

Budget Update

Staff Association Annual General Meeting
October 16, 2017

Mike Burke, Chief Financial Officer

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Legislative Update

- School Board filed lawsuit against State Board of Education (SBOE) and Commissioner challenging constitutionality of HB7069 requirement to provide charter schools Local Capital Outlay Millage (1.50 mills) revenue.
- SBOE approved their FY19 Legislative Budget Request (LBR) seeking a 2.74% increase in potential total funding per student. \$480 million of their total \$770 million request for K-12 education funding is generated by allowing local tax revenue (RLE) to grow organically by rise in property values and new construction. [Remember last year SBOE and Gov. originally proposed 3%, we ended up with 1.39% when dust settled]
- Florida Constitutional Review Commission (CRC) is meeting and determining what items to place on the November 2018 general election ballot.
- 2018 Regular Legislative session begins January 9, 2018.



Push to Eliminate DCD Poses Serious Threat to SDPBC



Skewed Education Funding Formula Favors 12 Big Florida Counties

By MELODY JOHNSON (/SOURCES/MELODY-JOHNSON)

July 20, 2017 - 3:30pm

Hukill makes another pitch for a DCD study

By Erica Breunlin

Posted Jul 26, 2017 at 2:11 PM

Updated Jul 26, 2017 at 2:29 PM



OUR VIEW: Volusia's fight for fairer funding

Posted Jul 27, 2017 at 2:00 AM

It's good to see School Board chair hit the road to spread the gospel.



What is the District Cost Differential (DCD)?

- The DCD serves as a Cost of Living Adjustment within the Florida Education Finance Program (FEFP) state funding formula recognizing that the cost of living varies significantly across the state.
- Section 1011.62(2), F.S., requires the commissioner to annually compute District Cost Differentials (DCDs) by adding each district's Florida Price Level Index for the most recent three years and dividing the sum by three. The result is multiplied by 0.800 and divided by 100 and 0.200 is added to the product to obtain the DCD. This serves to limit the factor's adjustment to 80 percent of the index (i.e., the approximate percentage of district salary costs to total operating costs). The three-year averaging reduces the immediate impact on districts of sudden changes in the index.

| | FPLI | Three Yr Avg | 80% of Three Yr Avg | Add 20 | DCD |
|------|--------|--------------|---------------------|--------|--------|
| 2013 | 102.18 | | | | |
| 2014 | 104.88 | | | | |
| 2015 | 105.42 | 104.16 | 83.33 | 20 | 103.33 |
| 2016 | 105.67 | 105.32 | 84.26 | 20 | 104.26 |

4.26% positive funding adj.

