SANTA ROSA COUNTY PUBLIC SCHOOLS
FISCAL YEAR (FY) 2017-2018 REVENUE OUTLOOK UPDATE

IMPLICATIONS FOR FY 2016-2017 BUDGET DECISIONS

The district is in the last stages of preparing for the final public hearing on the FY 2016-2017 budget. Salary negotiations may still be underway. **This report will include a strong recommendation to the district to make no FY 2016-2017 budget decisions that presume there will be an increase in per student funding in FY 2017-2018. There are no data that have been released that support a conclusion that new revenue beyond revenue that supports work load increases (enrollment increases) will be available in the FY 2017-2018 budget.**

At the same time that the district is finalizing the FY 2016-2017 budget, the Legislative staff is completing the final stages of the initial step in the process of developing the FY 2017-2018 state budget. The August revenue and FTE enrollment estimating conferences have been held and the appropriate financial outlook statements have been issued. On September 15 the Legislative Budget Commission, which is a joint House-Senate standing committee that has the authority to adopt state budget amendments when the Legislature is not in session, will meet and adopt the three-year financial outlook. The three-year outlook is a report that details and compares the projected general revenue and the projected general revenue expenses for each of the next three years.

The revenue sources that support the Florida Education Finance Program (FEFP) are state General Revenue (GR), the Educational Enhancement Trust Fund which is supported by Lottery proceeds (EETF), the Principal State School Trust Fund (PSSTF) which is supported by the proceeds of unclaimed property that comes into the possession of the state, and Ad Valorem property tax revenue which supports both FEFP operating funding and local capital improvement funding. The Public Education Capital Outlay Trust Fund (PECO) provides some public school capital outlay funding. The FTE enrollment forecast projects K-12 FEFP student enrollment.

The results of each of these forecasts will play a significant role in determining the conclusions reached in the Three-Year Financial Outlook. Because the Outlook will not be approved until after the district budget is adopted, the results of these conferences will be reported below, and conclusions will be drawn based on the data available. It is important to remember that historically the Legislature always retains a portion of the funds from each state revenue source as a reserve, to address unforeseen circumstances as the fiscal year unfolds.

PROJECTED REVENUES

The Principal State School Trust Fund: The Legislature made effective appropriations of $215.3 from the PSSTF for FY 2016-2017. There was a carryforward reserve of $46.4 million. The August 11, 2016 Financial Outlook Statement projects a total of $224.6 million to be available in FY 2017-2018. That is $9.3 million more than was appropriated in FY 2016-2017. It is unlikely that the Legislature would appropriate every dollar of projected revenue. **Therefore, the data indicate there will be no added revenue from the PSSTF for the FY 2017-2018 FEFP. In fact, there could be less available revenue.**

The Educational Enhancement Trust Fund: The Legislature made effective appropriations of $1.7832 billion from the EETF (the Lottery) for FY 2016-2017. There were reserves to be carried forward of $276.0 million. The August 11 Outlook Statement projects $2.0709 billion in funds available for FY 2017-2018.That is an increase of $287.7 million over the FY 2016-2017 appropriations. Of the increase, $276 million comes from the carryforward, meaning that **new recurring revenue is projected to increase only $17.7 million.** It is very unlikely that the Legislature would appropriate 100% of the available revenue because the Lottery is a relatively volatile fund source. If the Legislature decided to hold a reserve of five per cent, that reserve would total about $104 million. That would leave about $183.7 million for added appropriations if the Legislature chose to use those funds. In FY 2016-2017 the FEFP received only about 29% of the available EETF revenue. Therefore, **if the Legislature used this $183.7 million of non-recurring revenue, the FEFP would only receive about $53 million, and the revenue would be non-recurring.**

PECO: PECO funds are a valuable, but not large source of revenue for school district capital outlay programs. FY 2016-2017 was the first time in several years that new PECO debt was incurred. While there could be a significant infusion of cash resulting from maximum use of all new bonding capacity, (proceeds could exceed $2.6 billion) there is little in what has occurred in recent years, including Governor Scott's use of the veto, to suggest that would occur. School district PECO maintenance funding, the Special Facilities funds, and charter school capital outlay funding have generally been derived from PECO available cash. The projection for PECO available cash is about $372.8 million. This is an increase of about $19.8 million compared to FY 2016-2017. **This projection suggests that districts are unlikely to receive a significant increase of new PECO cash.**

FTE Projections: The July 7, 2016 forecast of recalibrated unweighted FTE (UFTE) enrollment projects an increase of 30,927.27 students statewide as compared to the appropriated number of recalibrated UFTE included in the FY 2016-2017 FEFP funding model. It is important to remember that enrollment reports from around the state indicate that the FY 2016-2017 recalibrated UFTE enrollment may be higher than projected, which could lower the current year's average dollars per UFTE, and increase the projected UFTE enrollment for FY 2017-2018. **It is important to remember that if the new students are reported by the districts at the levels that are forecast, and there is no increase in the per student funding in FY 2017-2018, it will require about $222.2 million more funding to maintain the FY 2016-2017 per student funding level in FY 2017-2018.**

In FY 2017-2018 the district is projected to increase 399.55 recalibrated UFTE from the appropriated recalibrated UFTE students in FY 2016-2017.

