



Okaloosa Schools The Budget Process School Year 2011-2012

*Developing Budgets
for
Schools and District Operated Programs
for
Fiscal Year 2011-2012*

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Enrollment Information

Comparative FTE enrollment information is provided for each school by program for 2010-2011 versus 2011-2012. The enrollment data for 2010-2011 is based on the adjusted unweighted full-time equivalent students for funding purposes from the 2010-2011 original projections. The enrollment data for 2011-2012 is based on the adjusted projected 2011-2012 unweighted FTE. Descriptions of individual programs can be found in *2010-2011 Funding for Florida School Districts* located in the **Appendices**.

Revenue Projection

The Revenue Projection page for each school includes “Significant Factors Affecting Estimated Revenues.” These factors include:

Increase/ (Decrease) of Unweighted FTE

This is the total change in UFTE as indicated on each school’s Enrollment Information page. It reflects the increase or decrease, between 2011-2012 adjusted projected UFTE and the 2010-2011 adjusted projected UFTE, for each school.

Unweighted FTE moved to/ (from) one school to another school – N/A

The District does have any plans to move Basic, ELL, or Career Education unweighted FTE from one school to another school for fiscal year 2011-2012.

Adjustments in UFTE Due to Changes in Location of ESE Units

Each year, Student Intervention Services – ESE evaluates placement of ESE units throughout the District and makes recommendations for relocation of units in order to better serve students while efficiently managing resources. For 2011-2012, Student Intervention Services – ESE is recommending closing the VE Unit at Pryor Middle School and moving the students to Meigs Middle School. In addition, some students from Davidson Middle School and Riverside Elementary School will be attending Richbourg School.

Increase/ (Decrease) of UFTE at the school due to Governor’s projection

Not applicable for fiscal year 2011-2012.

Revenue Estimates

FEFP and State Categorical Funding For Fiscal Year 2011-2012

The operating budget for schools represents the major portion of the budget for the 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 *2010-2011 Funding for Florida School Districts*.)

The revenue to be provided to Okaloosa County through the State school funding program (FEFP) for FY 2011-2012 has not been finalized because the District begins the budget process in February, prior to the beginning of the legislative session. The Legislature convened March 8, 2011, and the last day of the legislative session is scheduled to be May 6, 2011. However, it is anticipated based on current discussions that the Legislative session may be extended or a special legislative session may be required to finalize the state budget. Even though the District and Collective Bargaining unit agreed to extend the personnel recommendation deadline from April 15th to May 10th, it appears the District will not receive the actual revenue amount as finalized by the Legislature until after the recommendations are required to be submitted to the District.

The Governor has submitted a funding proposal for 2011-2012. Over the course of seven (7) years, 2001-2002 through 2007-2008, the Governor's Proposed Budget was the basis used by the District to project revenues for schools. Historically, the final revenue budget approved by the Legislature for Okaloosa Schools did not vary more than 2 percent from the Governor's proposal. Likewise, the legislative process, in prior years, has seldom produced gross differences in total appropriated revenues for Okaloosa Schools but has produced changes in individual line items. However, beginning with fiscal year 2008-2009, the District stopped using the Governor's budget as the sole indicator of projected potential revenue because the revenue variances in budget proposals between the Governor, Florida House of Representatives and the Florida Senate have varied significantly.

The Legislature, over the last four fiscal years, has struggled to balance Florida's budget. The State's economy has and continues to suffer from a depressed real estate market, significant decline in consumer spending, both in durable and non-durable purchases, and an alarming increase in Florida's unemployment rate. As the state of the economy has become less predictable, the revenue sources and allocation methodologies used to develop and estimate the budget each year has yielded larger variances between the Governor, House of Representatives' and Senate proposed education budget. Likewise, it has become increasingly difficult for the District to provide schools with reliable estimated revenue sources for developing school budgets, prior to the adjournment of the legislative session which culminates with the "Final Conference Report."

