

Orange County Public Schools



FSFOA Fall Conference Fiscal Recovery Plans

WINNER

the broad prize
for urban education



November 11, 2015

Agenda

- Definitions
- Financial Condition Ratios
- Recommended reserves
- OCPS financial impact
- St. Johns financial impact
- Potential revenue options to consider
- Strategies for recovery
- Questions

Recurring Appropriations

- Appropriations that become the new baseline for the next year
- Salary costs including increases
- Benefit costs including increases
- Utilities costs including increases
- New or enhanced programs

Nonrecurring Appropriations

- Appropriations that are one-time or infrequent in occurrence that do not become the new baseline for the next year
- Salary bonuses
- Payment for completing one-time professional development training modules
- Replacement of a portion of the white fleet (not part of a regular replacement cycle)
- One-time computer replacement

Financial Emergency

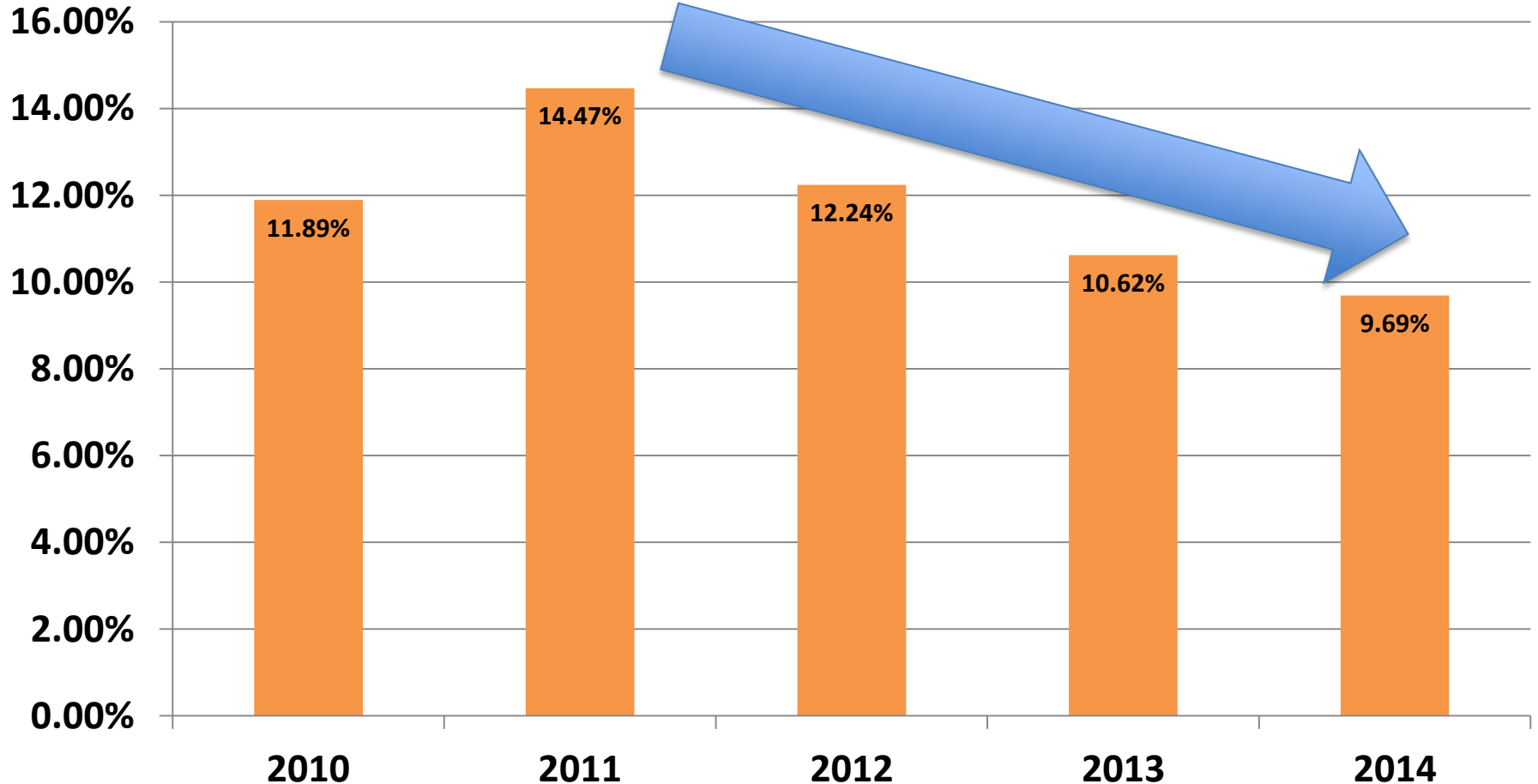
- *Section 218.503, Florida Statutes*
- Inability to pay legitimate bills when due
- Must notify the Commissioner of Education and the Legislative Auditing Committee
- If state assistance needed, state of financial emergency
- If needed, State Board of Education shall appoint a financial emergency board to oversee the district operations
- Failure of school board to resolve state of financial emergency constitutes malfeasance, misfeasance, and neglect of duty – consequence is suspension

