

School District of Indian River County

2023-2024 Tentative Budget

Executive Summary

Good Afternoon, Board Members.

July 10, 2023

As we approach the July Business Meetings where the TRIM advertisements and the Tentative Budget and Tentative Millage Rates will be approved, please find below some highlights and timeline information.

Timeline (TRIM & Budget Approval)

- July 17th, Approval of TRIM (Truth in Millage) advertisement for publication in TC Palm.
 - There were three Advertisements
 - Notice of a Budget Hearing or Budget Increase
 - Budget Summary
 - Notice of School Capital Outlay
- July 21st TRIM Advertisements were published in TC Palm.
- July 24th Public Hearing Number 1 to Approve Tentative Millage Rates and Tentative Budget.
- September 7th Public Hearing Number 2 to Approve Final Millage Rates and Final Budget.

Budget Process

The work began on the 2023-2024 budget in March 2023 and continues until September 2023.

Some of the key areas of the budget process are:

- Modifications to the Staff Allocation Model (SAM).
- Zero Based & Return on Investment Budgeting for Divisions.
- New District Initiatives and Programs.
- Updated Average Salaries, Health Insurance Rates, and changes in Florida Retirement System (FRS).
- Statutory compliance with Truth in Millage (TRIM) documents and Board Approval.
- Close out the fiscal year and prepare for the external audit.
- Alignment of the budget to the Strategic Plan and Targets is pending.

Summary of District State & Local Funding (Florida Education Finance Program (FEFP))

Statewide Impact

- The increase in Unweighted Full Time Equivalent (UFTE) is 117,372 or 4%.
 - The increase in Family Empowerment Scholarships (FES) UFTE is 82,098 or 70% of the total state increase.
- The increase in Weighted Full Time Equivalent (WFTE) is 136,598 or 4%.
- The increase in Base School Allocation (BSA) is \$552 per UFTE or 12%.
 - The State amended the funding formula and moved various categorical funding into the BSA which inflated the increase.
 - The actual Net Increase in the BSA was 7% versus 12%.
- Net increase in State Funding is \$604M or 6%.
- The net increase in Local Funding is \$1.3B or 12%.
- The increase in School Property Tax Values is \$352B or 12%.

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- The increase in Unweighted Full Time Equivalent (UFTE) is 501 or 3%.
 - Increase in Family Empowerment Scholarships (FES) UFTE is 565 or 102% of the total District increase.
- The increase in Weighted Full Time Equivalent (WFTE) is 123 or less than 1%.
- The net decrease in State Funding is \$6.4M or 22%.

- The net increase in Local Funding is \$16M or 16%.
 - Property values increased by \$4.2B or 16.4%
 - The prior year's increase was \$3.9B or 17.7%.
- The increase in Total Funding for the District is \$11.4M.
 - Less the increase for Family Empowerment Scholarships of \$4.4M and Teacher Salary Increase Allocation of \$1.4M.
 - Net Increase to District of \$5.6M which is earmarked for performance pay to teachers, increase in FRS benefits, health insurance, charter schools, and the return of positions from ESSER III.

Strategic Plan

The Budget was aligned with the Strategic Plan Focus areas based on the main mission and purpose of each facility (department). Each facility, regardless of their reporting structure, was created to support students, staff, and community to identify and address the needs of our students in a systematic, systemic, and sustainable structure.

| | |
|---|---|
| FOCUS AREA 1: ACADEMIC SUCCESS | <i>Ensure high-quality, equitable, standards-based instruction for all students.</i> |
| FOCUS AREA 2: EQUITY, CULTURE, & CLIMATE | <i>Cultivate safe, respectful, and supportive school environments, which are equitable and inclusive.</i> |
| FOCUS AREA 3: COMMUNICATION & ENGAGEMENT | <i>Establish connections and trust among all internal and external stakeholders.</i> |
| FOCUS AREA 4: TALENT DEVELOPMENT & SUPPORT | <i>Build a culture that attracts, develops, and supports the continuous growth of all employees.</i> |
| FOCUS AREA 5: ORGANIZATIONAL & FISCAL RESPONSIBILITY | <i>Efficiently use district resources to enhance learning and ensure financial stability.</i> |

Based on the 2023-2024 Budget, below are the funding allocations associated with each of the current Strategic Plan Focus Areas. Specific budgets aligned to strategic plan targets are in development.

| Strategic Plan Focus Areas | 2023-2024 Tentative Budget Allocation |
|--|---------------------------------------|
| Academic Success | \$134,546,278 |
| Equity, Culture, & Climate | \$32,552,647 |
| Communication & Engagement | \$9,138,460 |
| Talent Development & Support | \$30,184,772 |
| Organizational & Fiscal Responsibility | \$113,042,987 |
| Grand Total | \$319,465,144 |

Budget Highlights and Positive Accomplishments for 2023-2024.

