

FINANCIAL UPDATE



**Funding, Commitments,
Budget Increases, and
Reduction Strategies**

April 17, 2018

**Board Workshop
Part II-A**



**DUVAL COUNTY
PUBLIC SCHOOLS**



PART II-A: **Review of Funding, Commitments, Budget Increases, and Reduction Strategies**

Agenda

**2018-19 Legislative
Funding**

**Review of
Commitments**

**Budgeted
Increases**

**Budget Reduction
Strategies**

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Part I
**Preparing for
2018-2019 Budget**

Part II-A
**Review of Funding, Commitments,
Budget Increases, and Reduction
Strategies**

Part II-B
**2018-2019
Budget Recommendations**

Part III
**2018-2019
Draft Budget**



FUNDING: **Projected Revenue**

Discretionary Funding

a closer look

	2017-2018*	2018-2019	Difference
BSA X DCD X WFTE	\$ 593,284,404	\$ 592,396,594	↓ \$ (887,811)
ESE Guarantee Allocation	49,933,091	49,779,978	↓ (153,113)
DJJ Supplement	408,797	409,197	↑ 400
Declining Enrollment	90,446	0	↓ (90,466)
Transportation	19,647,581	19,822,281	↑ 174,700
DLE Equalization (.748 mills)	17,000,246	17,414,128	↑ 413,882
Funding Compression Allocation	0	743,560	↑ 743,560
Discretionary Local Effort	46,187,050	49,407,977	↑ 3,220,927
Virtual Education Contribution	1,673	0	↓ (1,673)
Federally Connected Supplement	533,931	533,931	— 0
Additional Funding	158,076	0	↓ (158,076)
Prior Year Adjustment	-342,989	0	↑ 342,989
TOTAL DISCRETIONARY	\$ 726,902,306	\$ 730,507,646	↑ \$ 3,605,339




Categorical Funding

a closer look

	2017-2018*	2018-2019	Difference
Mental Health Assistance	--	\$ 2,934,402	↑ \$ 2,934,402
Supplemental Academic Instruction	\$32,460,899	32,484,506	↑ 23,607
Reading Instruction	5,691,265	5,634,528	↓ (55,737)
Safe Schools	3,392,110	7,469,174	↑ 4,077,064
Florida School Recognition	7,687,884	7,687,884	— 0
Discretionary School Recognition	234,179	231,839	↓ (2,340)
Instructional Materials	10,279,200	10,235,021	↓ (44,179)
Teacher Lead	2,097,925	2,477,733	↑ 379,808
Class Size Reduction	145,382,409	144,803,175	↓ (579,234)
Digital Learning	2,506,715	2,107,950	↓ (398,800)
TOTAL CATEGORICAL	\$ 209,732,621	\$ 216,067,212	↑ \$ 6,334,591

2018-2019 Legislative Funding

OVERVIEW

	2017-2018*	2018-2019	Difference	
Discretionary	\$ 726,902,306	\$ 730,507,646		\$ 3,605,339
Categorical	\$ 209,732,621	\$ 216,067,212		\$ 6,334,591
Total FEFP	\$ 936,634,927	\$ 946,574,858		\$ 9,939,930

*Based on 2017-2018 Third Calculation



Commitments



Budgeting to the Audit

Recommendations & Commitments

Recommendation/Commitments	Current Status in 2018-2019 Budget
Single Entry:	➡ All division and school budgets have been directly entered into the BudPrep System for the 2018-2019 budget.
Known Conditions:	➡ The budget is being developed without budget roll-forward and will be based only on conditions currently known.
Adequate Funding:	➡ All departments have adequately budgeted individual line items, including recurring costs.
Historical Data:	➡ District staff was provided budget information from previous years.
Roll Forward:	➡ The budget has been developed without a budget roll-forward.
Grant Budgets:	➡ District staff is currently developing budgets that consider supplanting and maintenance of effort.
Add-Ons & Comparability:	➡ The School Allocation Model includes add-ons and comparability positions.
Salary Adjustments:	➡ Average salaries and the benefit rate has been adjusted prior to preparing the Staff Allocation Model.
Salary & Budget Transfers/Payroll Suspense:	➡ District staff is monitoring, reconciling, and adjusting salary and benefit budget lines monthly.
Budget Liaison:	➡ A budget liaison has been identified for each department and internal professional development provided.
Holding Account:	➡ Budget holding accounts are monitored by designated district staff and discussed with the Superintendent.



