



Board Budget Workshop



May 30, 2012

Guiding Principles

What this Budget does:

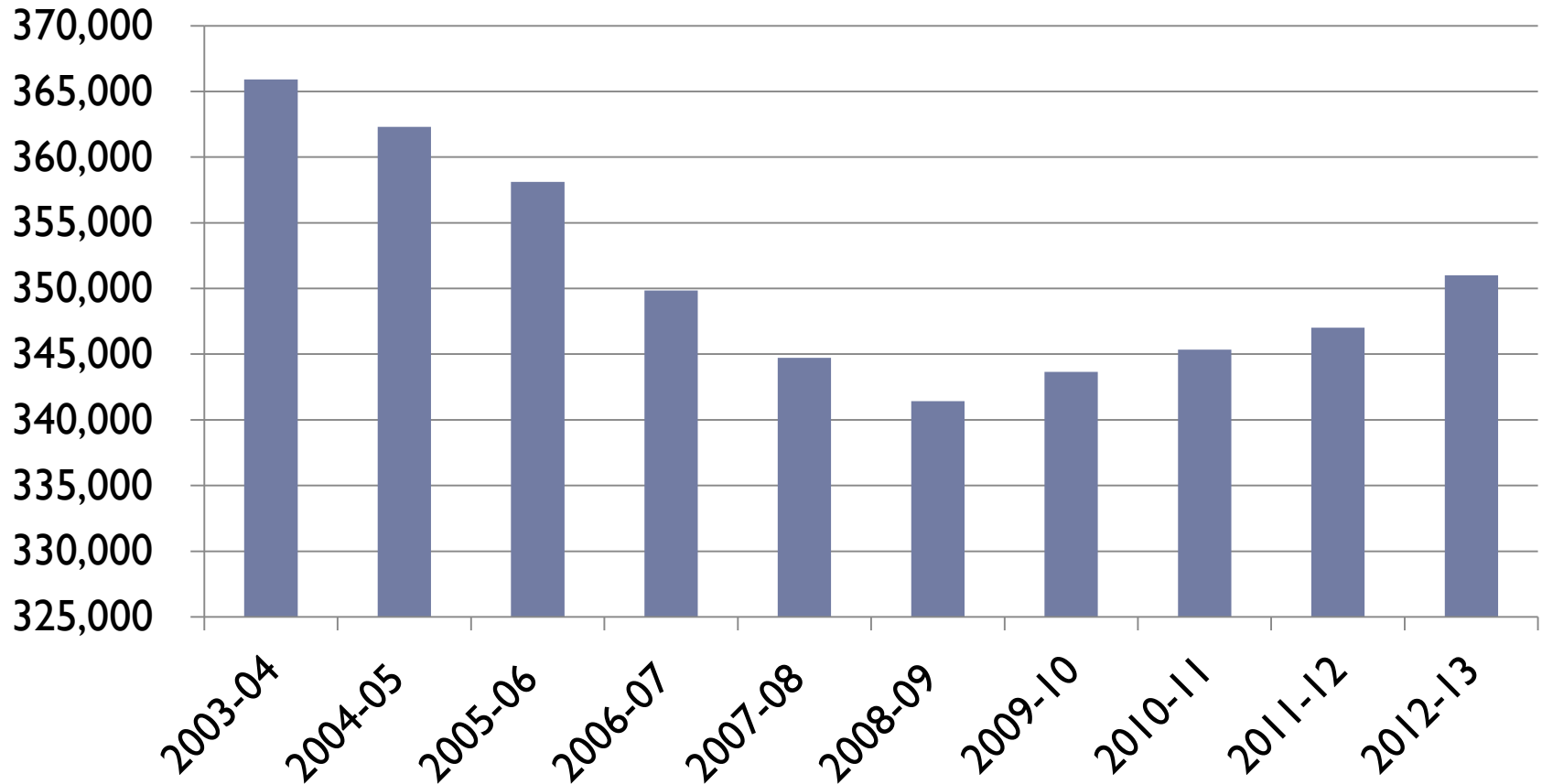
- ▶ Protects teachers
- ▶ Protects the classroom
- ▶ Protects school spending
- ▶ Expands services to students with disabilities
- ▶ Expands parental choice options
- ▶ Protects economic viability of school system
- ▶ Protects credit rating

What this Budget does not:

- ▶ Impose employee furloughs
- ▶ Layoff of teachers for economic reasons
- ▶ Programmatically reduce the Arts, World Languages or PE
- ▶ Reduce the district's reserves