The Governor's Total Budget Request for 2011-2012 for Okaloosa Schools is \$173,457,669 for FEFP, Discretionary Lottery Funds, State Categorical Funds, Discretionary and Supplemental Local Effort. The Senate's budget request is \$184,588,190 and the House of Representatives' budget request is \$183,280,385. The variance between the House and the Senate proposal, for Okaloosa, is approximately \$1.3 million and is concentrated in two categorical programs, School Recognition and Class Size Reduction.

For fiscal year 2011-2012, in light of the uncertainty of revenue estimates and allocation methodologies, the District has continued to develop its own estimated revenue and budget forecast, which we have phrased as a “Hybrid Budget,” based on information received from multiple sources.

Using the “Hybrid Budget” model, the Superintendent, School Board Members and Schools, have continued to balance the District’s budget in the face of continued declining revenues while providing the students of Okaloosa County a quality education. The decision to use a hybrid budget model was based on several factors; including 1) the significant variance in the Governor’s budget in fiscal year 2008-2009, 2009-2010, and 2010-2011 2) the corresponding significant variations between the Governor’s, House of Representatives and Senate budget request for 2011-2012, and 3) Senate and Governor’s budget based on not yet determined revenue sources.

Key State Revenue Changes from FY 2011 to FY 2012

The proposed DCD factor for fiscal year 2010-2011 is projected to increase 0.0080, from 0.9623 to 0.9703.

The Program Cost Factors (PCFs) are projected to change based on the table below:

Program	2011-2012 PCFs	2010-2011 PCFs	Increase/ (Decrease)
101/111	1.102	1.089	0.013
102/112	1.000	1.000	0.000
103/113	1.019	1.031	(0.012)
130	1.161	1.147	0.014
254	3.550	3.523	0.027
255	5.022	4.935	0.087
300	0.999	1.035	(0.036)

The PCF for High School programs 103/113 continues to decline, Middle School programs 102/112 continue to remain constant and Elementary School programs 101/111 continue to increase. The factors for ESOL, ESE program 254, and ESE program 255 are projected to increase while the factor for vocational program 300 is projected to decrease.

The District must pass through approximately \$10.3 million of FEFP related funds to charter schools and contracted programs for regular programs and to private schools for McKay Scholarships.

Forecasting the budget for fiscal year 2011-2012 is extremely difficult because the revenue estimates continue to change on a daily basis and the economic forecast for the State of Florida is projected to be very bleak over the next few years. In addition, the district is dealing with the loss of all federal stimulus dollars which has been coined the “funding cliff. Student enrollment continues to reflect a decline in Okaloosa County but it is anticipated that enrollment will

increase, based on the most current data and information available, as a result of the military installations which will relocate to the area in fiscal year 2011-2012.

Federal Impact Aid Allocations to Schools

Beginning with Fiscal Year 2001-2002, a major funding change was made to allocate Federal Impact Aid funds to schools instead of administering the funds at the District. Federal Impact Aid funds are appropriated each year by Congress; however, the timing of federal appropriations does not coincide with the state and district budgeting cycle. As in prior years, schools will be directly appropriated Federal Impact Aid funds.

Federal Impact Aid is estimated to decrease by approximately \$1.7 million. Although, the overall number of students remained relatively stable there were significant changes in the student category classification, predominately attributable to a less students residing on the base at Elgin.

The allocation methodology for fiscal year 2011-2012 will be the same as used in fiscal year 2010-2011, square footage. Federal Impact Aid is intended to help schools fund a significant portion of their utility expenditures. Utility expenditures are facility driven rather than FTE driven; therefore, the distribution basis is conditioned square footage. The total allocation amount is based on the projected revenue based on the 2011 Federal Impact Aid application.

