



# **Okaloosa Schools The Budgeting Process School Year 2013-2014**

*Developing Budgets  
for  
Schools and District Operated Programs  
for  
Fiscal Year 2013-2014*

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## **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 has continued 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 2012-2013 versus 2013-2014. The enrollment data for 2012-2013 is based on the adjusted unweighted full-time equivalent students for funding purposes from the 2012-2013 original projections. The enrollment data for 2013-2014 is based on the adjusted projected 2013-2014 unweighted FTE. Descriptions of individual programs can be found in *2012-2013 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:

### Total 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 2013-2014 adjusted projected UFTE and the 2012-2013 adjusted projected UFTE, for each school.

Unweighted FTE moved to/ (from) one school to another school

Destin Elementary School 5<sup>th</sup> grade students will attend Destin Middle School beginning in fiscal year 2013-2014; therefore, 66.00 unweighted FTE have been moved accordingly.

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 2013-2014, Student Intervention Services – ESE has recommended moving one VE unit from Shoal River Middle School to Davidson Middle School.

Increase/ (Decrease) of UFTE based on legislatively enacted new FTE calculation methodology

The new FTE calculation methodology enacted by the Legislature during the 2013 session has a significant impact on schools funding. Effective with the 2013-2014 school year, students can only generate a maximum of 1.0 FTE which includes virtual classes completed external to the District. As a result, the state reduced the District's submitted FTE projection. Therefore, the District has had to reduce unweighted FTE for the following programs: 113 – ESE Grades 9-12 (-1.27%), 130 – ESOL (-15.34%), and 300 – Career Education (-14.01%).

**Revenue Estimates**

**FEFP and State Categorical Funding For Fiscal Year 2013-2014**

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 Fund revenues, primarily from the Florida Education Finance Program (FEFP). (See Appendices for Florida Department of Education's *2012-2013 Funding for Florida School Districts*.)

The Legislature finalized the Final Conference Report on April 29, 2013. The revenue allocations will be based on the Final Conference Report. The Final Conference Report reflects the revenue allocation to Okaloosa County generated through the Florida Education Finance Program (FEFP) for fiscal year 2013-2014. The total allocation for Okaloosa County School District is \$201,257,147 for FEFP, Discretionary Lottery Funds, State Categorical Funds, Discretionary and Supplemental Local Effort.

The Legislature, over the last six (6) fiscal years, has struggled to balance Florida's budget. Florida growth rates are gradually turning around; however, it will take a few more years to climb out of the hole left by the recession. Although this year's Legislative Session resulted in a modest increase in FEFP funding, it continues to be significantly less than the District's 2005-2006 funding level. Also, expenditures such as health insurance and Florida Retirement Rate contributions continue to increase and multiple unfunded mandates such as digital textbooks, digital devices, bandwidth, and

evaluation and performance systems demand a significant amount of funding. However, the School Board, Superintendent, and Schools continue to provide the students of Okaloosa County a quality education.

**Key State Revenue Changes from Fiscal Year 2013 to Fiscal Year 2014**

The District Cost Differential (DCD) factor for fiscal year 2013-2014 was increased 0.0055, from 0.9763 to 0.9818.

The Program Cost Factors (PCFs) changes are reflected in the table below:

Program	2012-2013 PCFs	2013-2014 PCFs	Increase/ (Decrease)
101/111	1.117	1.125	0.008
102/112	1.000	1.000	0.000
103/113	1.020	1.011	(0.009)
130	1.167	1.145	(0.022)
254	3.524	3.558	0.034
255	5.044	5.089	0.045
300	0.999	1.011	0.012

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

The District must pass through approximately \$10.8 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 2013-2014.

**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 level. 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.

President Obama’s fiscal year 2013 budget request proposal recommends decreasing the federal impact aid payments for federal property by \$67 million based on fiscal year 2012 enacted levels which would virtually eliminate the program. The Federal Impact Aid program was not eliminated in fiscal year 2012 although the President’s budget contained the recommendation to eliminate the program. As a result, the District has chosen to continue estimating and allocating impact aid revenue to schools. The original estimated revenue for fiscal year 2013-2014 is greater than the

estimated revenue for fiscal year 2012-2013; however, the fiscal year 2013-2014 revenue estimate has been reduced by 10% in anticipation of sequestration. The net effect is a 7% estimated revenue reduction when compared to fiscal year 2012-2013.

