



THE SCHOOL DISTRICT
OF PALM BEACH COUNTY, FLORIDA

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MEMORANDUM

TO: School Board Members

THROUGH: Arthur C. Johnson, Ph.D.
Superintendent

FROM: Joseph M. Moore
Chief Operating Officer

DATE: March 15, 2006

SUBJECT: FY 2006 Budget Shortfall

As a follow up to the February 15, 2006 Board Meeting, the Budget Department has prepared an update on the FY 2006 shortfall and actions taken to balance the budget. Actual October student FTE membership (173,431) was 5,232.50 unweighted FTE less than projected (178,663.50). As a result, General Fund operating revenues decreased by \$24,342,442 through the Department of Education's Third Calculation of the Florida Education Finance Program (FEFP). (See Exhibit A).

The School District began reducing the budget and setting funds aside early in the school year when the lack of student growth became apparent. School staffing levels were reduced based on the eleventh day of school enrollment. A hiring hold on non-instructional positions was issued for the remainder of the year, non-salary budgets were reduced by twenty-five percent (25%), and several other reductions were made. Budget reductions to date total \$23,734,281 (See Exhibit B).

The shortfall has been exacerbated by two areas of the budget that continue to experience rising costs. The allocation for both electricity and property insurance will require an increase prior to fiscal year-end. The savings from the non-instructional hiring hold should create budget balances that can be redirected to help offset a portion of these rising costs. As of January 31, 2006, a \$2,341,361 budget shortfall remained.

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FY 2006 Budget Shortfall

Amendments to the budget are brought to the Board each month. The January budget amendments are included on the March 15, 2006 Board Agenda and reflect the aforementioned Third Calculation of the FEFP and budget reductions. The remaining shortfall will be addressed as part of the March budget amendments. Recent workers compensation loss recoveries have generated revenue sufficient to cover the remaining \$2.3 million budget shortfall. The District will continue to closely monitor the budget and report adjustments to the School Board on a monthly basis.

If you should require any additional information, please do not hesitate to contact me at 434-8510 (PX48510).

ACJ:JMM:MJB:ac

C: Ann Killets

Attachments

THE SCHOOL DISTRICT OF PALM BEACH COUNTY
Florida Education Finance Program (FEFP) Funding Detail

	FY 2004	FY 2005	Orig. Projection FY 2006	Updated FY 2006		
	2003-04 Final Calculation	2004-05 Fourth Calculation	2005-06 Second Calculation	2005-06 Actual Third Calc.	FY 2006 Actual vs. Proj. Incr./(Decr.)	
1	K-12 Unweighted FTE's	168,010.57	172,237.36	178,663.50	173,430.99	(5,232.51)
2	K-12 Weighted FTE's (Funded)	186,010.11	191,455.52	198,048.46	192,640.94	(5,407.52)
3	State Base Student Alloc (BSA)	\$3,630.03	\$3,670.26	\$3,742.42	\$3,742.42	0
4	District Cost Differential (DCD)	1.0599	1.0468	1.0372	1.0372	0
5	Palm Beach County Schools BSA	\$3,847.47	\$3,842.03	\$3,881.64	\$3,881.64	0
6	WTD FTE x BSA x DCD	\$715,668,095	\$735,577,501	\$768,752,433	\$747,762,398	(\$20,990,035)
7	DCD Transition Supplement		200,442	379,284	379,284	0
8	ESE BLOCK GRANT	64,124,481	66,251,596	69,628,452	69,628,452	0
9	Lottery - Discretionary	8,791,936	10,202,717	10,225,278	8,915,693	(1,309,585)
10	Lottery - School Recog. \$	9,687,604	8,820,466	8,820,466	10,495,215	1,674,749
11	SAI	33,592,078	33,592,078	35,204,654	35,204,654	0
12	Reading Instruction	1,647,813	1,660,523	6,014,261	5,937,286	(76,975)
13	Safe Schools	5,707,880	5,714,153	5,596,569	5,568,736	(27,833)
14	Prior Year Adjustment *	(72,468)	(784,505)	0	97,079	97,079
15	Prorated Holdback*	(1,461,006)	0	0	0	0
16	Opportunity Scholarships *	(597,775)	(488,191)	(600,000)	(356,459)	243,541
17	McKay ESE Scholarships *	(4,315,283)	(5,239,095)	(6,000,000)	(5,439,013)	560,987
18	Gross State and Local FEFP	\$832,773,355	\$855,507,685	\$898,021,397	\$878,193,325	(\$19,828,072)
19	Less: Required Local Effort Taxes	(528,835,564)	(588,820,772)	(647,210,440)	(648,686,921)	(1,476,481)
20	TOTAL STATE FEFP	\$303,937,791	\$266,686,913	\$250,810,957	\$229,506,404	(\$21,304,553)
Millage						
21	Palm Beach County Tax Roll	\$98,490,625,441	\$111,356,690,401	\$130,262,743,363	\$130,559,911,672	\$297,168,309
22	Required Local Effort (RLE)	528,835,564	588,820,772	647,210,440	648,686,921	1,476,481
23	Discretionary Funds (Basic)	47,718,708	53,952,316	63,112,299	63,256,277	143,978
24	Discretionary Funds (Supp)	8,327,382	8,674,686	17,819,943	17,860,596	40,653
25	Sub-total Local Funds	\$584,881,654	\$651,447,774	\$728,142,682	\$729,803,794	\$1,661,112
26	GRAND TOTAL	\$888,819,445	\$918,134,687	\$978,953,639	\$959,310,198	(\$19,643,441)
27	Education Technology	\$3,264,561	\$3,294,015	\$3,334,415	\$3,257,274	(\$77,141)
28	Instructional Materials	15,119,552	15,772,729	17,033,247	15,433,478	(1,599,769)
30	Student Transportation	29,216,593	30,017,823	28,742,242	28,742,242	0
31	Teacher Lead Program	1,061,174	1,094,004	1,195,664	1,195,664	0
32	Teacher Training	2,366,138	2,388,378	1,202,191	1,180,873	(21,318)
33	Class Size Reduction	32,791,434	67,962,364	106,667,754	103,666,981	(3,000,773)
34	Categorical Allocations	\$83,819,452	\$120,529,313	\$158,175,513	\$153,476,512	(\$4,699,001)
35	Total FEFP & Major Categoricals	\$972,638,897	\$1,038,664,000	\$1,137,129,152	\$1,112,786,710	(\$24,342,442)