In keeping with the District's commitment to reduce the share of education dollars used for district overhead costs, 90 percent of estimated Federal Impact Aid funds have been distributed to schools at the beginning of each budget year. The total school allocation for Fiscal Year 2011-2012 is \$2,219,297, which reflects a 43.42% decrease from 2010-2011, or approximately \$.5016 per conditioned square foot. Additionally, the District also distributes 90% of any additional Federal Impact Aid funds received during the current fiscal year for the most recent claiming year.

Continuation of Class Size Mandated Teachers

The estimated Class Size Reduction (CSR) categorical funding is projected at \$30.6 million, an increase of \$0.5 million from FY 2010-2011. School districts throughout the State of Florida were required to fully implement the constitutionally required class size reduction mandate in fiscal year 2010-2011. Full implementation to the class level for core courses required additional instructional units. The projected revenue allocation of \$30.6 million is based on the premise that the criteria and compliance requirements will be the same as fiscal year 2010-2011.

The Florida Legislature is considering legislative action to approve Senate Bill 1466 which redefines the term "core-curricula course". The impact of this bill, if approved, will be a reduction in the number of courses which are required to be class size compliant. Alternatively, school districts will have a corresponding reduction in the number of instructional personnel

required to meet class size compliance. The passage of this bill would result in a District cost savings and potentially in a State budget line item saving because the estimate of \$30.6 million was prior to the introduction of SB 1466.

Based on the most recent information available, SB 1466 is predicted to receive legislative approval. As a result, the impact of this bill has been factored into the District's allocation methodology used to determine the number of class size units distributed to each school. All other factors used to determine unit allocation remain unchanged. The allocation equates to 231.80 units or approximately \$14.5 million.

Use of Flexible Class Size Funds to Allocate Class Size Reduction – Salary Supplement

Class Size Reduction Salary Supplement will continue to be funded for fiscal year 2011-2012 from Class Size Reduction funds which are deemed flexible as a result of the District meeting the "school average" limits. These funds are being allocated to schools in order to offset the incremental cost of FY 2005-2006, FY 2006-2007, FY 2007-2008 and FY 2008-2009 instructional salary increases.

Use of Flexible Class Size Funds to Support Secondary Reading Initiative

For fiscal year 2011-2012, the Superintendent is recommending the continuation of the Secondary Reading Initiative. In prior years, all secondary reading units were funded from class size reduction funds. However, due to the requirement of full implementation of the class size constitutional mandate, Class Size Reduction will fund instructional and classroom assistant units and supplies for middle and K-12 schools. High School instructional and classroom assistant units and supplies will be funded from SAI funds for fiscal year 2011-2012. The Superintendent recommends funding the secondary reading program from multiple sources in order to maintain the success of this program.

There was a slight change in the allocation methodology for fiscal year 2011-2012. Rather than allocating funds based on students in particular reading programs, the funds have been allocated based on students scoring Level 1 or 2 on the most recent FCAT. This enables schools to serve Level 2 students in a regular content area class.

Class Size Equalization Appropriations Modified to Support Small Elementary, Middle Schools and High Schools

Current law allows school districts that are in compliance with the constitutional class size reduction schedule to use certain remaining funds flexibly. Therefore, the Superintendent is recommending an allocation of Class Size Reduction Equalization funds to elementary schools with less than 710 UFTE, Middle schools with less than 1,120 UFTE and for High Schools with less than 1,900 UFTE. The small school supplement provides for the loss of marginal revenue necessary to maintain comparable student services at all schools. For fiscal year 2011-2012 the break even UFTE threshold and allocation amount per UFTE was determined based on specific

school level categories and the corresponding average allocation amount was based on a district-wide review and analysis of the average fixed costs per school level, based on 2009-2010 staffing. The Class Size Reduction – Equalization allocation for 2011-2012 is approximately \$6.9 million, an increase of approximately \$4.2 million, or 156%.