The allocation methodology for fiscal year 2013-2014 will be the same as used in fiscal year 2012-2013, 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 for the 2013 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 2013-2014 is \$2,239,237, which reflects a 7% decrease from 2012-2013. 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 Superintendent is recommending the continued allocation of Class Size instructional units. The Class Size Reduction (CSR) categorical funding is \$32.4 million, an increase of \$0.7 million from fiscal year 2012-2013. 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 \$32.4 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**

The Superintendent is recommending continuing the Class Size Reduction Salary Supplement for fiscal year 2013-2014 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.

### **Continuation of Flexible Class Size Funds to Support Secondary Reading Initiative**

For fiscal year 2013-2014, the Superintendent is recommending the continuation of the Secondary Reading Initiative. In prior years, all secondary reading allocations were funded from class size reduction funds. However, due to the requirement of full implementation of the class size constitutional mandate, Class Size Reduction was changed to funding secondary reading for middle and K-12 schools. High School secondary reading is funded from SAI funds. 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. Schools may use the funding to purchase instructional units, classroom assistant units, and/or supplies.

### **Continuation of Flexible Class Size Funds to Support High School 7<sup>th</sup> Periods**

For fiscal year 2013-2014, the Superintendent is recommending the continuation of the 7<sup>th</sup> Period allocation to provide financial assistance to enable schools serving grades 9 through 12 to continue offering students seven periods a day. An allocation of \$1.0 million has been made to qualifying schools.

### **Continuation of Class Size Equalization Appropriations**

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 580 UFTE, Middle schools with less than 955 UFTE, and for High Schools with less than 1,755 UFTE. The small school supplement provides for the loss of marginal revenue necessary to maintain comparable student services at all schools. For fiscal year 2013-2014 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 2013-2014 is approximately \$3.3 million, a decrease of approximately \$0.6 million, or 15%.

### **Discontinued – Class Size Reduction Instructional Materials**

The Superintendent has recommended discontinuing the allocation of \$1,000 per new Class Size instructional unit for fiscal year 2013-2014.

### **NEW – Instructional Coach Initiative**

The Superintendent is recommending discontinuing the Literacy Coach initiative and replacing it with the Instructional Coach initiative. The State Reading Instruction allocation, in conjunction with the federal program Title II – Part A and Class Size Reduction – Instructional Coaches, will be used to provide ongoing embedded professional development support for schools through Instructional Coaches. The program will place full or part-time Instructional Coaches in elementary, middle, or high schools based on need. The embedded professional development activities provided by the Instructional Coaches funded through Reading Instruction and Title II are directly related to student achievement issues and reflect intensive efforts to increase achievement through the more highly developed cognitive base of teachers in the area of literacy. The Instructional Coaches funded through Class Size Reduction – Instructional Coaches are directly related to student achievement

issues and reflect intensive efforts to increase achievement through the more highly developed cognitive base of teachers in the areas of literacy and mathematics. The District is allocating approximately \$2.0 million to fund Instructional Coaches - \$0.8 million from Class Size Reduction, 0.5 million from Reading Instruction, and \$0.7 million from Title II.

### **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 2013-2014 is approximately \$5.4 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.

### **Continuation 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 and 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 2013-2014, 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 – 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 secondary reading enhancements 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. Schools may use the funding to purchase instructional units, classroom assistant units, and/or supplies.

### **NEW – SAI – In-School Suspension (ISS) Allocation**

The Superintendent is recommending a new initiative for fiscal year 2013-2014 designed to provide schools with an additional discipline alternative. The ISS program will allow students to continue their classwork and receive credit for completion thereby enabling them to continue academic progress. The allocation will fund one (1.00) educational support position (to be determined).

### **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 2013 FCAT results. Guidelines will be provided by Curriculum and Finance at a later date.

### **Continuation of SAI - Plan of Care**

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

### **Discontinued – SAI – Learning Strategies Allocation – Middle and High Schools**

The Superintendent is recommending discontinuing the SAI – Learning Strategies allocation.

### **Continuation of Decentralized FTE Reserves – Project 3004**

The Superintendent is recommending the continuation of a Decentralized FTE Reserves allocation 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 allocation is approximately \$1.6 million.

### **Modification of School Assistant Principals – District Funded – Project 3010**

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 700 or greater and one (1.00) Assistant Principal II – 12 Month to the four (4) high schools and Baker School. This allocation would be funded from the general fund and would total approximately \$1,020,000.

### **Title I Supplement**

The Title I allocation for 2013-2014 is estimated at \$3.1 million.

### **IDEA Supplement**

The initial school IDEA allocation for fiscal year 2013-2014 is \$5.5 million. 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 remains at 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 2013-2014 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, school resource officers, and in-school suspension. 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 2013-2014 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 Tuesday, May 28, 2013.*

### **Presentation of School Budgets**

The Finance Department will prepare and provide each school 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.