



**Okaloosa County School District
The Budgeting Process
School Year 2004-2005**

**Gearing Up for Developing
Performance Budgets
For
Schools and District Operated Programs
For
Fiscal Year 2004-2005**

***“Our mission is clear:
I will not be satisfied and neither should you
until our schools are the best in Florida and a model for America.”***

---- Superintendent Don Gaetz

Our measurable objectives:

Better Student Performance
Better Financial Management
Better Customer Relations

Academic Performance Baseline

The Academic Performance Baseline is the organizing data for the preparation of School Performance Plans, which include school budgets. Student academic needs drive school resource decisions. Included herein is comparative data for school years 2001-2002 and 2002-2003. This historical information helps principals, teachers, parents, and taxpayers understand the performance trends of the school. Upon receipt of official academic data for the 2003-2004 school year, this form will be updated in May.

Florida Comprehensive Assessment Test (FCAT)

For elementary schools and middle schools, Florida Comprehensive Assessment Test (FCAT) data for each school year is presented for reading, math and writing as follows:

FCAT Reading and Math

Percent of students making adequate yearly progress

Percent of students at or above grade level as evidenced by level 3+ on FCAT

FCAT Writing

Percent of students at or above grade level as evidenced by level 3+ on FCAT

School Academic Performance vs. Peer Schools in Florida

Percent at or above grade level

School vs. Top 10 Peer Average = Opportunity Gap

For high schools, additional academic indicators are present for the following:

PSAT (10th Grade Mean)

SAT – Mean Scores

ACT – Mean Scores

Advanced Placement

No Child Left Behind (NCLB)

No Child Left Behind is federal legislation that requires each state to create an accountability program to ensure that all schools are making adequate yearly progress. The data presented includes academic performance by ethnicity in various categories such as reading, math, writing, graduation rate, and enrollment. This information is available to the public at <http://web.fldoe.org/NCLB>.

Enrollment Information

Comparative FTE enrollment information is provided for each school by program for 2003-2004 actual full-time equivalent students for funding purposes based on the combined total of the October 2003 FTE Survey and the estimated number of full-time equivalent students for the February 2004 Survey.

Projected 2004-2005 FTE enrollment for each school is also provided. Descriptions of individual programs can be found in *2002-2003 Funding for Florida School Districts* located in the **Appendices**.

The Revenue Projection page for each school indicates changes as follows:

Adjustment per Governor's Proposed Budget

Compared to the projected 2004-2005 FTE submitted by the District, the Governor's Proposed Budget projects a decrease in Unweighted FTE enrollment of 166.26. The Governor has offered no explanation for this variance. The District made various changes within program categories to minimize impact of the decrease and facilitate the anticipated increase in student participation in career programs through the CHOICE Institutes. A pro rata adjustment has been made to schools' FTE in programs 102 and 300 for this gubernatorial decrease. *Please note that the Governor's budget indicates an increase of 123.65 UFTE as compared to the actual 2003-2004 3rd FEFP calculation.*

Adjustments Due to Local Agreement – Okaloosa On-Line

In December 2003, certain schools entered into a local agreement with Okaloosa On-Line which reduced the schools' projected FTE in program 103 – Basic – Grades 9 – 12. The FTE has been transferred to Okaloosa On-Line.

Adjustments Due to Local Agreement – CHOICE Institutes

In December 2003, certain schools entered into a local agreement with the CHOICE Institute to provide curriculum, training and other services to CHOICE programs at the participating schools. The result of the agreement reduced the schools' projected FTE in program 300 – Vocational. The agreement specifies that for Program 300 – Vocational, schools will keep the FTE equivalent of 1.0 WFTE in all Vocational - Program 300, and the revenue generated by the remaining 0.19 WFTE is allocated to the CHOICE Institute to fund services to the CHOICE programs at the school.

Adjustments Due to Students Generating Less than 1.0 UFTE

In 2003, the Legislature changed the graduation requirements. As a result, students are taking fewer classes which in turn generates less than 1 UFTE. The funds equivalent to this adjustment has been placed in each high school's Decentralized FTE Reserve.

Revenue Estimates

FEFP and State Categorical Funding - Based on the Governor's Proposed Budget for 2004-2005

The operating budget for schools represents the main portion of the budget for Okaloosa County School District. The major portion of the schools' operating budget is funded from General Operating Fund revenues, primarily from the Florida Education Finance Program (FEFP). (See Appendices for Florida Department of Education's *2002-2003 Funding for Florida School Districts*.)

