



Okaloosa Schools The Budgeting Process School Year 2012-2013

*Developing Budgets
for
Schools and District Operated Programs
for
Fiscal Year 2012-2013*

Dr. Alexis Tibbetts, Superintendent
Rita R. Scallan, Chief Financial Officer

March 28, 2012

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 funds generated at a school go to the school. 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.

Enrollment Information

Comparative FTE enrollment information is provided for each school by program for 2011-2012 versus 2012-2013. The enrollment data for 2011-2012 is based on the adjusted unweighted full-time equivalent students for funding purposes from the 2011-2012 original projections. The enrollment data for 2012-2013 is based on the adjusted projected 2012-2013 unweighted FTE. Descriptions of individual programs can be found in *2011-2012 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 2012-2013 adjusted projected UFTE and the 2011-2012 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 2012-2013.

Adjustments in UFTE Due to Changes in Location of ESE Units – N/A

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 2012-2013, Student Intervention Services – ESE has recommended no changes of ESE units.

Increase/ (Decrease) of UFTE at the school due to the Final Conference Report

Not applicable for fiscal year 2012-2013.

Revenue Estimates

FEFP and State Categorical Funding For Fiscal Year 2012-2013

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 *2011-2012 Funding for Florida School Districts*.)

This year's legislative session began two months earlier than usual because Legislators had to approve maps that redraw Congressional and legislative districts based on new U.S. Census figures, and the maps had to be ready in time for the 2012 elections. As a result, the Legislature finalized the Final Conference Report on March 6, 2012. While the budgeting process timeline remains relatively the same as most other years, the revenue allocations will be based on the Final Conference Report and, unlike most years, will not have to be adjusted multiple times. The Final Conference Report reflects the revenue allocation to Okaloosa County generated through the State school funding program (FEFP) for fiscal year 2012-2013. The total allocation for Okaloosa County School District is \$186,821,148 for FEFP, Discretionary Lottery Funds, State Categorical Funds, Discretionary and Supplemental Local Effort.

The Legislature, over the last five (5) 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. Although, the Legislature allocated an additional \$1 billion dollars to K-12 Education, Okaloosa as most other Florida districts did not receive an overall increase in funding. The outcome of the legislative session for Okaloosa is that it received close to the same funding as in 2011-2012 which included one-time sources of revenue. The positive news is the revenue reduction percentage is the lowest in the past five years.

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.

Key State Revenue Changes from Fiscal Year 2012 to Fiscal Year 2013

The District Cost Differential (DCD) factor for fiscal year 2012-2013 was increased 0.0060, from 0.9703 to 0.9763.

The Program Cost Factors (PCFs) were changed based on the table below:

Program	2012-2013 PCFs	2011-2012 PCFs	Increase/ (Decrease)
101/111	1.102	1.117	0.015
102/112	1.000	1.000	0.000
103/113	1.019	1.020	0.001
130	1.161	1.167	0.006
254	3.550	3.524	(0.026)
255	5.022	5.044	0.022
300	0.999	0.999	0.000

The PCF for High School programs 103/113 increased slightly, Middle School programs 102/112 continue to remain constant, and Elementary School programs 101/111 continue to increase. The factors for ESOL program 130 and ESE program 255 were increased, the factor for ESE program 254 was decreased, and the factor for vocational program 300 remains the constant.

The District must pass through approximately \$9.7 million of FEFP related funds to charter schools and contracted programs for regular programs and to private schools for McKay Scholarships.

Student enrollment reflects a slight increase, for fiscal year 2012-2013, as a result of the military installations which relocated 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 increase by approximately \$200,000. The overall increase of approximately 600 students was primarily driven by an increase of military families not residing on federal property.

The allocation methodology for fiscal year 2012-2013 will be the same as used in fiscal year 2011-2012, which is conditioned 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 2012 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 2012-2013 is \$2,399,910, which reflects an 8% increase from 2011-2012. 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 Class Size Reduction (CSR) categorical funding is \$31.7 million, an increase of \$.5 million from fiscal year 2011-2012. 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 revenue allocation of \$31.7 million is based on the premise that the criteria and compliance requirements will continue to be based on the most recently approved list of core courses as identified by the Florida Department of Education, based on legislative approval. Okaloosa was an early implementer and has continued to meet class size compliance each year since its inception.

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 2012-2013 from Class Size Reduction funds which are deemed flexible as a result of the District meeting the "class average" limits. These funds are being allocated to schools in order to offset the incremental cost of fiscal years 2005-2006, 2006-2007, and 2007-2008 instructional salary increases.