Financial Condition Ratio

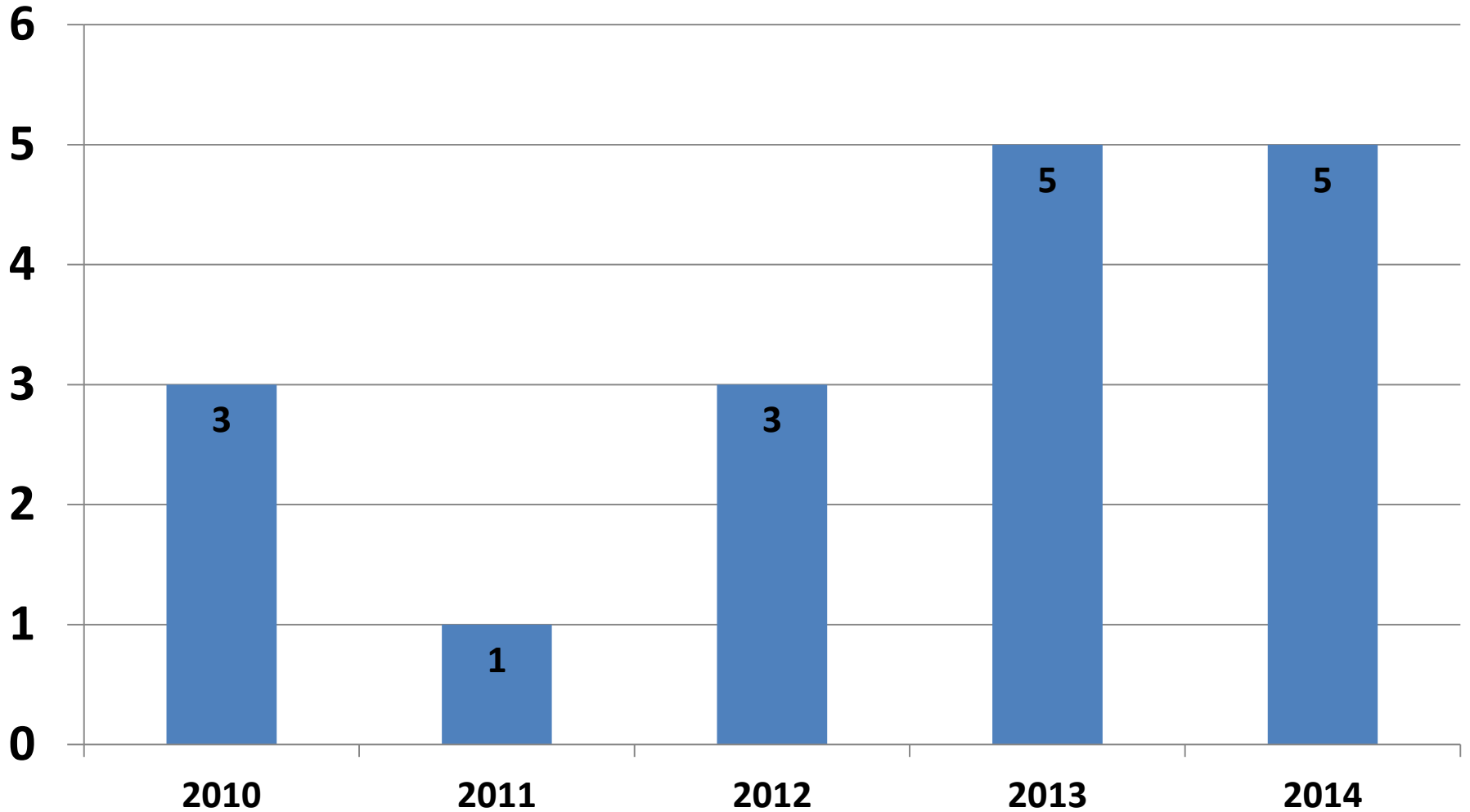
- Assigned and Unassigned Divided by Recurring Revenue
- Less than 3% - notify school board and Commissioner of Education
- Less than 2% - Commissioner shall appoint a financial emergency board
- Potential for board chairman appearance before the Joint Legislative Auditing Committee