Although we begin the budget process in February, the revenue to be provided to Okaloosa County through the State school funding program (FEFP) for FY 2004-2005 has not been finalized. The Legislature convened March 2, 2004, and the last day of the legislative session is scheduled to be April 30, 2004. The Governor has submitted a funding proposal for 2004-2005. The Governor's Proposed Budget as of January 2004 is the basis for projected revenues for schools. The District will receive the actual revenue amount as finalized by the Legislature after personnel recommendations are required to be submitted to the District.

The Governor's Total Budget Request for 2004-2005 for Okaloosa County is \$170,518,375 for FEFP, Discretionary Lottery Funds, State Categorical Funds, and Discretionary and Supplemental Local Effort. The Governor's budget indicates an \$8.7 million increase in funding for Okaloosa County, primarily due to the proposed increase in funding of Class Size Reduction in the amount of \$5.5 million; an increase of approximately \$2.7 million in FEFP Base Funding and Discretionary Local Taxes; and an increase of approximately \$541,000 in categorical (restricted) funds such as transportation and instructional materials. The District must pass through approximately \$7 million of FEFP related funds to charter schools, contracted programs, and private schools for McKay Scholarships. Additionally, Florida Retirement System is estimated to increase from 7.39% to at least 9.02%. This has a dramatic effect on average salaries and in turn, the available "spendable" dollars.

The estimated Class Size Reduction categorical funding is \$10.8 million, an increase of \$5.5 million. For the initial budget process, Class Size Reduction funds have been allocated to schools in the form of Class Size Instructional Positions (estimated cost of \$7.9 million), \$0.4 million to charter schools and contracted programs, and Class Size Equalization Allocation (approximately \$2.0 million). Class Size Reduction funds for instructional materials, classroom supplies, and other expenses are anticipated to be about \$.5 million and will be allocated after the District determines the precise number of additional classroom spaces required to implement the Class Size Reduction requirements at the school level for FY 2004-2005 in all district schools.

At this time, the District does not know whether it will receive any Full-Service Schools funds in FY 2004-2005. Accordingly, Full-Service Schools funds have not been allocated to schools.

The “Decentralized FTE Reserves” special project at each school is held to offset changes that will occur in the Base Student Allocation, District Cost Differential, program cost factors, legislative changes in funding (new programs or eliminating programs), and changes in FTE throughout the school year. The Decentralized FTE Reserves are significantly higher for FY 2004-2005 due to projected high school students generating less than 1.0 UFTE and to the anticipated loss of UFTE at Ft. Walton Beach High School due to students potentially participating in CHOICE Institutes at other high schools, on-line, and in business sites.

Revenue – Other State, Local and Federal Sources

Estimated revenue allocations for many projects are also included in the initial budget allocation, such as the following:

- Advanced Placement/ International Baccalaureate
- Class Size Equalization Allocation
- Educational Technology
- Instructional Materials – Textbooks, Media & Science
- School Enhancement Training
- Florida Teachers Lead

The Budget Manual has information about each of the revenue sources and the projections, including any special instructions relating to the project. Revenue in some of the projects is restricted and can not be used for salaries and benefits. Therefore, Finance will temporarily budget your estimated allocation for each of those fund sources in the appropriate project, function, and object at your cost center. You may not move the budget until after the preliminary and tentative budget is adopted in late July.

Several revenue sources are not currently known (e.g., Full Service Schools). This information will be released to schools as soon as the information is made available to the District. Quality Assurance - Title I has provided estimates for Title I allocations. Please consult the Budget Manual or the appropriate department for further information. Certain restricted revenues, grants, entitlements, roll-forward funds, carryover funds, school maintenance, and other revenues are excluded from the projected revenues at this time.

Certain revenue sources are not listed on the Revenue Projection page because the program is not currently funded or the grant will expire prior to June 30, 2004. Information about these fund sources and guidance regarding personnel decisions relating to staff currently paid from the fund source is also provided in the OTHER INFORMATION section of the Budget Manual.

