



BUDGET MEMORANDUM

DATE: July 23, 2015

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

FROM: Robert Moll, Ed. D. 
Chief Financial Officer
Financial Services

SUBJECT: FY16 Tentative Budget Summary

The tentative budget for FY16 of \$780.6 million (compared to \$776.8 million in FY15) represents a 0.49% increase. The general operating category of the Florida Education Finance Program (FEFP) had an increase of \$13.9 million. Revenue increases were mostly attributable to increased Required Local Effort (RLE) and state funding. The RLE revenue increase was generated primarily by increased property values.

The Base Student Allocation (BSA) continued its recent (yearly) trend increases to \$4,154.45 from \$4,031.77. This increase returned the BSA beyond the 2007-08 level. A significant increase in the digital learning earmark of \$448 thousand is also noteworthy. The application of the District Cost Differential (DCD) of 0.9701, a reduction from 0.9739, continues to have a debilitating effect on overall FEFP revenue. This year's DCD application resulted in another loss of \$8.4 million as of the second calculation. The cumulative loss to the district since 2004 in the application of this formula based on a dollar for dollar value has been \$120.6 million, the highest of any district in the state.

The FY16 second calculation represented an increase of \$13.9 million from FY15. Additionally, during FY15 the district FEFP was pro-rated by \$2.3 million. We must remain vigilant that the state has more accurately predicted growth to avoid another significant proration in FY16.

The capital projects and five year work program are found on pages 12-16 of the enclosed booklet. Special Revenue (Federal) funds are on pages 17-19. No remarkable changes are noted. All other funds and related data appear throughout the booklet and will be referred to at the board presentation on July 27, 2015.

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The combination of recurring salary increases from FY15, a charter school expansion, health insurance increase, earmarked categoricals, continued reduction of the capital maintenance transfer, virtual lab expansion, and McKay scholarship increases created a revenue to appropriation deficit. This was mitigated through interventions such as a 6.4% (\$2.2 million) reduction in Central Office operations, teacher retirement savings, Florida Retirement rate reductions, high school utilities reductions, elimination of middle school AVID programs, and contractual obligations impacted by decreases with classload supplements, tuition reimbursement, merit pay and employer provided dental insurance subsidies.

The district's focus on maintaining and enhancing student programs, increasing academic achievement, and maintaining compliance with class size amendment requirements are targeted goals in this tentative budget. Finally, there is cause for optimism that there are improved local economic conditions as Volusia County shows signs of recovery with growth, and favorable financial forecasts and indicators. However, maintaining scrutiny of declining reserves should be a high priority. The FY16 tentative budget represents a continued focus to apply financial resources for maintaining and enhancing a potent academic environment.

RM/dv