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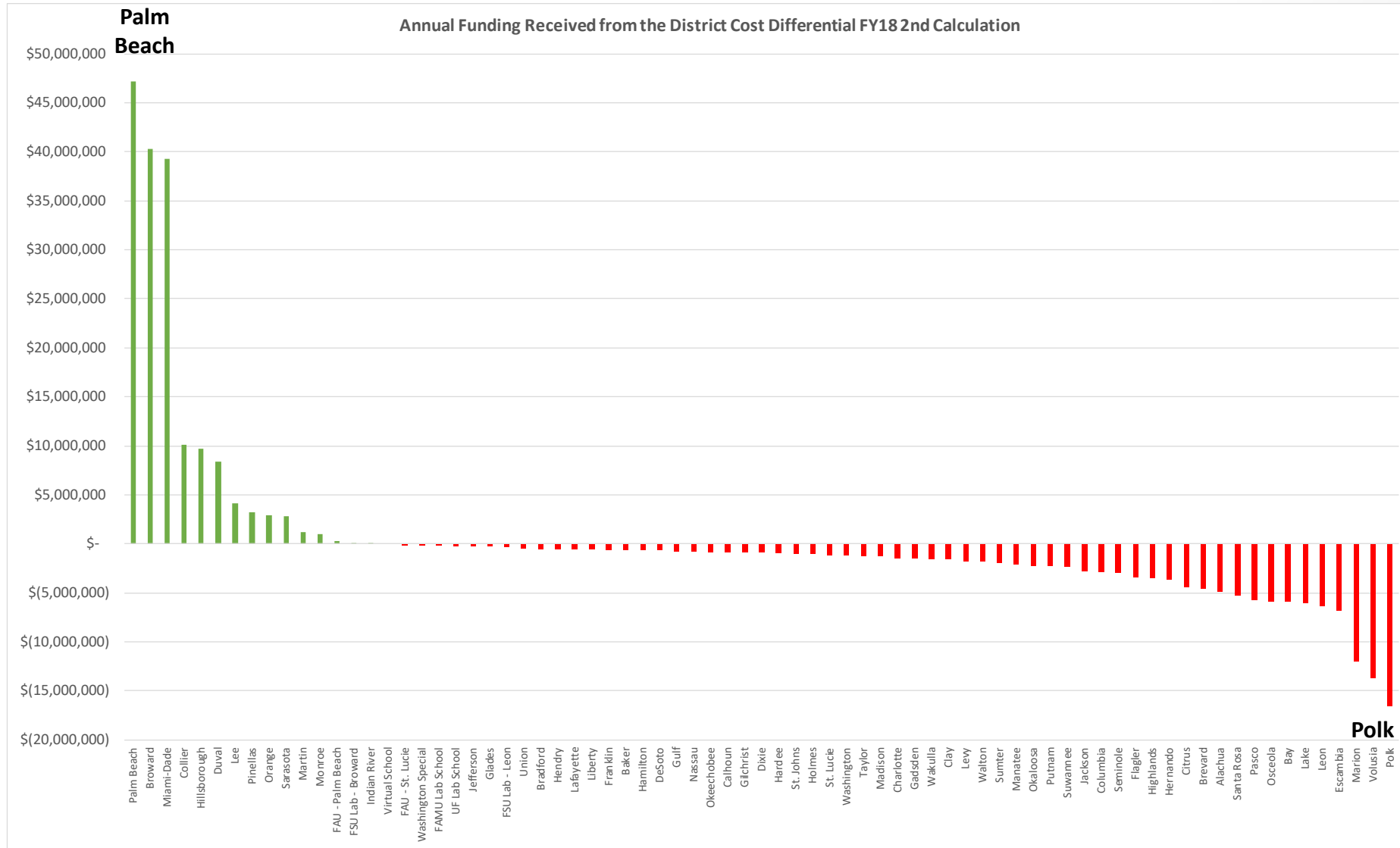
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FPLI and DCD

- The Florida Price Level Index (FPLI) was established by the Legislature as the basis for the District Cost Differential in the Florida Education Finance Program. It represents the cost of hiring comparable personnel across school districts. Extensive data on wages is used to estimate the relative cost of hiring comparable workers among Florida's 67 counties in a given year.
- FY18 DCDs range from a high 1.0426 (Palm Beach) to a low of 0.9168 (Polk).
- DCD adjustment is applied to the Base Student Allocation (BSA) and Class Size Reduction funding for each school district.
- 13 school districts receive a DCD of 1.000 or greater, while 53 districts receive a DCD adjustment of less than 1.000.
- Senate President Joe Negron approved two studies to be completed by January Leg. Session.
- **For School District of Palm Beach County, DCD generates a positive annual funding adjustment of \$46 million.**



Impact of DCD across 67 Counties – Palm Beach to Polk



Top-performing urban school district in Florida

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5 Year Comparison of Average Recurring Salary Increase by Employee Group

| Year | | | | | | | School | Staff |
|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | CTA | SEIU | AESOP | PBA | Misc. | Conf. | Admin | Admin |
| 2012-13 * | 3.41% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| 2013-14 | 4.65% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 3.00% | 3.00% |
| 2014-15 | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| 2015-16 | 3.20% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| 2016-17 | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| 5 Yr. Total | 16.26% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 13.00% | 13.00% |

* All groups other than CTA received one-time \$500 bonus in addition to 2% increase.



FY18 Adopted Budget Highlights

- General fund budget:
 - Total revenue and appropriations = \$1.862 billion, increase of \$73.5 million.
 - Increase in standard operational costs of \$45.9 million, including pass-through to charter schools, teachers and support staff to accommodate student growth, fringe benefit (health and workers compensation/auto and general liability), and programs to comply with legislative mandates.
 - Increase in Board Contingency Reserve to \$55 million from \$52 million to comply with 3% board policy.
 - **Salary reserve increased to \$22.0 million from \$10.7 million.**
 - Redirected \$7.2 million to support Strategic Plan and operational initiatives resulting in no budgetary impact.
- Projected Student growth of 2,824 UFTE (1,558 District Operated and 1,266 Charter)
- Seventy-one cents of every dollar is spent on employee salaries and benefits (\$1.313 billion or 71% of operating budget)
- District cost differential for FY18 = \$46.2 million.
- Best and Brightest State Bonus program expected to generate \$14.5 million for Palm Beach County teachers (outside FEFP).