Revenue to offset Fixed Charges for Student Services

Fixed Charges for Student Services consist of an offsetting estimated revenue allocation and an appropriation (expenditure) for services provided to students and schools such as school psychologists, O/T-P/T, and school resource officers. Please refer to the *Revenue to Offset Fixed Charges for Student Services* for additional information.

Budget Process

In 2001-2002, the District implemented Equity in School-Level Funding, F.S. 1011.69. The intent of Equity in School-Level Funding is that the funds generated at a school go to the school. Until 2003, the statute required that beginning in 2003-2004, district school boards had to allocate at least 90% of the funds generated by that school based upon the Florida Education Finance Program and the Appropriations Act, including gross state and local funds, discretionary lottery funds, and funds from the school district's current operating discretionary millage levy. The District successfully implemented the statutory requirement in 2002-2003.

In 2003, the Legislature modified the requirement to be “district school boards shall allocate to schools within the district an average of 90 percent of the funds generated by all schools and guarantee that each school receives at least 80 percent of the funds generated by that school based upon the Florida Education Finance Program as provided in s. 1011.62 and the General Appropriations Act, including gross state and local funds, discretionary lottery funds, and funds from the school district's current operating discretionary millage levy.” The statute specifically excludes Supplementary Academic Instruction and Class Size Reduction funds. Although the statute reduced the requirement on an individual school basis, in 2004 – 2005 the District continues to allocate 91% of the funds generated at a school to the school.

The Okaloosa School District operates all district departments and overhead services on 9% of FEFP funding. Florida State University reports that the average district overhead load imposed on schools is 18%. Since 2001, the Okaloosa district has steadily decreased district overhead in real dollars and as a percentage of all costs in order to place a greater share of educational resources in schools and classrooms.

Selected key factors in school budgeting for FY 2005 include:

- The low overhead costs of district departments compared to norms state-wide and resulting high proportion of resources made available directly to schools. Since 2001, the current district administration has reduced administrative positions and district overhead costs by \$3.5 million.
- The comparatively high teacher salaries paid by Okaloosa County. The Department of Education reports that Okaloosa teachers are paid higher than teachers in 61 of the state's 67 counties despite Okaloosa receiving \$188 less per student in revenues. The University of Florida reported in February, 2004, that Okaloosa pays teachers more than any other Northwest Florida county – 10 percent higher than neighboring Santa Rosa County, 12 percent more than Bay, 17 percent more than Walton, and 20 percent higher than Escambia County. However, the UF study reports that the cost of living is essentially the same in all five counties.

- Okaloosa has the most favorably backloaded salary structure in Florida, according to the UF study, paying experienced teachers proportionately more than any other district in the state.
- Class size reduction mandates have required Okaloosa to hire 110 additional teachers in FY 2004 and an anticipated 69 more teachers in FY 2005. These teachers are typically hired with less experience than the overall teaching workforce and therefore cost the district less than the average teacher. The effect of employing these less experienced teachers in new positions netted against the continually increasing compensation of the County's entire teaching workforce has resulted in a statistical "wash". In other words, the average cost of a teacher in Okaloosa County has not changed from 2004 to 2005 on the salary menu, even though the compensation package for teachers continues to improve.

Budget Packets for Schools

Each school's budget packet is site-specific and can not be changed or manipulated by any other school. The Academic Baseline and *No Child Left Behind* data are available to anyone. Please note that the 2004-2005 Budget Manual will be available in its entirety on the Internet for administrators, employees, School Advisory Councils, parents, taxpayers, students, and any interested party.

Budget packets for each school are located on the Internet at www.okaloosaschools.com. The steps to reach the budget packet are as follows:

www.okaloosaschools.com

- Go to "Taxpayer Resources"
- Select "Budget Information"
- Select "Budget Manual FY 2004-2005"

The Budget Packets on the Internet include all the necessary forms and data for the school to develop the related budget and is password specific to the individual school. The Budget Packet includes Excel spreadsheets for the Salary Menu (MIS 3382) and the Budget Detail Sheet (MIS 3149) for each project. For projects having salaries, the Excel spreadsheets for each school are linked to the estimated revenue for the school and will automatically calculate estimated cost of positions and total dollars available after staff costs for each project. The total dollars available after staff costs for each project is linked to the Budget Detail Sheet (MIS 3149) for the specific project. For projects without salaries, the estimated revenue automatically links to the Budget Detail Sheet (MIS 3149) for the specific project. Please refer to the instructions on the Internet or contact Budgeting. Contacts in Budgeting are listed in the *District Contacts* in this section.

