



BUDGET MEMORANDUM

DATE: September 9, 2016

TO: Mr. James T. Russell, Superintendent
Mrs. Ida D. Wright, Chairman
Mrs. Melody Johnson, Vice-Chairman
Mrs. Linda Costello
Mrs. Linda Cuthbert
Dr. John Hill

FROM: Debra Muller
Chief Financial Officer
Financial Services

SUBJECT: **FY17 Recommended Budget Summary**

The recommended budget for FY17 of \$852.0 million (compared to \$781.2 million for FY16) represents an increase of \$70.8 million. The general operating appropriation of \$505.5 million (compared to \$478.0 million for FY16) is \$27.5 million more than the previous fiscal year. This is due in large part to a projected enrollment increase of 1,123 unweighted FTE that resulted in increases of Base FEFP and categorical aids including ESE Guaranteed Allocation, Supplemental Academic Instruction, Class Size Reduction, Instructional Materials, and Digital Learning. It is notable that the Base Student Allocation (BSA) increased just \$6.26 per FTE (0.15%) from FY16 to FY17 and is still \$2.76 per FTE less than 2007-08 levels. The capital budget increased by \$56 million from FY16 Adopted to FY17 Adopted budget. This is due to the new Half-Cent Sales Tax Referendum revenue beginning January 1, 2017. The difference from tentative to final budget (all funds) of \$4.4 million was impacted by mostly minimal adjustments in all fund categories due to finalization of year-end balances. Appropriations were increased for additional salary increases based on final negotiated agreements and increasing the health insurance cap from \$500 to \$531.

The current student membership of 62,989 (day 17) is 1,188 students less than the projection of 64,177 and 151 students more than day 17 in FY16. Following a four year trend of membership growth for Volusia County Schools, projections indicated additional growth again this year. Although growth has been less than anticipated prior to last year when day 40 saw the highest enrollment, day 20 has historically been the enrollment highpoint. Any potential loss of state funding resulting from falling short of projected growth will be determined with the October FTE survey and adjusted in the third (December) Florida Education Finance Program (FEFP) Calculation. Growth does continue to create challenges for constitutional class-size compliance as well as facility needs. Additional units were added due to the anticipation of increased enrollment, but staffing will need ongoing school by school monitoring to address the needed resources as they occur.

The District Cost Differential decreased to 0.9689 (from 0.9701) as reflected in the tentative budget, and represented a nearly \$9 million general fund loss to the district (if the calculation was 1.000) in the final FEFP budget. The loss due to the DCD formula continues to be a concern for Volusia County Schools. On a positive note, the assigned and unassigned actual general fund reserves increased by \$8.7 million, reversing a

pattern of declining fund balance over the last several years. This reflects a commitment by the school board and Superintendent, to apply austere measures to mitigate the dependence on reserves, including no employee raises in FY16.

DM/dv