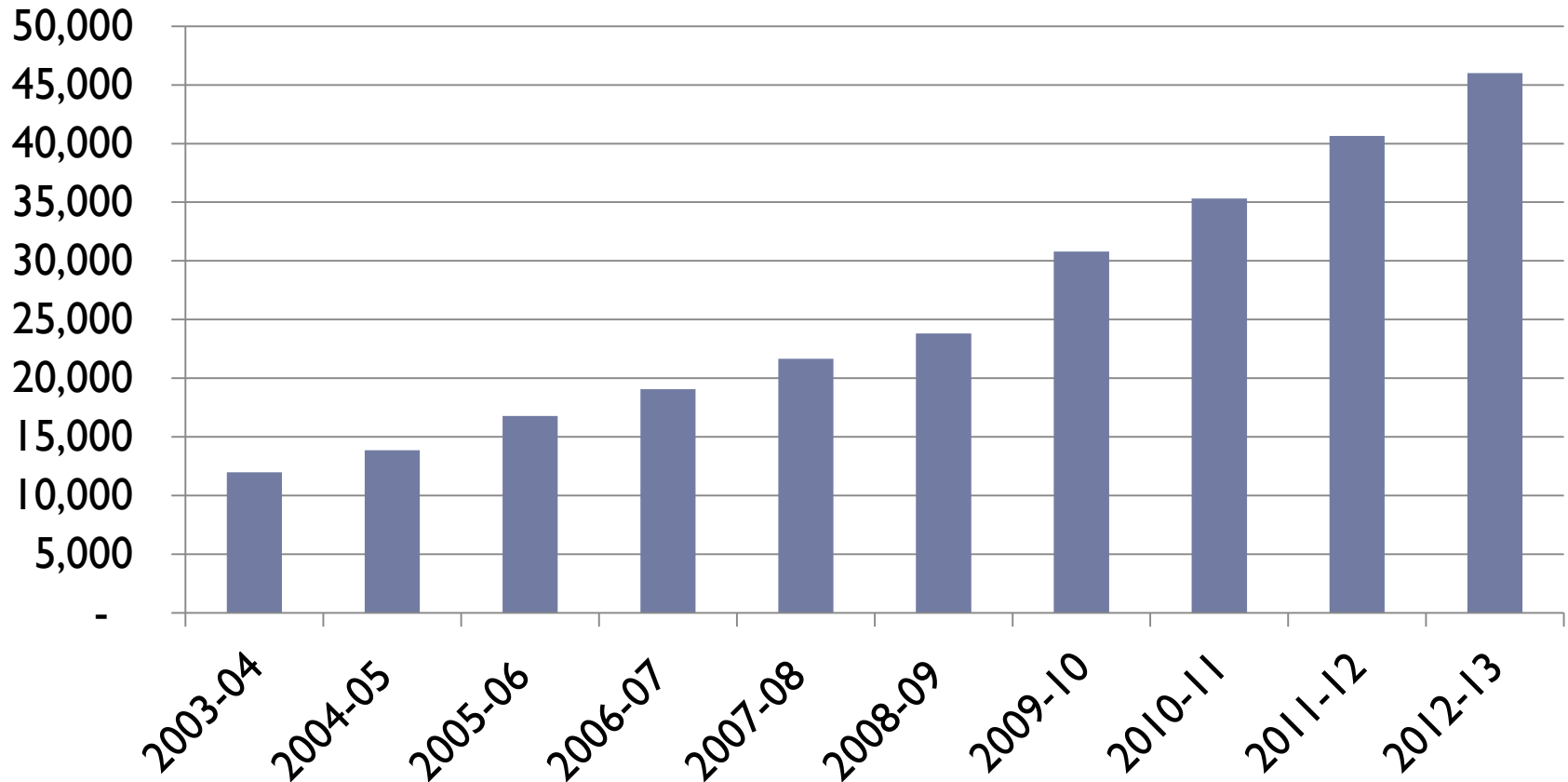
General Fund

FTE Trend: Total M-DCPS FTE



Total M-DCPS student enrollment, including charter schools, is increasing steadily.

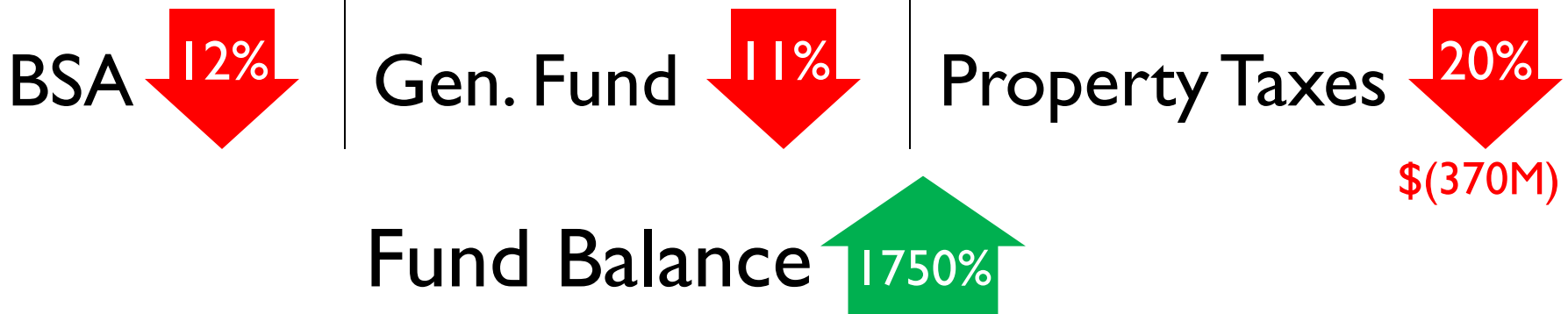
FTE Trend: Charters Only



District student growth is offset by charter school growth.