Budget Focus

- **Student Needs and School Performance Plans Drive Budget Decisions**

- **Involvement of School Advisory Councils in Budget Process**

- **Better Financial Management through More Effective and Efficient Use of Resources**

- **Incorporate 2004-2005 Summer Academic and Non-Academic (Enrichment) Programs into the school budget**

- **Key Budget Decisions**
 - **Discretionary Budget**
 - **Discretionary Lottery**
 - **Supplemental Academic Instruction**
 - **Class Size Reduction – Equalization Allocation**
 - **ESE Guarantee – Gifted**
 - **Title I**
 - **AP / IB**
 - **Before/After School Child Care Programs**
 - **ROTC**
 - **Other Projects**

Budget Calendar

Please refer to the Budget Calendar provided in this section for key dates relating to developing your school's Performance Budget. *The "Draft" Performance Budget for each school should be submitted to Budgeting by Friday, April 9, 2004.*

Presentation of Performance Plans

During the week of April 19, 2004 through April 23, 2004, principals will present Performance Plans, including the school/center's budget, in a combined meeting with the Chief Officer - Quality Assurance, Chief Financial Officer and Area Superintendent. During this same time period, Budgeting, MIS, Human Resources, and Quality Assurance will have a joint meeting with each principal to review staffing.

Each principal is offered multiple opportunities to work with district staff in addressing budget questions and developing ways to continually improve student performance by better deploying financial resources.



***Patricia Wascom, CPA
Chief Financial Officer***

SCHOOL DISTRICT OF OKALOOSA COUNTY
IMPACT OF FUNDING CHANGES
 2004-2005 Governor's Request VS. 2003-2004 Adjusted 3rd FEFP Calculation (Without Prior Year Adjustments, Prorations or SB - 22E Allo
 January 21, 2004