Average Financial Condition Ratios Florida School Districts

per OAG Report



Florida School Districts Below 3% FCR *per OAG Report*

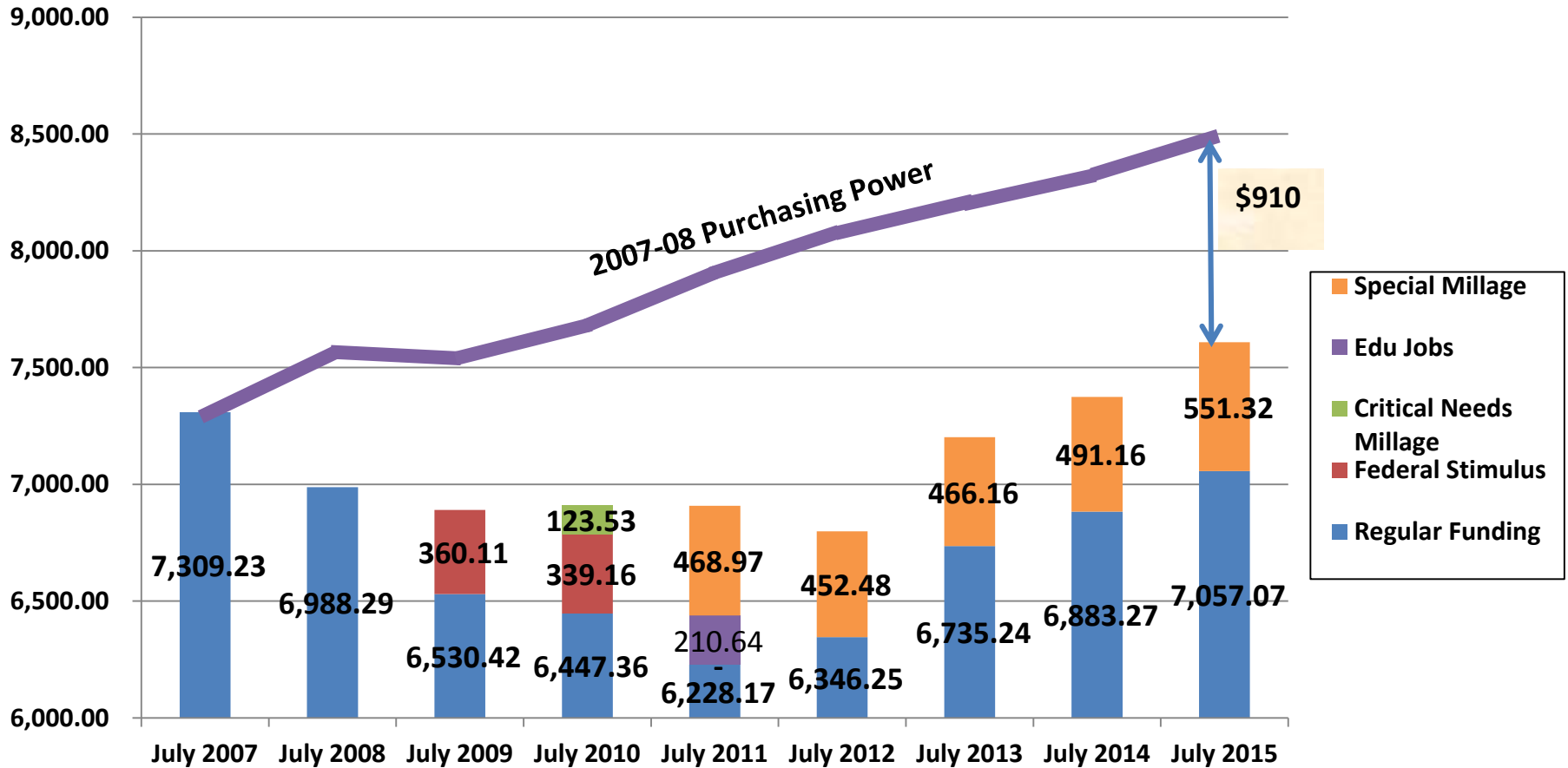


Recommended Reserves

- Minimum of 3% to avoid notification of Commissioner, below 2% must submit financial emergency avoidance plan (s. *1011.051, FS.*)
- Some literature recommends a minimum of 5% contingency
- Some literature recommends 5% -10%
- Government Finance Officers Association (GFOA) Best Practice is a minimum of 2 months of revenues (17%)
- GFOA also recommends evaluating the nature of committed and assigned funds to determine if the minimum should be expanded