*excluding capital maintenance transfer and beginning fund balance net of non-K-12 programs



The School District of Palm Beach County, Florida
1% Increase on Base Pay: Filled and Vacant Positions
As of September 05, 2017

| Union | Union Descr | FTE | Fund 1000 | Benefits (FICA/FRS) | Total Fund 1000 | Capital Maintenance | Other Funds | Benefits (FICA/FRS) | Total Cap Maint & Other Funds | Total of All Funds | Vacancy Adj % | Grand Total by Union |
|---------------------------|-------------|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------------------|----------------------|---------------|----------------------|
| 01T | CTA | 13,267.7 | \$ 6,351,375 | \$ 993,990 | \$ 7,345,365 | \$ - | \$ 282,079 | \$ 44,145 | \$ 326,225 | \$ 7,671,590 | 2% | \$ 7,518,158 |
| 02A | AESOP | 1,996.1 | 385,064 | 60,262 | 445,326 | 27,119 | 75,960 | 16,132 | 119,212 | 564,538 | 1% | 558,892 |
| 04B | FPSU (B) | 3,362.9 | 513,248 | 80,323 | 593,571 | 95,074 | 162,786 | 40,355 | 298,215 | 891,786 | 1% | 882,868 |
| 04D | FPSU (D) | 958.2 | 83,065 | 13,000 | 96,065 | - | 134,199 | 21,002 | 155,201 | 251,265 | 1% | 248,753 |
| 04F | FPSU (F) | 499.0 | 69,479 | 10,874 | 80,353 | 43,594 | 64,588 | 16,930 | 125,112 | 205,465 | 1% | 203,410 |
| 06R | Police | 152.0 | 75,363 | 11,794 | 87,157 | - | 497 | 78 | 575 | 87,732 | 1% | 86,854 |
| Subtotal | | 20,235.9 | 7,477,593 | 1,170,243 | 8,647,836 | 165,787 | 720,109 | 138,643 | 1,024,539 | 9,672,376 | | 9,498,936 |
| Non-Bargaining Unit Staff | | | | | | | | | | | | |
| 03X | Board | 8.0 | 6,361 | 995 | 7,357 | - | - | - | - | 7,357 | 1% | 7,283 |
| 05I | Asst Prin | 370.0 | 249,632 | 39,067 | 288,699 | - | 21,830 | 3,416 | 25,246 | 313,945 | 1% | 310,806 |
| 05P | Principals | 181.0 | 177,580 | 27,791 | 205,371 | - | 1,954 | 306 | 2,260 | 207,630 | 0% | 207,630 |
| 08C | Conf Secy | 239.0 | 105,932 | 16,578 | 122,511 | 1,139 | 749 | 295 | 2,183 | 124,694 | 1% | 123,447 |
| 08M | Misc | 794.6 | 105,724 | 16,546 | 122,270 | 18,565 | 158,932 | 27,778 | 205,276 | 327,545 | 1% | 324,270 |
| 08S | Staff | 806.0 | 316,635 | 49,553 | 366,188 | 124,642 | 225,116 | 54,737 | 404,495 | 770,683 | 1% | 762,976 |
| Subtotal NBU | | 2,398.6 | 961,863 | 150,532 | 1,112,395 | 144,345 | 408,581 | 86,533 | 639,459 | 1,751,854 | | 1,736,412 |
| Grand Total | | 22,634.50 | \$ 8,439,457 | \$ 1,320,775 | \$ 9,760,231 | \$ 310,133 | \$ 1,128,690 | \$ 225,176 | \$ 1,663,999 | \$ 11,424,230 | | \$ 11,235,348 |

* Benefits Rate is 15.55% for FICA, FRS, and Medicare only.

Questions & Hopefully Answers

Annual General Meeting



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