Budget Increases

Budget Commitments



Cost of Implementing Adequate Funding Recommendations



2018-2019 Funding Area	Amount Above Prior Year Funding	
Maintenance Salaries and Benefits	↑	\$ 9,500,000
Technology Salary and Benefits	↑	\$ 7,957,500
Energy Costs	↑	\$ 4,578,763
AP/IB/AICE Payment to Schools	↑	\$ 2,885,000
Retiree Insurance Incentives	↑	\$ 2,500,000
Maintenance of Effort	↑	\$ 4,000,000
Speech/Language Pathologist Invoices	↑	\$ 10,000,000
Transportation Contract	↑	\$ 8,500,000
Fuel Costs	↑	\$ 500,000
Custodial Contract	↑	\$ 966,346
TOTAL UNFUNDED or UNDERFUNDED	↑	\$ 51,387,609

Budget Commitments

Average Salary & Benefit Rate Adjustment

	2017-2018	2018-2019	Difference
Benefit Rate	37.1%	37.4%	 0.3%
Average Teacher Salary	\$ 47,000	\$ 47,500	 \$ 500


Budget Commitments

Cost of Implementing Salary Adjustment Recommendations

Funding Area		Cost
School Allocation Plan Average Salary Increase	↑	\$ 3,756,165
School Allocation Plan Benefit Rate Increase	↑	\$ 2,564,098
Division Benefit Rate Increase	↑	\$ 166,713
TOTAL INCREASE		↑ \$ 6,486,976


Budget Commitments

**Other Adjustments
Appropriately Anticipating
Charter School Enrollment**

Funding Area	Cost
Charter School Increase	 \$ 4,223,384

Budget Commitments

Total Commitments

Funding Area	Cost
Adequate Funding Recommendations	\$ 51,387,609
Average Salary & Benefit Rate Adjustment Recommendations	\$ 6,486,976
Other Recommendations	\$ 4,223,384
TOTAL  \$ 62,097,969	

Review: July 10, 2017 Budget Presentation

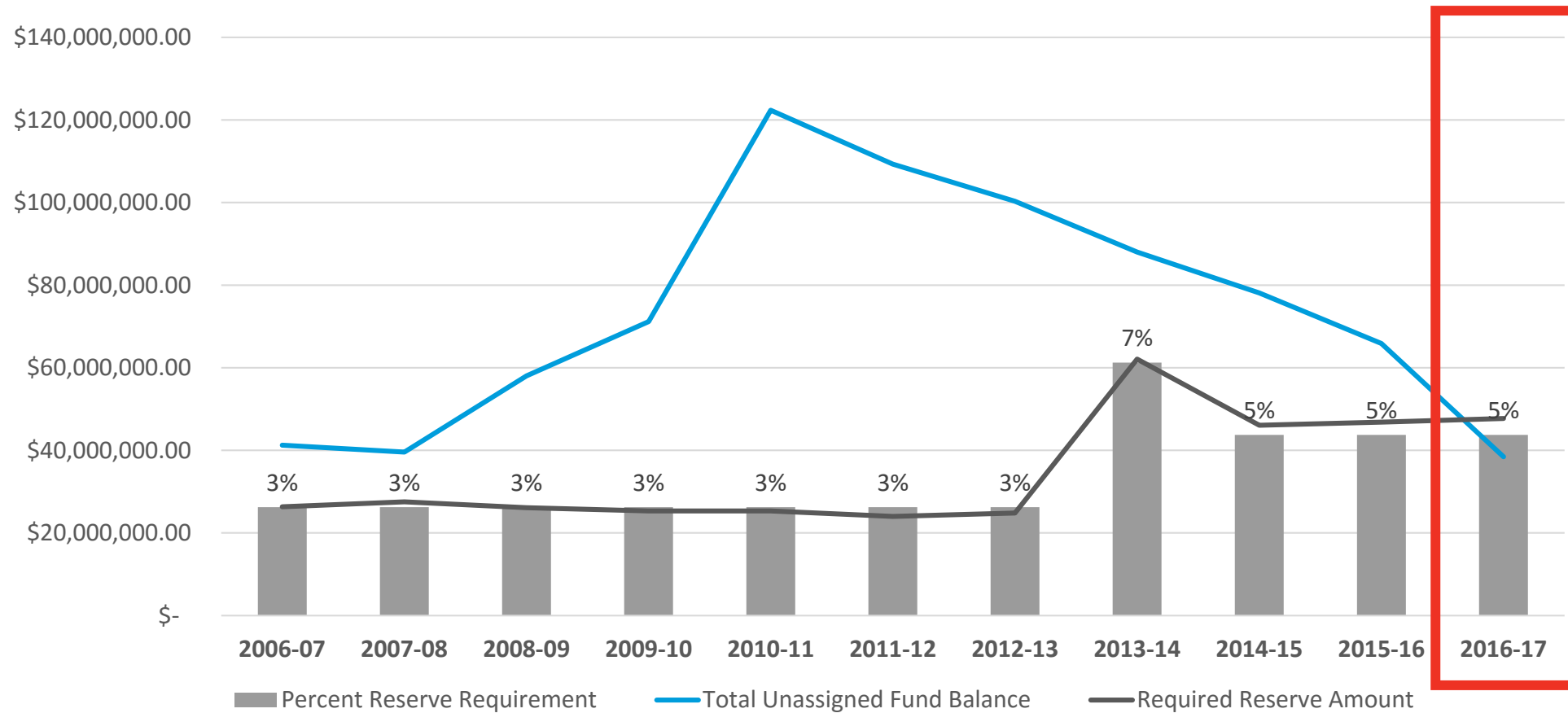
INITIATIVES RECOMMENDED FROM 2017-18 RESERVE