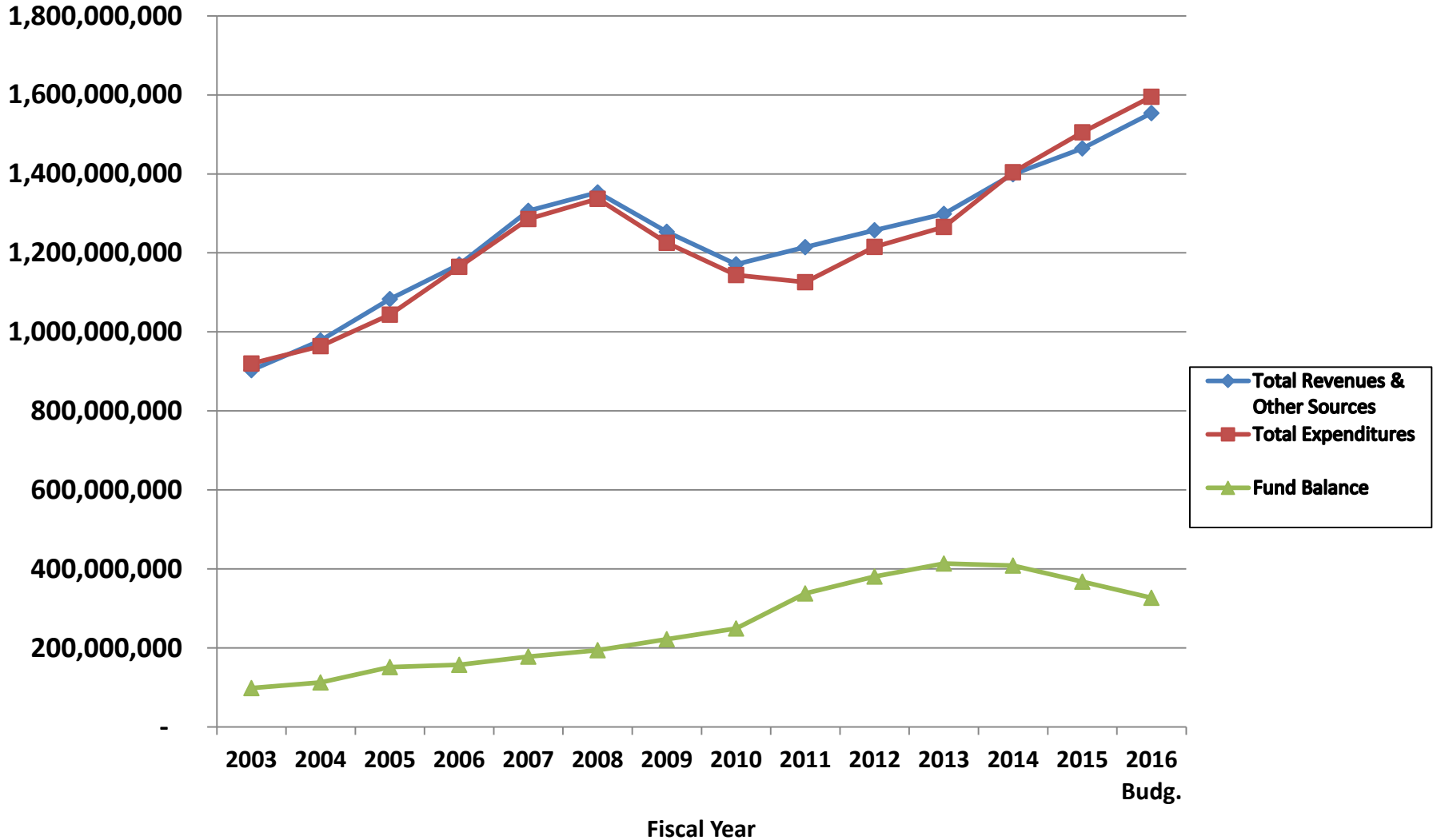
Orange County Public Schools

Budgeted Funding per Student Second FEFP Calculation with CPI Comparison



Orange County Public Schools

General Fund Revenues & Other Sources and Expenditures



FY 2007-08
vs.
FY 2015-16

	FY 2007-08 Final Conference Report	FY 2015-16 Final Conference Report	Variance Base Student Allocation	Variance Total Funds per Student
BSA	\$4,163.47	\$4,154.45	(\$9.02)	N/A
Total Funds per Student	\$7,202.43	\$6,914.91	N/A	(\$287.52)
Students	27,866.50	36,511.72	(\$329,336)	(\$10,497,850)

Shift of Capital Improvement Tax - *section 1011.71(2), F.S.*

- Maintenance of school plants
- New and replacement equipment
- Computer hardware
- Enterprise resource software applications
(5-yr. life)

Other uses limited to \$100 per UFTE:

- Vehicles for driver's education, maintenance, plant operation, or warehouse distribution
- Property and casualty insurance

Referendum for Operations

- Additional millage for school operations – *s.1011.71(9)*
 - Limited to 4 years
 - Limited by 10-mill Constitutional cap
- Additional millage not to exceed 2 years
 - Not limited to 10-mill Constitutional cap



Referendum for Capital

Property taxes:

- General Obligation (GO) Bonds

Sales taxes:

- Local Government Infrastructure Surtax (0.5% or 1.0%), *s. 212.055(2), F.S.*
- School Capital Outlay Surtax (0.5%),
s. 212.055(6), F.S.

Strategies for Recovery - OCPS

General ideas:

- Restrict fund balance for what should be restricted
- Assign fund balance for what should be assigned
- Recommend only recurring appropriations that can be funded with recurring revenues
- Communicate with superintendent
- Communicate with board
- Communicate with community

Strategies for Recovery – OCPS

District Reserves

- School board should have a policy regarding minimal level of reserves
- Policy should also address the use of nonrecurring sources for recurring costs