State General Revenue: State General Revenue (GR) provides most of the state funds in the FEFP. As a point of reference about $10.6 billion of the state revenue used for the FEFP and the Class Size Reduction categorical came from GR.

The GR Outlook Statement for FY 2017-2018 presents a challenging picture. The June 23 Outlook projected $30.8364 billion in recurring and $1.1978 non-recurring GR for a total of $32.0342 billion. The August 15 Outlook projected $30.808 billion in recurring revenue, and $1.3887 billion in non-recurring revenue for a total of $32.1967 billion in GR. While on the surface the estimate seems to have increased, there is in fact a problem with that conclusion. The August 15 Outlook moved $106.7 million from the BP oil spill settlement from non-recurring to recurring revenue. The total recurring revenue declined $28.4 million, but the bottom line was influenced by the revenue transfer from the BP oil spill settlement. The BP funds need to be in a revenue account to receive authorization for spending in the General Appropriations Act. These funds may have restrictions on their use based on the circumstances and locations associated with the settlement. In addition, there were $293.3 million in BP Oil settlement funds added to the FY 2016-2017 non-recurring revenue available. These dollars increased the carryforward by nearly $300 million, and there may be restrictions on the uses of these funds.

If the BP Oil Spill settlement funds are removed from General Revenue, pending a determination of restrictions on their use, the total GR projected for FY 2017-2018 is reduced to $31.7967 billion. The total That is a reduction of $237.5 million from the total GR projected for FY 2017-2018 in the June 23 Outlook. This reduction was attributed to continued weak economic growth in Florida.

The effective appropriations for FY 2016-2017 is $30.447.2 billion as reported in the August 15 Outlook Statement. This suggests that if all of the current items in the FY 2016-2017 budget were continued in FY 2017-2018 at the same level (Which they won't. Some will be increased, some reduced, some deleted, and some added. However, a rollover budget is the best spending projection we currently have.) then the forecast indicates there should be about $1.3495 billion in new GR to be spent. That figure does not include reserves.

This is what may happen with the available $1.3495 billion. First, the Legislature in very unlikely to go forward with no reserve. A reserve of at least $1 billion has historically been suggested in the Three Year Financial outlook. The projected UFTE enrollment growth, at current year per student funding is projected to cost $222.2 million. The results of the Medicaid Estimating Conference projects a need for an additional $526.9 million in Medicaid funding. These three items taken together will consume $1.7471 billion of the available $1.3495 billion in new revenue, a deficit of $399.6 million. The BP oil spill settlement revenue totals $400 million, which means there is virtually no money for any growth in costs anywhere other than the items listed above, even when the BP revenue is included. In addition to that the incoming Senate President, Senator Joe Negron has proposed a priority of increasing funds to universities.by $1 billion over two years, and investing $100 million a year in Everglades land purchases. The Governor fell short of his proposed $1 billion tax cut by about $500 million, and that is likely to be a target of the Governor and the House and Senate Leadership.

These data do not include every prospective need for GR, or every priority of the leadership of the Legislature. **However, it is clear that there will be very limited new General Revenue. Prospects of increasing per student funding from General Revenue are not bright.**

Ad Valorem Revenue: Revenues from ad valorem property taxes play a significant role in funding for school districts. Ad valorem property taxes provide revenue for the Required Local Effort (RLE), which generates a significant portion of the operating budget funding from the FEFP. Ad valorem property taxes also provide revenue for the operating budget through the local discretionary operating millage levy. Finally, ad valorem property taxes provide revenue for school district capital outlay needs through the local discretionary capital improvement millage.

The August 1, 2016 Ad Valorem Revenue Estimating Conference report was different than the reports traditionally provided by the conference. Notable for its absence was the page that reports the historical and projected revenue generated by the RLE, the local discretionary operating millage, and the local discretionary capital improvement millage. There was not an explanation for the absence of this component of the report.