THE SCHOOL DISTRICT OF PALM BEACH COUNTY, FLORIDA
Impact of Enrollment Shortfall and Other Budget Requirements
FY 2006 General Fund Budget

Estimated Enrollment Shortfall (Unwtd FTE)	(5,232.51)
FEFP Financial Impact (Including Categoricals) See Exhibit A	(\$24,342,442)
Less Increased Interest Revenue	1,000,000
Net Revenue Loss	(\$23,342,442)

Budget Reductions to date:

1) Eleventh Day Count School Staffing Adjustments	(\$7,719,320)
2) Reduce Charter School Budgets based on actual Oct. FTE	(1,388,141)
3) Non-Salary Budget Reductions (25% across the board, non-exempt alloc.)	
Schools	(1,196,280)
Departments	(1,669,135)
4) Withhold 50% High School Vocational Supply Allocation	(500,000)
5) Second Semester Instructional Staffing Adjustments	
Middle Schools	(676,830)
High Schools	(861,420)
Alternative Education	(633,650)
6) West Tech Satellite - GCHS - Reduce Staffing Levels for 2nd Semester	(262,049)
7) Reduce Instructional Materials budget based on lower enrollment	(1,154,410)
8) Eliminate Reserve for N.A.E.P. Testing	(500,000)
9) Eliminate Reserve for At-Risk Programs	(1,785,000)
10) Reduce Reserve for Prior Year Encumbrances to actual	(2,578,405)
11) Reduce Reserve for Non-CTA Salary Increases	(1,889,853)
12) Reduce Reserve for Performance Pay (School Admn. & CTA)	(650,000)
13) Reduce K-12 Reading Budget to align with categorical revenue	(76,975)
14) Reduce Advance Placement Budget based on actual FTE earned	(192,814)
Total Reductions	(\$23,734,281)
Budget Balance/(Deficit)	\$391,839

Less Increased Appropriations to date:

15) Property Insurance (increased cost for initial layers up to \$140 million)	\$1,425,000
Current Budget Deficit	(\$1,033,161)

Less Pending Increased Appropriations:

16) Electricity (FPL 26% incr Jan. to June, bdgt incld 8% incr.)	\$2,529,000
17) Property Insurance (Additional layers up to \$200 million if available)	1,000,000
Sub-total	\$3,529,000

Estimated Savings from Non-Instructional Hiring Hold through June 30, 2006

18) Schools (71.5 current non-instr., non-exempt vacancies)	(1,065,984)
19) Departments (74 current non-instr., non-exempt vacancies)	(1,154,816)
Sub-total	(\$2,220,800)

Rem. Shortfall to be addressed in Subsequent Budget Amendment	(\$2,341,361)
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