Financial Trends

	2007-08	2010-11	2011-12	2012-13
Base Student Allocation	\$4,080	\$3,624	\$3,479	\$3,583
General Fund	\$3.04B	\$2.71B	\$2.75B	\$2.72B
Property Tax Revenue	\$1.85B	\$1.59B	\$1.58B	\$1.48B
Unassigned Fund Balance	\$4.9M	\$170.9M	\$90.6M	--



The District's revenue has dropped substantially since the economy turned, but it finally looks to have somewhat stabilized. Its financial strength has greatly improved.



Other Data Trends

	2007-08	2010-11	2011-12	2012-13
Average Teacher Salary	\$51,335	\$52,404	\$53,038	--
Health Insurance \$ per Employee	\$6,052	\$7,471	\$8,216	\$9,198
Average Class Size (grades 9-12) ¹	21.99	20.20	19.96	--
Central Office Positions (GF)	2,119	1,072	1,009	949 ²

¹ Source: FLDOE

² Proposed as part of 2012-13 budget reduction plan to be submitted to School Board

While revenue has dropped substantially, other costs have increased. The District has handled this by cutting costs, including an over 50% reduction to Central Office.

Outlook for 2012-13: Revenue

Operating Revenue (in millions)	2011-12	2012-13	Variance
State Revenue	\$ 967.7	\$ 1,144.6	\$ 176.9
Property Taxes and Other	\$ 1,402.3	\$ 1,310.5	\$ (91.8)
Capital Fund Transfer ¹	\$ 138.1	\$ 117.5	\$ (20.6)
Beginning Fund Balance	\$ 221.7	\$ 145.4	\$ (76.3)
Grand Total	\$ 2,729.8	\$ 2,728.0	\$ (11.8)

¹ Includes Charter school capital outlay transfer the state gives through PECO revenue

Operating Revenue = \$(11.8M)

Outlook for 2012-13: Expenditures

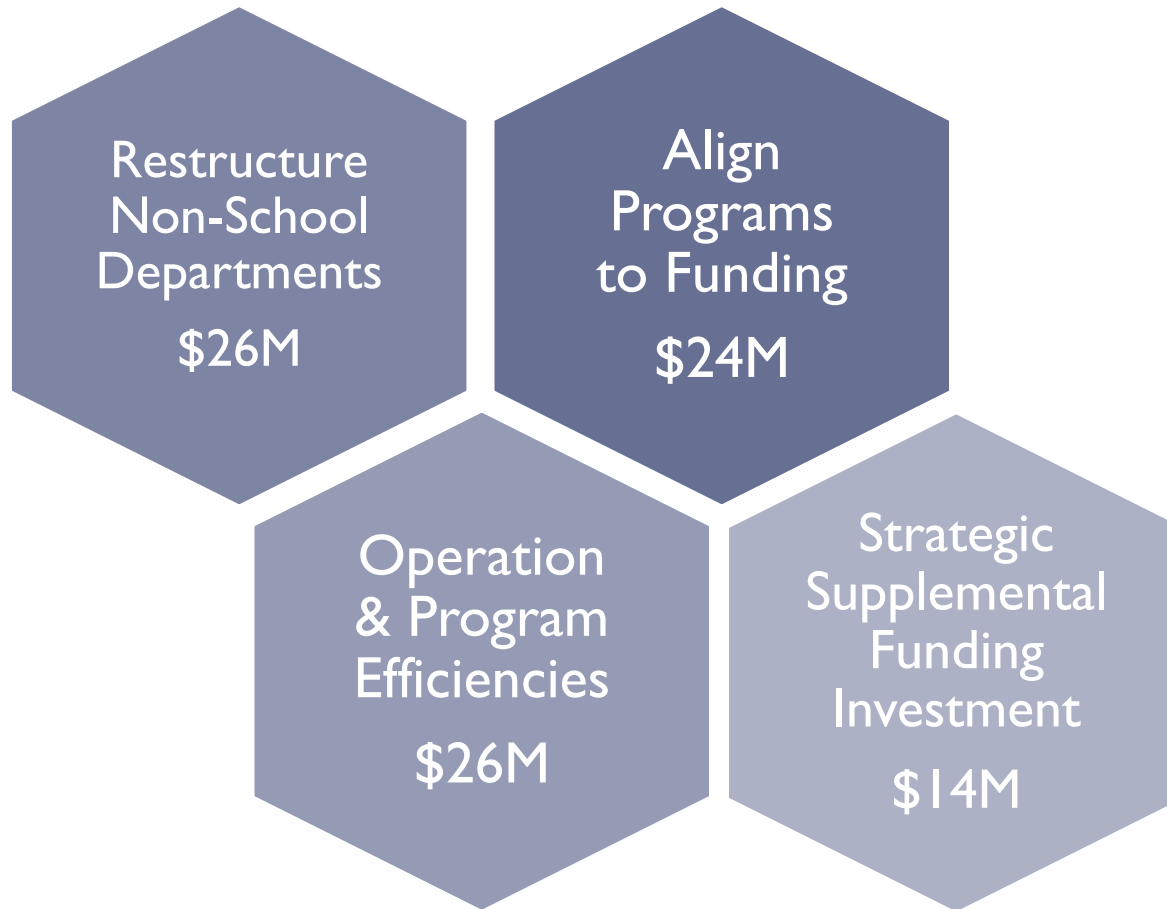
Budget Item	Variance (in millions)
McKay Scholarships	\$ 32.3
FRS increase	\$ 6.6
Categorical increases	\$ 6.7
Charter school increase	\$ 31.4
M-DCPS FTE decrease	\$ (3.5)
Absorb expenditures from Capital Fund	\$ 4.4
Total Operating Expenditure Increase	\$ 78.0