- The tentative Ending General Fund balance as of June 30, 2023, is \$21.6M, or 13% of revenue.
 - This is compared to the prior year's ending fund balance of \$18.5M, which was 11% of the prior year's revenue.
 - The \$3.1M increase in fund balance, (\$21.6M less \$18.5M), is a 17% increase compared to the prior year.
 - This was a planned increase resulting from the utilization of ESSER III funding.
- This is the fourth year of the District Staff Allocation Model. Below are some notable enhancements.
 - No change in the teacher-to-student ratio.
 - Added one Dean to each Middle and High Schools.
 - Added two Behavior Technicians to support Elementary Schools.
 - Added four ROTC Teacher Allocations to the High Schools.
 - The model is based on the prior year's actual earned FTE (Full-Time Equivalent).
 - Maintained twenty-six security monitors.
 - Eleven at the Middle Schools and fifteen at the High Schools.
- The District had three main ESSER/CARES grants totaling \$46M.
 - ESSER I, \$3.3M. 100% has been collected.
 - ESSER II, \$13.3M. 100% has been collected.
 - ESSER III, \$30M. 75% or \$22.6M has been collected.

- All School and Division positions (*salaries & benefits*) have been fully funded.
- There was an increase in the Florida Retirement Systems (FRS) of 1.66% and the District contribution to the health care program is expected to increase by 9.2% or \$1.2M.
- The Family Empowerment Scholarship program has been fully funded at \$10M. This is an increase of \$4.3M or 79% from the prior year. The number of students projected for 2023-2024 is 1,118 compared to 554 in the prior year. This is an increase of 564 students or 102%.

Budget Summary By Fund

- **General Operating Fund.** The total budget for 2023-2024 is \$207M, (55% of the total budget), compared to the prior year of \$189M, or an increase of \$17M or 9% because of increased state and property tax revenue.
 - Approximately 70% of the budget is allocated for salaries, benefits, and employee-related costs. This leaves 25% for the purchase of supplies, equipment, gasoline, utilities, and other materials that are necessary for the operation of the school system. Approximately 65% of the budget is allocated to instructional services to students.
- **Debt Service Fund.** The total budget for 2023-2024 is \$32M, (8% of the total budget), compared to the prior year of \$30M, or an increase of \$2M or 6%, because of additional sinking fund obligations. The District will continue to make principal and interest payments on outstanding obligations to remain in compliance with all terms and conditions.
 - The District has two COPs with final payments due July 1, 2025 (2014A and 2016B COPs) and one COP with final payment due July 1, 2027 (2016A COP).
 - In addition, the District is obligated to a Qualified School Construction Bond (QSCB) with a maturity date of December 1, 2028.
 - The District has two energy efficiency contracts with maturity dates of October 15, 2029, with ConEdison and April 15, 2032, with FP&L.
- **Capital Outlay Fund.** The total budget for 2023-2024 is \$66M, (18% of the total budget), compared to the prior year of \$59M, or an increase of \$7M or 12%, because of increased property tax revenue.
 - Capital funds are used to fund maintenance, renovations, and improvements to school facilities throughout the District.
- **Special Revenue Fund** which includes Food Service and Federal Grants.
 - Federal Funds. Total budget for 2023-2024 is \$23M, (6% of the total budget), compared to the prior year of \$38M, or a decrease of \$15M or 40%.
 - This was a planned decrease because of the utilization of ESSER III funds. This grant expires in September 2024.
 - The other two major grants in this fund consist of Title I in the amount of \$6M and Individual with Disabilities Act (IDEA) in the amount of \$6M.
 - The Title I fund increased \$144K or 3% compared to the prior year and the IDEA fund decreased \$521K or 8% because of a lower roll forward.
 - Food Service. Total budget for 2023-2024 is \$11M, (3% of the total budget), compared to the prior year of \$10M, or an increase of \$1M or 10%. There is a planned increase in program participation and reimbursement rates.
- **Health Care Insurance Fund.** The total budget for 2023-2024 is \$34M, (9% of the total budget), compared to the prior year of \$33M, or an increase of \$1M or 2%.
 - The District is anticipating an increase in premiums, claims, pharmacy costs, and operational costs for the District clinic.
 - The District's premium contribution is expected to increase by 9.2% or \$1.2M annually increasing the contribution from \$59 a month to \$699 from \$640, pending negotiations.
- **Extended Day Program** (Enterprise Fund). The total budget for 2023-2024 is \$3.1M (1% of the total budget) compared to the prior year of \$2.7M, or an increase of \$400K or 15%. The program provides before and after day care including new expanded learning opportunities for students.

The District continues to practice organizational and fiscal responsibility through the alignment of budget priorities with the District Strategic Plan. Utilizing the District Strategic Plan as the foundation for the development of the annual budget supports the work of ensuring every student is academically successful as we move forward “Stronger Together.”

Sincerely,
Ronald A Fagan
Chief Financial Officer