NOT TO EXCEED 1.0%

Program	Prior General Revenue Allocation	After Balance, current amount budgeted in General Revenue	Recommendation	Amount
School positions	7,500,000	0	0.75%	\$7,500,000.00
Retention/ Recruitment Incentives	2,000,000		0.15%	1,500,000.00
Professional Development	675,000		0.68%	675,000.00
SUBTOTAL from Reserve				\$9,675,000.00

General Fund Reserves

HISTORICAL OVERVIEW



Reserve 6 Year History

Fiscal Year	Total Unassigned Fund Balance	Increase/Decrease from Previous Year	% of Total Revenue
2011-2012	\$ 109,302,477	\$ (13,032,155)	↓ 14%
2012-2013	\$ 100,296,051	\$ (9,006,426)	↓ 12%
2013-2014	\$ 88,018,229	\$ (12,277,822)	↓ 10%
2014-2015	\$ 78,114,254	\$ (9,903,975)	↓ 8%
2015-2016	\$ 65,887,152	\$ (12,227,102)	↓ 7%
2016-2017	\$ 38,445,902	\$ (27,441,250)	↓ 4%

Prior Initiatives

Increased student opportunities

- Access to music, art, & PE in elementary
- Recovery options
- Pre-K for younger students
- Interventions in Reading & Math
- Expanded Dual Enrollment
- Expanded Career & Technical
- Overage Programs
- Title I STEAM Passport Program
- Expanded ESE Centers
- Restored magnet pickup locations to 1.5 miles and after school transportation

Added school-based positions

- Graduation Coaches
- Assistant Principals in Elementary
- Dean of Discipline & ISSP Paras in Secondary
- Reading & Math Coaches
- SROs in Secondary
- Test Chairs

Additional Initiatives

- Online progress monitoring & instructional learning platforms
- Increased technology access via QZAB
- Incentive & performance pay
- Restructured organization
- Developed marketing team
- Developed school allocation model
- Developed infrastructure for class size

The Importance of Restoring the Reserve

Our reserve directly affects the District Bond Rating

- Indicator of Credit Quality
- Evaluations based on a bond issuer's financial strength and ability to pay principal and interest on time

Moody

June 2017

Rating: Aa3

Outlook: Affirmed Aa3 rating but assigned a Negative Outlook

Comment: Based on "greater than expected draws on General Fund reserves in Fiscal Year 2017" and "inability to maintain General Fund reserves in Fiscal Year 2018."