Expenditure Increase = \$78.0M

Revenue Decrease = \$(11.8M)

2012-13 Budget Hole = \$89.8M

Budget → Student Achievement



Restructure Non-School Departments: \$26M

- ▶ Central Office, Regions and all other non-school departments reduced 4% to 18%
- ▶ Maintenance department reduced due to debt service eating up an ever-increasing share of shrinking Capital Outlay funds

Align Programs to Funding: \$24M

- ▶ FL Statute 1003.428 requires students to take virtual learning course prior to high school graduation; necessitates change to the teacher ratios
- ▶ Use authorization approved in Item SP-I in the School Board Meeting of July 27, 2011 to streamline non-teacher services
- ▶ Adjust Workforce Development budget to match changes in state funding

Operation and Program Efficiencies: \$26M

- ▶ Ensure fidelity to teacher certification laws and student demand
- ▶ Redesign/repurpose curricular programs at select schools
- ▶ Eliminate alternate assignment
- ▶ Restructure World Language program into EFL choice options
- ▶ Reduce vacation accrual for employees
- ▶ Pilot voluntary school level autonomy over special areas
- ▶ Negotiate alignment of school support personnel to student need and supervisory work year
- ▶ 50% reduction in waivers to facility fees
- ▶ Attendance incentive for classroom teachers

Strategic Supplemental Funding Investment: \$14M

- ▶ Take advantage of statutorily allowed categorical flexibility and supplemental funding

Discretionary Local Millage

Maximum allowable Discretionary millage:

0.748

2011-12 FEFP Fourth Calculation
Millage Rates

District	Required Local Effort Mils	0.748 Discretionary Millage	Total FEFP Millage
1 Alachua	5.429	0.748	6.177
2 Baker	5.535	0.748	6.083
3 Bay	5.278	0.748	6.124
4 Bradford	5.556	0.748	6.304
5 Brevard	5.598	0.748	6.346
6 Broward	5.110	0.748	5.915
7 Calhoun	5.448	0.748	6.194
8 Charlotte	5.099	0.748	5.844
9 Citrus	5.527	0.748	6.275
10 Clay	5.458	0.748	6.206
11 Collier	5.253	0.748	6.001
12 Columbia	5.350	0.748	6.098
13 Miami-Dade	5.407	0.472	5.879
14 Dade	5.229	0.748	5.977
15 Duval	5.329	0.748	6.077
16 Duval	5.285	0.748	6.033
17 Escambia	5.519	0.748	6.267
18 Flagler	5.517	0.748	6.265
19 Franklin	2.731	0.748	3.479
20 Gadsden	5.424	0.748	6.172
21 Gilchrist	5.601	0.748	6.349
22 Glades	5.101	0.748	5.849
23 Gulf	5.105	0.748	5.853
24 Hamilton	5.513	0.748	6.261
25 Hardee	5.358	0.748	6.104
26 Hendry	5.415	0.748	6.223
27 Hernando	5.280	0.748	6.008
28 Highlands	5.315	0.748	6.065
29 Hillsborough	5.807	0.748	6.555
30 Holmes	5.440	0.748	6.188
31 Indian River	5.369	0.748	6.141
32 Jackson	5.457	0.748	6.205
33 Jefferson	5.537	0.748	6.285
34 Lafayette	5.278	0.748	6.028
35 Lake	5.137	0.748	5.885
36 Lee	5.574	0.748	6.322
37 Leon	5.515	0.748	6.263
38 Levy	5.300	0.748	6.048
39 Liberty	5.382	0.748	6.130
40 Madison	5.414	0.748	6.222
41 Manatee	5.682	0.748	6.430
42 Marion	5.380	0.748	6.128
43 Martin	4.956	0.748	5.704
44 Monroe	1.796	0.748	2.544
45 Nassau	5.705	0.748	6.453
46 Oklawaha	5.511	0.748	6.259
47 Okechobee	5.678	0.748	6.428
48 Orange	5.268	0.748	6.011
49 Osceola	5.300	0.748	6.048
50 Palm Beach	5.682	0.688	6.370
51 Pasco	5.360	0.748	6.138
52 Pinellas	5.420	0.748	6.168
53 Polk	5.418	0.748	6.164
54 Putnam	5.259	0.748	6.057
55 St. Johns	5.708	0.748	6.456
56 St. Lucie	5.315	0.748	6.063
57 Santa Rosa	5.740	0.748	6.488
58 Seminole	4.371	0.748	5.119
59 Seminole	5.452	0.748	6.200
60 Sumter	4.249	0.748	4.997
61 Suwannee	5.588	0.748	6.336
62 Taylor	5.125	0.748	5.873
63 Union	5.633	0.748	6.381
64 Volusia	5.551	0.748	6.299
65 Wabata	5.489	0.748	6.237
66 Wakulla	2.668	0.748	3.416
67 Washington	5.483	0.748	6.231
68 Washington Special	0.000	0.000	0.000
69 FNUJ Lab - Broward	0.000	0.000	0.000
70 FNUJ - Palm Beach	0.000	0.000	0.000
71 FNUJ - St. Lucie	0.000	0.000	0.000
72 FNUJ Lab - Broward	0.000	0.000	0.000
73 FNUJ Lab - Leon	0.000	0.000	0.000
74 UF Lab	0.000	0.000	0.000
75 Virtual School	0.000	0.000	0.000
State	5.448	0.748	6.194