Required Local Effort: The issues related to the RLE are very complex, and very important to the prospects to fund the FEFP at or above the per student funding level in the FY 2016-2017 FEFP. In FY 2016-2017 the Legislature decided to change the long standing policy of holding the millage rate for the RLE constant and applying that millage rate against the projected school taxable value of property in the state. In FY 2016-2017, the Legislature reduced the millage rate for the RLE to hold the revenue constant. The reduction in the RLE was a component of the Legislative tax cut package for FY 2016-2017. Some, but not all of the local revenue lost from the RLE was replaced by state GR. The RLE tax reduction package had three parts. A reduction of 0.088 mills was provided for "recurring tax relief." A reduction of 0.096 mills was provided for "State Investment for Tax Relief." A reduction of 0.106 mills was provided "from Nonrecurring Revenue for Tax Relief." It is very problematic to predict what decisions the Legislature might make for the coming fiscal year. However, of the total reduction in the RLE millage rate of 0.290 mills, 0.202 mills were adopted with provisions other that "recurring tax relief." As the fiscal situation develops, the Legislature will determine what adjustments in the RLE millage rate are necessary to meet the needs of the students and taxpayers in the state.

The data that were reported included the projected school taxable value for FY 2017-2018. Those data can help infer the potential RLE revenue available depending on a range of RLE millage rates. The statewide school taxable value for FY 2017-2018 was $1,876,029,7 million. That is a projected increase of 5.88%. If the current year millage rate and levels of assessment were applied, a 5.88% increase in the school taxable value would yield an increase in RLE revenue of about $447.2 million. If all of the 0.202 mills that were not labeled recurring tax relief were not funded for FY 2017-2018 due to the lack of General Revenue, about $364 million more would be provided in the RLE. An increase in RLE revenue of over $811 million would be a very large increase in local revenue. There may be a substantial need to replace GR in the FEFP, and these local revenues could provide a method to meet that need.

.748 Mill Local Discretionary Millage: In FY 2016-2017 the .748 mill local discretionary revenue yielded $1,240,719,648. A 5.88% increase in the school taxable value would yield about $73 million more statewide. The amount generated in each district is dependent on the school taxable value in the district.

1.5 Mill Local Discretionary Capital Improvement Millage: The local discretionary capital improvement millage yielded about $2.488 billion. Statewide a 5.88% increase in school taxable value would yield an increase of about $146.3 million in local capital improvement millage. Again the amount generated in each district is dependent on the school taxable value in the district.

The district's school taxable value is projected to increase about 5.5%. That would provide an important increase in the yield from the 1.5 mill levy and the .748 levy. However, if the yield from the .748 mill levy decreases the difference between the district's yield from the levy and the state per student average yield from the levy, the compression adjustment may decrease. However, the district is also increasing enrollment faster than most other districts, so that may preserve the amount of the compression adjustment.

Conclusion: There will be little or no new state revenue for the FEFP for FY 2017-2018. Slowing revenue growth and competing priorities seem to indicate that there will be reductions in GR spending necessary for the Legislature to balance the budget. The best hope for increased funding is for the Legislature to allow local revenues to increase to reflect the real growth that has occurred in school taxable value in FY 2016-2017 and FY 2017-2018.

Proposed .76% Avg Salary Increase for Fy2017 and Fy2018

0.7600% Pct			Fy2017			Fy2018		
	FTE	Current Salary Cost	Salary Increase	Additional Salary Cost	Total Salary	Salary Increase	Additional Salary Cost	Total Salary
Instructional	1,900.00	85,896,635.08	0.7600%	652,814.43	86,549,449.51	0.7600%	657,775.82	87,207,225.33
Instr ROTC	7.00	413,195.54		0.00	413,195.54		0.00	413,195.54
Admin Dist	22.00	2,009,349.64	0.7600%	15,271.06	2,024,620.70	0.7600%	15,387.12	2,040,007.82
Admin School	72.00	5,338,089.27	0.7600%	40,569.48	5,378,658.75	0.7600%	40,877.81	5,419,536.56
Board/Super	6.00	286,885.00		0.00	286,885.00		0.00	286,885.00
EdSup SRPE	694.00	17,457,113.24	0.7600%	132,674.06	17,589,787.30	0.7600%	133,682.38	17,723,469.68
EdSup Non-Union	46.00	2,758,666.25	0.7600%	20,965.86	2,779,632.11	0.7600%	21,125.20	2,800,757.31
EdSup Blue Collar	90.99	3,247,362.17	0.7600%	24,679.95	3,272,042.12	0.7600%	24,867.52	3,296,909.64
District Total	2,837.99	117,407,296.19		886,974.84	118,294,271.03		893,715.85	119,187,986.88