Fitch

February 2018

Rating: AA-

Outlook: Maintained rating but Outlook moved from "Stable" to "Negative."

Comment: Based on a trend of "unanticipated negative financial results that Fitch expects will continue through the current fiscal year at minimum."

Restoring the Reserve

Projected 2017-2018 General Fund Unrestricted Ending Fund Balance

Audited Ending Fund Balance,
June 30, 2017:

\$38,445,902

Percentage of Audited
2016-2017 Revenues:

4.03%

Additional Amounts in Holding Accounts*

School Positions	\$ 1,800,000
Retention & Recruitment Incentives	1,500,000
Residual from 2 nd & 3 rd FEFP Calculations	414,454
E-Rate	3,109,000
School Improvement Funds	1,400,000
Total	\$ 8,223,454

* If not needed for year-end closeout, these amounts would be reported as part of the General Fund Unrestricted Ending Fund Balance.



Estimated Ending Fund
Balance, June 30, 2018:

\$47,310,857



Estimated Percentage of
2017-2018 Revenues:

4.73%



Budget Reduction Strategies

2018-19 Budgeting Priorities

Aligned to the Strategic Plan



Intentional Focus on Student Achievement and Well-being

- Literacy
- Core Instruction
- Student Direct Support



Develop & Retain High Performing Team Members

- Professional Development
- Teacher Retention



Effective, Equitable & Efficient Use of Resources Aligned to Improved Student Outcomes

- 5% Reserve Fund Balance
- Bond Rating



Sustain Engagement of Parents, Caregivers and Community

- Family Involvement
- Leveraging Existing Partnerships

Principal Feedback

Ranked in order from
MOST IMPORTANT to preserve
to
LEAST IMPORTANT to preserve in
the budgeting process



Item	Total
Assistant Principal	9.30
Guidance Counselors	8.58
Clerical Support	8.51
Security Guards	8.33
Reading Coaches	7.77
Paraprofessionals (Basic & ESE)	7.77
Deans	7.71
PE	7.61
Maintaining Class Size in Core	7.44
Art & Music	7.44
Electives	7.13
Achieve	6.94
iReady	6.53
District Athletics	5.42
4x4 Block Schedule	4.52
Magnet Transportation	4.15
District Specialists	3.61
ISSP Paras	3.60
Science Book Adoption	3.34

Additional Suggestions for Budget Cuts

Principal Survey – Free Response



Elementary School
Monitors



STEAM Field Trips



Adjust Allocation Model



School-Based Flexibility



Test Coordinators



Reduce TDE



Region Executive Directors



Consolidate Small Schools



Assistant Principals to
10/11 months



Adjust Assistant Principal
in Elementary



Reduce Allocations of
Guidance in Elementary



District Staff Reduction

Budget Reduction Strategies

Recommendations for Budget Reductions



Reduction Strategy	Potential Cost Savings (up to)
District Department Reductions	\$ 10.0 M
District Specialists	\$ 5.5 M
Reading Coaches - Non-Turnaround Schools	\$ 3.5 M
Reduce Assistant Principals to 10 months	\$ 2.0 M
Revision to School Allocation Model (SAM)	\$ 8.2 M
Middle School Schedule	\$ 3.7 M
Defer Partial Science Book Adoption	\$ 3.0 M
Reduction to Elementary Art, Music, and PE	\$ 1.9 M
Reduce AP Allocation in Small Schools	\$ 2.2 M
TOTAL	up to \$ 40.0 M

Budget Reduction Strategies

Considerations for Budget Reductions



Reduction Strategy	Potential Cost Savings (up to)
Deans	\$ 3.1 M
ISSP Paras	\$ 1.0 M
Defer Remainder of Science Adoption	\$ 1.0 – 4.0 M
Additional Revisions to Allocation Model	\$ 1.0 – 15.0 M
High School Schedule	\$ 5.0 – 7.0 M
Defer Salary and/or Benefit Adjustments	\$ 6.5 M
Defer Restoring the Reserve	\$ 8.6 M
Revised Assistant Principal Allocations	\$1.0 – 5.8 M