- Budget process should yield stable level of reserves
- Rapid changes in reserve levels is an indicator of a lack of balance in the budget process
- Inadequate or rapid decline in reserve levels will lead to ratings downgrades (if applicable)

Strategies for Recovery – OCPS

Budget Reduction Process

- Community input on potential solutions
- Internal review of suggestions for feasibility (Cabinet)
- Review by Superintendent's Budget Study Committee – impact on strategic plan
- Review by Technical Committee – validation of estimates used
- Prioritization by Cabinet using ranking process
- Presentation to the Board and then to the Community

Process and Timelines – St. Johns

- Identify the problem with the Board
 - Is it reduced revenue
 - Over extended expenditures
 - Or both
- Use historical trends
- Define the extent of the problem
 - 5 years worth of history
 - Current year's projections without any changes
 - Show them what can happen
- Produce a target – “How much do we have to cut?”

Process and Timelines – St. Johns

- Create a Budget Reduction Team
 - Senior members of staff
 - Representatives of both bargaining units
 - Parents
- Set Parameters
 - Maintain state required core academics
 - Maintain class-size requirements
 - Maximize reduction in recurring expenditures
 - Restore operating fund balance to Board level
 - Review major programs for cost effectiveness
 - Maximize organizational efficiencies

Process and Timelines – St. Johns

- Over arching goal
 - “To maintain the integrity of the School District’s mission”
- Several meetings with the Board in workshops
- Met eleven times with various community groups
 - Unions, civic groups, parent groups and school staff
- Conducted four town hall meetings
 - Each Board member hosting one in their district
- Started with the process on October 20, 2009 and finished on April 13, 2010

Questions?