LINE NBR	Description	2003-2004 Adjusted 3rd FEFP 1/6/2004	2004-2005 Governor's Budget 1/21/2004	Increase (Decrease)	% Increase (Decrease)
MAJOR FEFP FORMULA COMPONENTS					
1	Unweighted FTE	30,608.27	30,731.92	123.65	0.40%
2	Weighted FTE - Regular Term	33,564.56	33,754.13	189.57	0.57%
3	School Taxable Value	\$ 9,644,104,851	\$ 10,308,019,986	\$ 663,915,135	6.88%
4	Required Local Effort Millage	5.915	5.907	(0.008)	-0.14%
5	Discretionary Millage	0.510	0.510	0.000	0.00%
6	Additional Discretionary Millage	0.168	0.168	0.000	0.00%
7	Total Millage	6.593	6.585	(0.008)	-0.12%
8	Base Student Allocation	\$3,630.03	\$3,683.73	\$53.70	1.48%
9	District Cost Differential	0.9482	0.9482	0.0000	0.00%
FEFP DETAIL					
10	WFE x BSA x DCD	\$115,529,029	\$117,900,232	\$2,371,203	2.05%
11	Declining Enrollment Allocation	0	0	0	0.00%
12	Sparsity Supplement	0	0	0	0.00%
13	Lab School Discretionary Contribution	0	0	0	0.00%
14	Discretionary Tax Equalization	0	0	0	0.00%
15	<input checked="" type="checkbox"/> Safe Schools	616,265	611,340	(4,925)	-0.80%
16	<input checked="" type="checkbox"/> Supplemental Academic Instruction	9,054,856	9,091,435	36,579	0.40%
17	<input checked="" type="checkbox"/> Summer Reading Allocation	303,598	294,232	(9,366)	-3.09%
18	ESE Guarantee	11,415,960	11,463,898	47,938	0.42%
19	FRS Increase In Cost	0	0	0	0.00%
20	GROSS STATE AND LOCAL FEFP	<u>136,919,708</u>	<u>139,361,137</u>	<u>2,441,429</u>	<u>1.78%</u>
21	LESS: REQUIRED LOCAL EFFORT:	<u>54,192,636</u>	<u>57,845,000</u>	<u>3,652,364</u>	<u>6.74%</u>
	GROSS STATE FEFP	<u>82,727,072</u>	<u>81,516,137</u>	<u>(1,210,935)</u>	<u>-1.46%</u>
22	PRIOR PERIOD ADJUSTMENT	0	0	0	0.00%
23	INITIAL PRORATION TO FUNDS AVAILABLE	0	0	0	0.00%
24	ALLOCATION OF ADD'TL APPROPRIATION PER SB-22E	0	0	0	0.00%
25	NET STATE FEFP	<u>82,727,072</u>	<u>81,516,137</u>	<u>(1,210,935)</u>	<u>-1.46%</u>
26	OPPORTUNITY SCHOLARSHIPS	0	0	0	0.00%
27	SCHOLARSHIPS FOR STUDENTS WITH DISABILITIES (NOT INCLUDED AS DEDUCT)	0	0	0	0.00%
28	ADJUSTED NET STATE FEFP	<u>82,727,072</u>	<u>81,516,137</u>	<u>(1,210,935)</u>	<u>-1.46%</u>
DISCRETIONARY LOTTERY FUNDING					
- INCLUDING PRIOR PERIOD ADJUSTMENT					
29	<input checked="" type="checkbox"/> DISCRETIONARY LOTTERY ALLOCATION and SCHOOL RECOGNITION ALLOCATION	4,074,899	4,047,730	(27,169)	-0.67%
30	TOTAL LOTTERY FUNDING	<u>4,074,899</u>	<u>4,047,730</u>	<u>(27,169)</u>	<u>-0.67%</u>
31	GRAND TOTAL FEFP	<u>86,801,971</u>	<u>85,563,867</u>	<u>(1,238,104)</u>	<u>-1.43%</u>
STATE CATEGORICAL PROGRAMS					
32	Transportation	5,546,757	5,884,943	338,186	6.10%
33	<input checked="" type="checkbox"/> Instructional Materials	2,549,570	2,687,636	138,066	5.42%
34	<input checked="" type="checkbox"/> Education Technology Allocation	597,287	586,985	(10,302)	-1.73%
35	<input checked="" type="checkbox"/> Florida Teachers Lead	192,514	192,973	(541)	-0.28%
36	<input checked="" type="checkbox"/> Teacher Training Allocation	430,685	423,258	(7,427)	-1.72%
37	<input checked="" type="checkbox"/> Class Size Reduction	5,267,846	10,802,036	5,534,190	105.06%
38	TOTAL CATEGORICAL FUNDING	<u>14,587,659</u>	<u>20,577,831</u>	<u>5,990,172</u>	<u>41.06%</u>
39	TOTAL STATE FUNDING	<u>101,389,630</u>	<u>106,141,698</u>	<u>4,752,068</u>	<u>4.69%</u>
LOCAL FUNDING					
40	Total Required Local Effort	54,192,636	57,845,000	3,652,364	6.74%
41	Discretionary Local Effort	4,672,569	4,994,236	321,667	6.88%
42	Additional Discretionary Local Effort	1,539,199	1,537,441	(1,758)	-0.11%
43	TOTAL LOCAL FUNDING	<u>60,404,404</u>	<u>64,376,677</u>	<u>3,972,273</u>	<u>6.58%</u>
44	TOTAL POTENTIAL FUNDS	<u>\$161,794,034</u>	<u>\$170,518,375</u>	<u>\$8,724,341</u>	<u>5.39%</u>
TOTAL FUNDING PERCENTAGE CHANGE					
OPERATIONS					
45	Total \$'s	\$138,703,514	\$141,780,750	\$3,077,236	2.22%
46	\$ per Unweighted FTE	\$4,531.57	\$4,613.47	\$81.90	1.81%
CATEGORICALS (EXCLUDES TRANSPORTATION)					
INCLUDES SAFE SCHOOLS, SUPPLEMENTAL ACADEMIC INSTRUCTION					
DISCRETIONARY LOTTERY, & SCHOOL RECOGNITION					
47	<input checked="" type="checkbox"/> Total \$'s	\$23,090,520	\$28,737,625	\$5,647,105	24.46%
48	\$ per Unweighted FTE	\$754.39	\$935.11	\$180.72	23.96%
TOTAL FUNDING					
49	Total \$'s	\$161,794,034	\$170,518,375	\$8,724,341	5.39%
50	\$ per Unweighted FTE	\$5,285.96	\$5,548.58	\$262.62	4.97%