Budget Reduction Strategies

Possible Scenario



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Reduction Strategy	Potential Cost Savings (up to)
District Department Reductions	\$ 10.0 M
District Specialists	\$ 5.5 M
Reading Coaches - Non-Turnaround Schools	\$ 3.5 M
Reduce Assistant Principals to 10 months	\$ 2.0 M
Revision to School Allocation Model (SAM)	\$ 8.2 M
Middle School Schedule	\$ 3.7 M
Defer Partial Science Book Adoption	\$ 3.0 M
Reduction to Elementary Art, Music, and PE	\$ 1.9 M
Reduce AP Allocation in Small Schools	\$ 2.2 M
Additional Reduction to SAM (Potential Options include Gen Ed Para, Clerical Allocation, Secondary AP Adjustment)	\$ 4.9 M
Defer Restoring Reserve	\$ 8.6 M
Defer Salary and Benefit Adjustment	\$ 6.5 M
TOTAL	\$ 60.0 M

A young girl with dark skin and long braids is smiling broadly at the camera. She is holding a white plate with food on it. In the background, there are several flags, including the American flag. The entire image has a blue tint. A white rectangular box with a blue border is positioned in the lower center of the image, containing the text "Federal Programs".

Federal Programs

List of Programs Funded One Year

Program	2017-2018 Funding	Funding Source
Teach For America	\$ 130,000	Title II
Clinical Educator Program	\$ 128,874	Title II
Jacksonville Teacher Residency	\$ 129,513	Title II
New Leaders for New Schools (2016-2017: \$300,000)	\$ 150,000	Title II
Recruitment/Retention Incentives	\$ 500,000	Title I
CIS for Bridge to Success	\$ 490,450	Title I
City Year	\$ 1,100,000	Title I
I'm A Star	\$ 192,750	Title I
Dynamic Educator Foundation	\$ 70,000	General
Gallup	\$ 105,000	General

Federal Programs

Projected Totals

Federal Project	2017-2018	2018-2019	Difference
Title I, Part A	\$ 50,544,889	\$ 44,357,564	\$ (6,187,326)
Title II, Part A	7,596,998	4,783,336	(2,813,663)
Title III, Part A	845,055	827,024	(18,031)
Title IV, Part A	1,105,534	Unknown	(1,105,534)
Totals	\$ 60,092,476	\$ 49,967,924	\$ (10,124,554)

Projected Timeline

**April
23**

**Board
Budgeting
Workshop
Part II-B**

**April
25-27**

**Division
Meetings
with
Budget**

**May
10-15**

**School
Budget
Meetings**

**May
22**

**Present
Draft
Budget to
Board**

DEFINITIONS

Maintenance of Effort

Federal requirement that the level of state and local expenditures remain constant from year to year.

Comparability

Federal requirement that state and local resources in Title I schools are comparable to that provided to non-Title I schools.

Roll Forward

This amount represents the portion of unrestricted fund balance above the minimum amount defined in Section 1011.051, Florida Statutes (3%). However, the Duval County School Board has required a minimum amount of 5%.

Weighted vs. Unweighted

Weighted funds are calculated by multiplying the number of unweighted FTEs in each of the educational programs by cost factors.

Budget Amendments

Required by State Board of Education Rule 6A-1.007 and Board Policy 7.12 in order to change the original budget. Presented for monthly School Board approval.

Unrestricted Fund Balance

This amount represents the amounts available for use in operations and are not restricted for a particular purpose.

Sweeping Accounts

This refers to the practice of determining excess funds budgeted in various accounts and transferring the excess funds into a budget holding account.

Required Local Effort

Required Local Effort is the amount of funding that each district provides annually toward the cost of the Florida Education Finance Program (FEFP)

Compression Funding

A supplement to districts that levy the full .748 mills and generate less than the state average per FTE so that when combined achieves the state's average for FTE.

Payroll Suspense Accounts

Amounts accumulate in these accounts when salaries and benefits are paid without sufficient budget.

Supplanting

This occurs when Federal funds are not supplemental and take the place of state and local funds in schools.

Salary vs. Non-Salary

In the District's system, salary and benefit expenditures may be paid without sufficient budget. Non-salary purchase orders and expenditures require sufficient budget in order for the transaction to occur.

District Cost Differential

The District Cost Differential (DCD) is an adjustment that recognizes differences in the cost of living among school districts.