Continuation of Literacy Coaching Initiative

In 2005-2006, State categorical and federal Title II – Principal and Teacher Training funds were used to fund the literacy coach program and provided the following: One (1.0) literacy coach at each elementary school, one (1.0) literacy coach at middle schools, one (1.0) literacy coach at Laurel Hill School, and two (2.0) literacy coaches at Baker School.

The Superintendent recommends continuing the Literacy Coach Program for 2011-2012; however, due to the decrease in funding in previous years, the allocation will remain the same as in 2010-2011 which is a one-half (.50) literacy coach at each elementary school, one-half (.50) literacy coach at each middle school, one-half (.50) literacy coach at each high school and one (1.0) literacy coach at each K-12 school. The District is proposing to continue funding the literacy coach program from two sources as follows: (1) federal Title II funds in the amount of \$720,300 and (2) “Reading Instruction” funds of \$480,200.

Supplemental Academic Instruction (SAI)

The Superintendent is recommending the continuation of select SAI programs and the revision of some programs funded through SAI fund. The funding for SAI programs for 2011-2012 is approximately \$4.9 million.

Continuation of SAI - Remediation Allocation

The Superintendent recommends allocating one (1.0) teacher to each district school, to provide smaller class sizes in order to facilitate and enhance the remediation process.

Continuation of SAI - ESOL - Interpreter Allocation

The Superintendent is recommending funding an Interpreter position for schools which have 15 or more students in the same language population. This allocation will be adjusted after school starts. For fiscal year 2011-2012, the District will not fund AmeriCorps tutors but schools may have the opportunity to purchase an AmeriCorps Tutor if their budget allows.

Continuation of SAI - Learning Strategies Allocation – Middle and High Schools

The Superintendent is recommending funding one (1.0) ESE Classroom Assistant at each middle school and high school and a one-half (.50) unit at each of the K-12 schools.

Continuation of SAI – Response to Intervention (RTI) Allocation

The Superintendent is recommending funding one-quarter (.25) of an Instructional Unit/Facilitator per elementary, middle, high and K-12 schools to implement the response to intervention program for struggling student readers.

Modification of SAI – High School Reading Initiative Allocation

The Superintendent is recommending the continued funding of high school instructional and classroom assistant units and supplies for each high school. There was a slight change in the allocation methodology for fiscal year 2011-2012. Rather than allocating funds based on students in particular reading programs, the funds have been allocated based on students scoring Level 1 or 2 on the most recent FCAT. This enables schools to serve Level 2 students in a regular content area class.

Continuation of SAI - Summer Intensive Studies

The Superintendent proposes a continuation of the Summer Intensive Studies initiatives for Reading, Math and/or Credit Recovery. The allocation of SIS funds will be made after the District receives the 2011 FCAT results. Guidelines will be provided by Quality Assurance and Finance at a later date.

Continuation of SAI - Plan of Care

The Superintendent proposes a continuation of the Plan of Care Tutoring program.

Continuation of Decentralized Reserves

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 allocation is approximately \$1.5 million.

Title I Supplement

The Title I allocation for 2011-2012 is estimated at \$3.2 million which includes an estimated roll forward of \$150,000.

IDEA Supplement

The initial IDEA allocation for fiscal year 2011-2012 is estimated at \$6.9 million, which includes an estimated roll forward of \$900,000. The Superintendent is recommending that all Staffing Specialists, ESE Interpreters, and 1:1 ESE Classroom Assistants be funded from IDEA funds.

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 International Certificate of Education (AICE)
- Advanced International Certification of Education Set-Aside
- Advanced Placement (AP)
- Advanced Placement Initiative Set-Aside
- Florida Teachers Lead
- Instructional Materials – Textbooks, Media & Science
- International Baccalaureate (IB)
- Reserve Officer Training Corp

The FTE factor for AICE, AP, and IB examinations and certifications is projected to remain .16. In fiscal year 2008-2009, these same revenue allocations were reduced from a .24 to a .16 factor. IB diploma funding weight is projected to remain at .30. CAPE funding is projected to remain at .30 per completer. CAPE will be funded at a later date.