of Districts levying 0.748 mills: 66

- 66 of 67 districts levied the maximum
- Palm Beach was one of the 66, but split the millage so 0.688 was in Discretionary Operating and the other 0.06 was in Discretionary Capital

of Districts levying < 0.748 mills: 1

- M-DCPS was the only one not at the maximum
- M-DCPS levied .472 in Discretionary Operating and .100 in Discretionary Capital

Moody's on M-DCPS in 2012

- ▶ “Despite financial challenges associated with state funding levels and tax base declines, management’s response has been positive.”
- ▶ “The district’s cash and equity position has improved due to strong management, although the ability to maintain adequate reserve levels will be a continual challenge.”
- ▶ “Financial improvement since FY2008 was accomplished by making over \$400 million in expenditures cuts, negotiating favorable union contracts and averting significant health care cost increases by becoming self-insured.”
- ▶ “Moody’s anticipates that a large portion of the district’s substantial ongoing capital program will require funding resources not currently available to the district.”

2013-14: Crouching Tiger

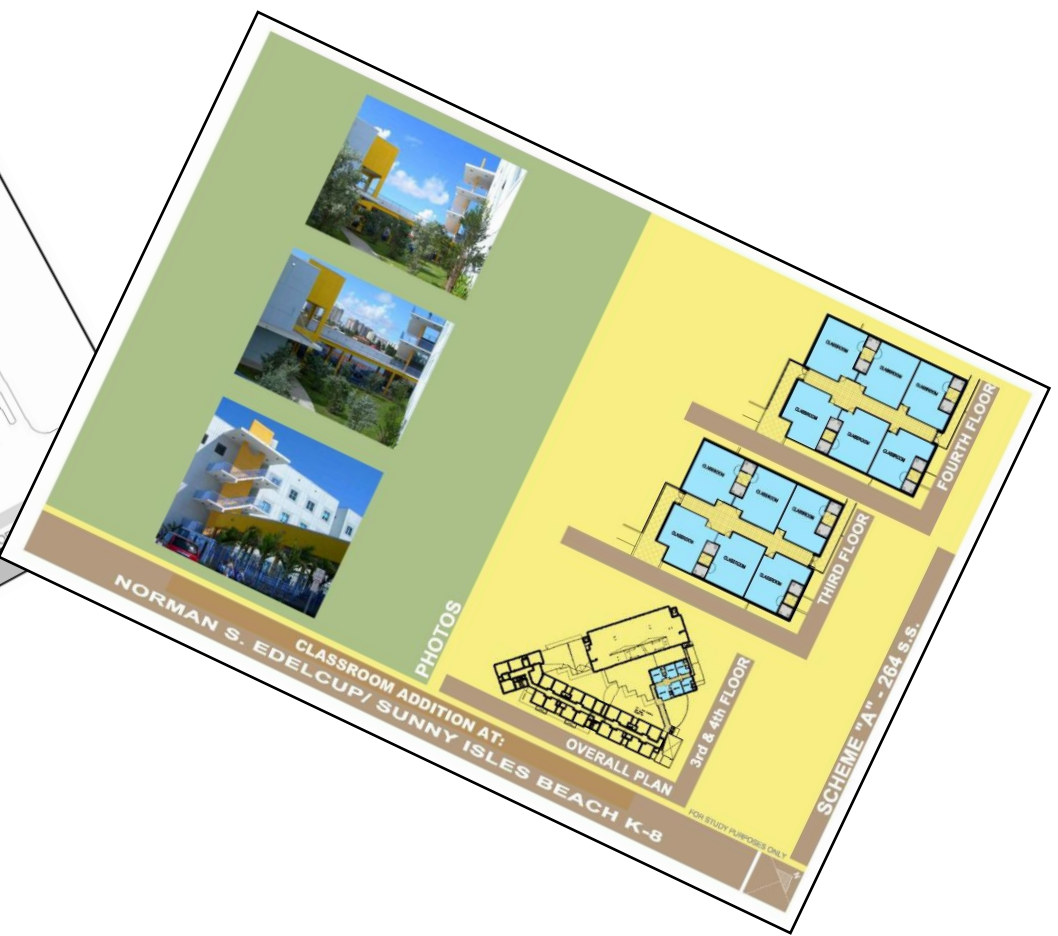
Continuing
Capital Crunch
\$40M

FRS Unfunded
Liabilities
\$30M

Medical
Insurance
\$28M

Charter School
Encroachment
\$32M

Capital Outlay



Creating New Strategic Opportunities

Funding and Financing Collaborations

Strategic Growth & Student Retention

- ▶ The Office of School Facilities has sought out opportunities for strategic enrollment growth and physical plant renewal
- ▶ This focused effort has yielded projects and prospects that capitalize on innovative financing and co-funding by willing partner communities
- ▶ Parameters for new construction or facility expansion candidates include:
 - ▶ Current and projected enrollment v. capacity of existing facilities
 - ▶ Market share of new FTEs being lost to other educational providers
 - ▶ Ability to ramp-up facility costs over time to match new FTE enrollment
- ▶ Business model criteria:
 - ▶ Minimize upfront capital costs
 - ▶ Incorporate external financing and cost sharing
 - ▶ Defer start of payback by the District to match revenue projections
- ▶ Areas under active exploration include:
 - ▶ Doral
 - ▶ Key Biscayne and the Brickell area
 - ▶ NE Miami-Dade
 - ▶ Southwest Miami-Dade

Physical Plant Renewal Opportunities

Parameters for renewal/renovation candidates include:

- ▶ Enhancement of educational choice for students, parents and the respective communities (equity and access)