Use of Flexible Class Size Funds to Support Secondary Reading Initiative

For fiscal year 2012-2013, 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 2012-2013. The Superintendent recommends funding the secondary reading program from multiple sources in order to maintain the success of this program. Funds are 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.

Use of Flexible Class Size Funds to Support High School 7th Periods

For fiscal year 2012-2013, the Superintendent is recommending the continuation of the 7th Period allocation to provide financial assistance to enable schools serving grades 9 through 12 to continue offering students seven periods a day.

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 625 UFTE, Middle schools with less than 1,000 UFTE and for High Schools with less than 1,800 UFTE. The small school supplement provides for the loss of marginal revenue necessary to maintain comparable student services at all schools. For fiscal year 2012-2013 the breakeven UFTE threshold and allocation amount per UFTE were 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 2012-2013 is approximately \$4.0 million, a decrease of approximately \$2.0 million, or 33%. In fiscal year 2011-2012, the Legislature used Education Jobs fund dollars, a one-time federal source of revenue, to plug the budget gap. Since those funds were federal dollars and not included in the base student allocation (BSA), eligible schools received a greater class size equalization allocation in fiscal year 2011-2012, because federal dollars were not factored into the break-even calculation.

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 (1.00) literacy coach at each elementary school, one (1.00) literacy coach at middle schools, one (1.0) literacy coach at Laurel Hill School, and two (2.00) literacy coaches at Baker School.

The Superintendent recommends continuing the Literacy Coach Program for 2012-2013; however, due to the decrease in funding in previous years, the allocation will remain the same as in 2011-2012 which is a one-half (0.50) literacy coach at each elementary school, one-half (0.50) literacy coach at each middle school, one-half (0.50) literacy coach at each high school, and one (1.00) 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 \$679,000 and (2) “Reading Instruction” funds of \$509,250.

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 2012-2013 is approximately \$4.8 million.

Continuation of SAI - Remediation Allocation

The Superintendent recommends allocating one (1.00) teacher to each district school, to provide smaller class sizes in order to facilitate and enhance the remediation process.

Modification of SAI - ESOL - Interpreter Allocation

The Superintendent is recommending the continuation of funding one (1.00) ESOL Interpreter position for schools which have 15 or more students in the same language population; however, for fiscal year 2012-2013, she recommends the funding of two (2.00) ESOL Interpreter positions for schools which have 50 or more students in the same language population. This allocation will be adjusted, if necessary, after school starts. For fiscal year 2012-2013, 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 (1.00) ESE Classroom Assistant at each middle school and high school. She is also recommending that the District's K-12 school with a population of more than 900 students receive one (1.00) ESE Classroom Assistant while the K-12 school with less than 900 students receive one-half (0.50) unit.

Continuation of SAI – Response to Intervention (RTI) Allocation

The Superintendent is recommending funding one-quarter (0.25) of an Instructional Unit/Facilitator per elementary, middle, high, and K-12 schools to implement the response to intervention program for struggling student readers.

Continuation 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. 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 2012 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 \$1.6 million.

New Allocation – School Assistant Principals – District Funded

The Superintendent is recommending the continuation of allocating one (1.00) Assistant Principal II – 10 Month unit to five (5.00) elementary schools whose UFTE is approaching 800 or greater. This allocation would be funded from the general fund and would total \$367,000.

Title I Supplement

The Title I allocation for 2012-2013 is estimated at \$3.4 million.

IDEA Supplement

The initial IDEA allocation for fiscal year 2012-2013 is estimated at \$6.6 million, which includes an estimated roll forward of \$600,000. The Superintendent is recommending that all school-level 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
- Career Education Equipment and Supplies
- DJJ Supplemental
- ESE Guarantee - Gifted
- Florida Teachers Lead
- Instructional Materials – Textbooks, Media & Science
- International Baccalaureate (IB)
- Reserve Officer Training Corp
- School Maintenance
- Workforce Development

The FTE factor for AICE, AP, and IB examinations and certifications remains at 0.16. In fiscal year 2008-2009, these same revenue allocations were reduced from a 0.24 to a 0.16 factor. IB diploma

funding weight remains at 0.30. CAPE funding is projected to change from 0.30 per completer to a value of 0.10, 0.20, or 0.30 per completer depending on the value assigned to each certification by the Florida Department of Education. 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 cannot 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 2012-2013 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 Packets for Schools

Each school's enrollment data and revenue projections are available on the Internet. The budget packet is site-specific and has been e-mailed to each school principal. Please note that the 2012-2013 Budget Manual will be available in its entirety on the Internet for administrators, employees, School Advisory Councils, and any other interested party.

The Budget Packets include all the necessary forms and data for each school to develop the related budget. In addition, 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**
- **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 Friday, April 20, 2012.*

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.