



Martin County School Board

Budget Workshop

June 8, 2010



The priority of the Martin County School District is to maintain the current standard of excellence in education.



**MCSD FINANCE DEPARTMENT
Clarifications Regarding**

**The Martin County School Board
“Budget Options”**

Presented on June 1, 2010, by Board Chair

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The “*Budget Options*” (presented by the Board Chair) recommends the District consider the following items as negotiable:

Decreases in Revenues

Class Size Reduction Reserve

McKay Scholarship Reserve

Full Time Equivalent Reserve

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**District Finance Staff has determined the following measures are non-negotiable in terms of
of
Fiscal Responsibility**

Revenue

The \$2,381,082 reduction of revenue does not eliminate the obligation of \$2,381,082 in expenses.

The revenues decreased and the expenses did not, due to contractual obligations and other fixed costs.

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F.S. 1101.02(4)

Florida Law Requires School Districts To
Develop a Balanced Budget

Revenues = Expenses

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Board Suggestion
—
Eliminate
Class Size
Reduction Reserve

Finance Clarifies:
It is the District's Fiscal
Responsibility to set
aside money in reserve
for anticipated
instructional expenses
*rather than pay for
class size
PENALTIES.*

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We must meet

Class Size Reduction Requirements

prior to the November Vote.

Class numbers will be monitored during

the October FTE window.

Fiscal Year begins July 1, 2010

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Meeting class size reduction is required by law when school opens in August.

The voter initiative does not impact our July 1, 2010 Opening Budget.

Nancy Kline, Superintendent of Schools

THE

500 East

Constitutional Officers are required to meet the Constitutional Mandate concerning Class Size Reduction

To: Dr. Frank Raffone
Assistant Superintendent

From: Nancy Kline
Superintendent

Date: February 19, 2010

Re: Class Size Reduction Mandate

At the Budget Workshop on February 16, 2010, Sue Hershey requested the following information.

An Analysis on the Class Size Reduction Mandate, specifically what the penalty would be for overage. What would the cost benefits be to take the penalty vs. hiring additional teachers including compensation?

I shared my concern and cautioned, as Constitutional Officers we are required to meet the Constitutional Mandate. I also stated that there was discussion at the last Superintendent's Meeting about circumventing the Constitutional Amendment. However, Mrs. Hershey reiterated the request for the analysis.

Thank you.

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District planning indicates that a reserve is necessary to remain in compliance with the Class Size Reduction Amendment.

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Board Suggestion
-
Make a “good faith effort” and rely on the Commissioner to reduce or waive the penalty for noncompliance.

District Recommendation:

-
“Appropriate efforts”* to meet the class size requirements include the \$780,000 reserve.

*HB 5101

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**The District must remain in compliance with
Florida's Constitution
(Section 1, Article IX)**

**There is no guarantee that waivers for
non-compliance would be granted.**

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The District has determined the following measures are non-negotiable in terms of Fiscal Responsibility

McKay Scholarship

Actual 2010 = \$311,730 (58 students)

Kindergarten eligibility will likely increase the number of students; a reserve amount of \$188,270 would account for an increase of only 10.5 students.

McKay scholarships continue to increase annually. The *Board's Budget Options* do not reflect actual enrollments or projections.

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The District has determined the following measures are non-negotiable in terms of Fiscal Responsibility

**Establish FTE Reserve
Actual 2009-2010**

FTE Reduction of \$488,753.00 is the basis for \$500,000 reserve. The *Board's Budget Options* do not reflect anticipated reductions in revenue.

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The District has determined the following measures are non-negotiable in terms of Fiscal Responsibility

Florida Statute 1011.051

Requires that district school boards maintain an unreserved general fund balance sufficient to address contingencies, specifying procedures for the district to follow if the operating budget falls below a specified percentage (3%) of projected general fund revenues.

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Board Suggestion

-

Adjust the average teacher cost to 4 years of experience.

Finance Recommendation:

-

Keep consistent with instructional salary (incl. benefits and insurance) at \$60,000 per teacher. Actual cost for current year is \$62,435. Adjusting to 4 years experience would underestimate our expenses.

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Board Suggestion

-

Use \$964,500 as
revenue for
2010-2011 budget.

Finance Recommendation:

-

\$964,500 is not available
for rollover due to ongoing
expenses.

Rollover amounts
(if any) will be determined
in
mid July 2010.

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Board
Suggestion
-
Reduce legal
and
consultant
fees to
\$50,000.

Finance Recommendation:

-
Cost of contracted legal fees for
FY 11 is not likely to decrease from FY10
levels due to already pending litigation,
unless the Office of the School Board
Attorney serves as primary counsel for all
pending legal matters.

Costs for consultants were offset by
lapsed salary.

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The *Board's Budget Options* are based on assumptions that do not reduce the **\$4.6 million** funding gap.

The **\$4.6 Million** Dollar Funding Gap has not changed.

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Based on the June 7, 2010, notice of tax collections, the District Finance Staff is evaluating the use of these funds for budget expenditures.



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