- ▶ Age and/or condition of the facility is such that physical plant replacement would be cost-effective
- ▶ Business model criteria:
 - ▶ Minimize upfront capital costs
 - ▶ Incorporate external financing and cost sharing
- ▶ Projects being implemented or under consideration include:
 - ▶ Expansion of STEM choice options
 - ▶ Upgrade and/or replacement of aging campuses
 - ▶ Grade reconfigurations at existing schools:
 - Elementary to K-8
 - Middle to 6-12

Approved and Potential Collaborations

Approved Collaborations	Estimated Capital Cost	Comments
Norman S. Edelcup/Sunny Isles Beach K-8: Classroom Addition	\$4,000,000	Already approved by Board and City of Sunny Isles Beach (50/50 cost sharing basis); Board's share is \$2M
Centennial and Cutler Ridge Middle Schools: Conversion to 6-12 Academy and iPrep	\$2,450,000	Already approved by Board and Town of Cutler Bay; \$2.45 Million contributed by Town
Other Possible Collaborations Under Discussion (Implementation Timeline TBD)	Estimated Capital Cost	Comments
Downtown Doral Elementary: New School (hybrid model)	\$7,500,000	New school to be built by the District with financing from impact fees , CDD and monetized value of donated land; District will manage charter school
Key Biscayne K-8 : Addition/Expansion	\$18,000,000	Discussions have centered on financing by Village and cost sharing (50/50) for a 6-12 solution
Northeast Miami Dade: EFBD @ former BellSouth property (Conveyance of +/- 6-acre site to Board)	\$18,000,000	Current discussions entail possible creation of Educational Facilities Benefit District, with expenditures to be repaid from owner assessments; land is to be conveyed to District in lieu of impact fees, pursuant to existing covenant
K-8 at SW 167 Ave/95 St (phase 1)	\$3,500,000	Pre-payment of impact fees by developers; no cash expenditure; would forego impact fee collections for first phase
Frederick Douglass Conversion to K-8 and Replacement	\$18,000,000	Discussions with the CRA entail possible financing of project by CRA and cost sharing (split to be determined)
Benjamin Franklin K-8 Replacement	\$18,000,000	Preliminary discussions with City of North Miami for possible CRA financing of project and cost sharing opportunities
West Homestead Elementary: Conversion to K-8 with STEM focus	\$6,000,000	Discussions on-going with City of Homestead ref. City financing of entire amount with City contribution of approx. \$750,000 to cover District's interest payments for initial period (to be determined based on interest and term)