The Budget Manual has information about each of the revenue sources and the projections, including any special instructions relating to each 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.

The initial budget allocation for 2011-2012 includes both the Title I and the IDEA allocations.

Certain restricted revenues, grants, entitlements, and other revenues are excluded from the projected revenues at this time. This information will be released to schools as soon as the information is made available to the District. Please consult the Budget Manual or the appropriate department for further information.

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, OT/PT, 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 2006–2007 the District increased the allocation to 92% for fiscal year 2007-2008 and will continue to allocate 92% of the funds generated at a school to the school.

Budget Packets for Schools

Each school's budget packet, enrollment data, and revenue projections are available on the Internet. The budget packet is site-specific and cannot be accessed by any other school. Please note that the 2011-2012 Budget Manual will be available in its entirety on the Internet for administrators, employees, School Advisory Councils, and any interested party.

Budget packets for each school may be found by following the instructions below:

- www.okaloosaschools.com
- Select School District
- Go to “Taxpayer Resources”
- Select “Budget Information”

- Select “School Budget Manual” (in the section entitled 2011-2012 Budget Information)
- Click “Budget Packet” button in middle of page
- Print the “Downloading Instructions”
- Scroll down - Download “Budget Packet” for your school
Very Important: In order to save your work, you must be sure to download the file before you open it.
- Close the webpage
- Open your “Budget Packet” in Excel
- Enter your Access Code
 (Your Access Code is located inside your school’s budget packet – See TAM 2011-035)

The Budget Packets on the Internet include all the necessary forms and data for each school to develop the related budget and is password specific to the individual school. The Budget Packet includes Excel spreadsheets for the Enrollment Data, Revenue Projections, Salary Menu (MIS 3382), and Budget Detail Sheets (MIS 3149). Also included is a special Salary Menu which may be used to purchase positions with carryover funds. Any positions purchased on the carryover salary menu will not be included in the Position Summary.

A Position Summary has been included for your convenience. The ESE non-gifted positions are now listed on a separate page entitled ESE Compliance. This may be used to determine whether or not your school has purchased the number of ESE recommended positions for your non-gifted ESE program.

For projects having salaries, the Excel spreadsheets for each school are linked to the estimated revenue for the school and will automatically calculate the estimated cost of positions and total dollars available after staff costs for each project. The total dollars available after staff costs for each project are linked to the Budget Detail Form (MIS 3149) for the specific project, unless the budget has been pre-determined. In this case, there is no need to complete a Budget Detail Form (MIS 3149). Projects having pre-determined budgets are specified in the Budget Manual.

For projects without salaries that do not have pre-determined budgets, the estimated revenue automatically links to the Budget Detail Form (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 Level Contacts* section of the Budget Manual).

Budget Focus

- **Continuing to Provide Quality Instructional Education to Okaloosa Students During Extremely Challenging Budgetary Times, Currently and in the Future**
- **Better Financial Management through More Effective and Efficient Use of Resources**
- **Extensive Involvement of Parents and Employees through the School Advisory Council in the Budget Process**
- **Establishment of a School Board Budget Priority Committee**
- **Key Budget Decisions**
 - **Discretionary Budget**
 - **Supplemental Academic Instruction**
 - **Class Size Reduction – Equalization Allocation**
 - **Class Size Reduction – Salary Supplement**
 - **ESE Guarantee – Gifted**
 - **Title I**
 - **AP / IB**
 - **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 Budget. *The "Draft" Budget for each school should be submitted to Budgeting by Wednesday, May 4, 2011.*

Presentation of School Budgets

The Finance Department will prepare and provide each school and their respective Deputy Superintendent a budget review analysis prior to the beginning of school. Meetings will be determined based on the feasibility of each school's proposed budget. Principals may request a meeting on an as need basis.