)	9.9%
Amendment E-13 - November, 2007	(32.2)	1.0%	(5.0)		(19.9)		(7.3)	2.8%
Amendment E-13 - February, 2008	(25.6)	0.8%	(1.5)		(14.0)		(10.1)	3.9%
<b>Total Reductions To Date</b>	<u>(91.5)</u>	<u>2.9%</u>	<u>(8.4)</u>		<u>(39.9)</u>		<u>(43.2)</u>	<u>16.6%</u>
<b>Revised Budget Totals - After Resolution No. 2</b>	<u>\$ 3,012.2</u>		<u>\$ 2,426.2</u>		<u>\$ 369.1</u>		<u>\$ 216.9</u>	

FY 07-08 budget reductions to date total \$91.5 million.

# General Fund Budget Balances Available as of January 25, 2008 FY 2007-08

	Amended Budget	Actual Expenditures as of 01/25/08	Encumbrances*	Budget Balances Available
<b>School Direct</b>				
Salaries & Fringes	\$ 1,987,197,706	\$ 953,468,380	\$ 989,757,776	\$ 43,971,550
Non-Salaries	439,036,179	347,940,419	66,005,783	25,089,977
Sub-Total	<u>2,426,233,885</u>	<u>1,301,408,799</u>	<u>1,055,763,559</u>	<u>69,061,527</u>
<b>School In-Direct</b>				
Salaries & Fringes	171,445,008	111,406,562	59,421,145	617,301
Non-Salaries	197,672,984	172,986,757	22,624,190	2,062,037
Sub-Total	<u>369,117,992</u>	<u>284,393,319</u>	<u>82,045,335</u>	<u>2,679,338</u>
<b>Non-School Sites</b>				
Salaries & Fringes	163,507,686	91,805,818	71,332,735	369,133
Non-Salaries	53,399,288	26,001,257	25,676,203	1,721,828
Sub-Total	<u>216,906,974</u>	<u>117,807,075</u>	<u>97,008,938</u>	<u>2,090,961</u>
<b>Total</b>	<u><u>\$ 3,012,258,851</u></u>	<u><u>\$ 1,703,609,194</u></u>	<u><u>\$ 1,234,817,832</u></u>	<u><u>\$ 73,831,825</u></u>

\*Commitments for remaining full-time salaries, open purchase orders and pending requisitions.

# Steps Already Taken and in Progress to Avoid Layoffs

- Placed a moratorium on all non-essential hourly and overtime expenditures, travel, P-card purchases or new commitments requiring the use of general fund dollars.
- Froze all non-essential hiring, including new hourly staff, except for direct classroom staff.
- Submitted list of suggestions to the Commissioner of Education to give the District spending and compliance flexibility.
- Cancelled all non-essential purchase requisitions with no activity since 12/01/07.
- Reviewed all General Fund available budget balances and un-liquidated encumbrances for reduction recommendation.

# Proposal to Reduce Budget by an Additional \$23 to \$28.5 Million FY 2007-08

	SCHOOLS	NON SCHOOLS SITES	TOTAL
<b>Salary Transfers</b>		\$ 3,762,141	\$ 3,762,141
<b>Hourly</b>	\$ 5,805,901	1,800,000	7,605,901
<b>Overtime</b>	453,318	0	453,318
<b>Fringe Benefits</b>	1,471,450	1,138,570	2,610,020
<b>Substitute</b>	2,319,954	0	2,319,954
<b>Supplies</b>	8,167,668	3,580,998	11,748,666
<b>Total</b>	\$ 18,218,291	\$ 10,281,709	\$ 28,500,000

# Next Steps

- Recommend budget resolution #3 at the April 16<sup>th</sup> 2008 Board meeting if Governor Crist affirms additional budget cuts for FY 2007-08.
- Continue to advise the Board of new developments that affect the FY 2007-08 and future years' budgets.
- Plan for another Board workshop in late April, 2008.