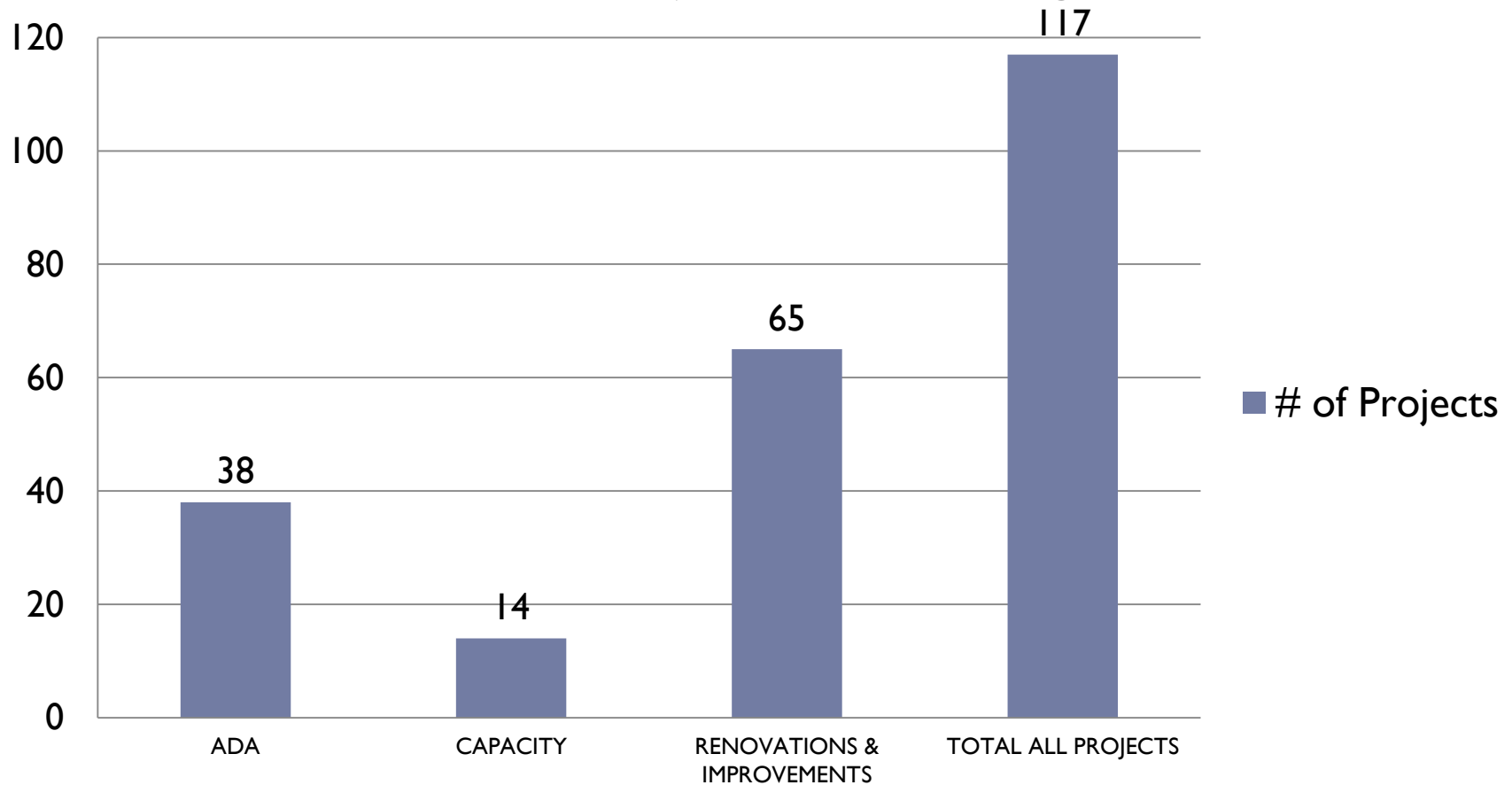
FY 2012-13

Workload and Staffing Adjustments



Capital Work in Progress

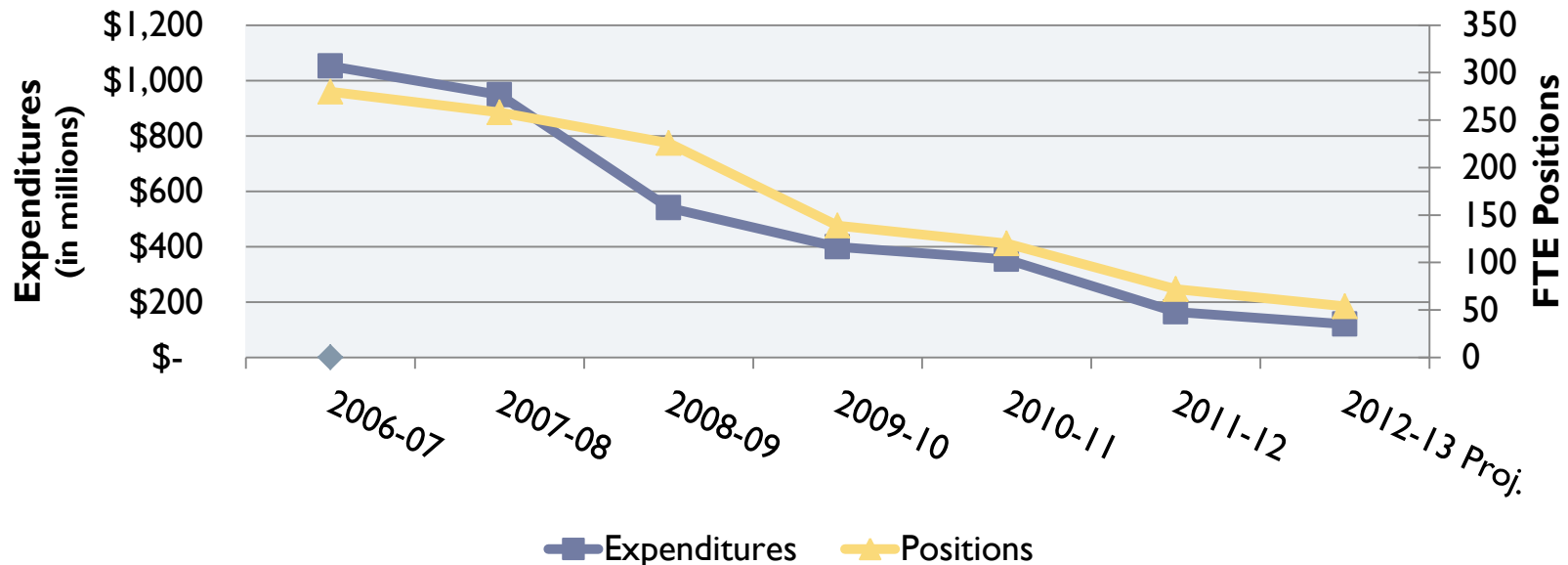
FY 2012-13
Number of Active Projects at Various Stages of Construction



Level of Effort in Managing Capital Projects

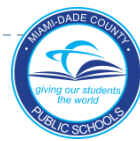
Currently over 120 construction projects worth approximately \$200M are underway in various phases of planning, design and construction. Staffing levels continue to be adjusted accordingly.

Office of School Facilities – Planning, Design & Construction Workload (Capital Expenditures) and Positions



Five-Year Outlook

Challenges and Opportunities



Preliminary Five-Year Outlook

	2012-13	2013-14	2014-15	2015-16	2016-17
REVENUES					
State Estimating Conference 1-3-12	-7.03%	0.16%	3.09%	3.90%	4.58%
Local Optional Millage Levy (1.6 Mills)	\$ 285.26	\$ 285.71	\$ 294.54	\$ 306.02	\$ 320.02
PECO Revenues ¹	13.8	34.0	36.1	35.6	35.6
Other Revenues (CODS/Impact Fee/Interest)	8.30	8.35	8.27	8.12	8.13
Beginning Fund Balance					
TOTAL REVENUE	\$ 307.36	\$ 328.06	\$ 338.90	\$ 349.84	\$ 363.80
APPROPRIATIONS					
Total Transfers to General Fund	\$ 103.70	\$ 103.70	\$ 103.70	\$ 103.70	\$ 103.70
Charter School Capital Outlay Transfer	13.80	13.80	13.80	13.80	13.80
Debt Service	182.72	234.90	234.25	244.63	242.34
Capital Abatement	4.00	4.00	4.00	4.00	4.00
Reserves	2.10	3.00	3.00	3.00	3.00
Technology/Equipment	0.50	0.50	0.50	0.50	0.50
New Other Project Costs	0.54	8.60	8.30	8.30	8.00
TOTAL APPROPRIATIONS	\$ 307.36	\$ 368.50	\$ 367.55	\$ 377.93	\$ 375.34
Reductions to GF Transfer	\$ (0.00)	\$ (40.44)	\$ (28.65)	\$ (28.09)	\$ (11.54)

¹ Includes \$13.8M annually for Charter school capital outlay

Capital Outlay Summary

- ▶ District staff continues to pursue partnership opportunities for new school construction in growth areas as well as for renewal of existing campuses
- ▶ These efforts provide a short-term capital relief, broaden educational choice and attract new students
- ▶ Successful cost reduction and funding reallocation opportunities will continue through the eco-sustainability program and ongoing project close-out efforts

Capital Program Outlook

A long-term capital revenue solution remains essential, as the current situation is not sustainable.