Salary Increase		886,974.84	Salary Increase		893,715.85	
Add'l Benefits:			Add'l Benefits:			
Fl Retirement	7.91%	70,159.71	Fl Retirement	7.91%	70,692.92	**Total Add'l**
SocSec/Mcare	7.26%	64,394.37	SocSec/Mcare	7.26%	64,883.77	**Cost for both**
		134,554.08			135,576.69	**Fiscal Years**
Add'l Cost for Fy		1,021,528.92	**Add'l Cost for Fy**		1,029,292.54	2,050,821.46

9-26-16

ARTICLE V: WORKING CONDITIONS –

TA'd EE. Opportunities for transfers shall not be limited within job classifications; a transfer shall not result in a loss of wages within a job classification. Transfers eventually result in a job opening in a lower job classification (ex. Para II to Para I or Data Entry II to Data Entry I) within the district's staffing plan.

TA'd FF. In the 16-17 school year, a district wide committee will be formed by the Superintendent or his designee to formulate a plan to transition to the 7 period day. SRPE members two from Middle and two High School will be appointed to this committee by the SRPE President. Other members will be appointed by the supertindent and or his designee. This committee should meet no less than once per month to collaborate and design a viable plan in order for the district to transition to a seven period day in middle and high schools.

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ARTICLE XIV: EMPLOYEE EVALUATION

G. Annual contract teachers who receive an overall rating of Effective or Highly Effective (no less than 2.25) on of the SRCSD instructional evaluation document in the area that is specific to the Florida Educators' Accomplished Practices shall be provided a one-year contract renewal for the following school year provided that:

1. A funded position for which they are fully certified and qualified exists at the school where they are currently employed. This includes all applicable endorsements such as: Gifted, ESOL, Reading, etc.
2. The teacher received no disciplinary action beyond a verbal warning for the current school year
3. Was not placed on a Professional Improvement Plan during the current school year.

*If a reduction in staff is determined to be necessary, the provisions outlined in Article XVI of the Master contract shall then apply.

10-3-2016

Supplements Clarifications and additions:

#1 A substitute shall be hired per nine each weeks for each ESE teacher and a 500.00 dollar supplement for the additional requirement of writing a PMP for each ESE student.

#2 Clarification —Parapros that are assigned as departmental chairpersons shall receive a supplement according Article

SANTA ROSA COUNTY SCHOOL BOARD
ANNUAL SALARY SUMMARY BY BARGAINING UNIT (FY17)
PROGRAM: ZJBSAL14 - REPORT #4

	FTE	ANNUAL SALARY	TALLY
ADMIN DIST	22.00	2,009,349.64	22
ADMIN SCHOOL	72.00	5,338,089.27	72
BOARD/SUPER	6.00	286,885.00	6
EDSUP SRPE	693.00	17,439,680.38	693
INSTRUCTIONAL	1,907.00	86,309,830.62	1913
EDSUP NON-UN	46.00	2,758,666.25	46
EDSUP BLUE	90.99	3,247,362.17	92
	2,836.99	117,389,863.33	2844

Average Instructional Salary as of 9/19/16

$45,259.48

09/01/2016 SANTA ROSA COUNTY SCHOOL BOARD

EXPERIENCE GRID FOR TEACHER BY SALARY CLASSIFICATION (FY2016)

PROGRAM: ZJBEXP - REPORT #3

(COUNTS AS OF 05/01/2016)

CLASS	SLOT	FTE	SALARY	HOURLY	NUMBER
GF	IBACH	594.00	29,249,648.57	33.49	595
GF	IBA05	1.00	37,888.00	25.77	1
GF	IBA07	1.00	39,769.00	27.05	1
GF	IBA15	1.00	48,033.00	32.67	1
GF		597.00	29,375,338.57	33.46	598
GF	IDOCT	8.00	463,416.32	39.39	8
GF		8.00	463,416.32	39.39	8
GF	IMAST	414.10	22,212,445.46	36.48	415
GF		414.10	22,212,445.46	36.48	415
GF	ISPEC	18.00	1,072,291.97	40.52	18
GF		18.00	1,072,291.97	40.52	18
GF		1037.10	53,123,492.32	34.84	1039
PP	IBACH	529.70	20,371,574.08	26.16	531
PP	IBA00	84.80	2,970,119.91	23.82	86
PP	IBA01	2.00	72,152.00	24.54	2
PP		616.50	23,413,845.99	25.83	619
PP	IDOCT	3.50	178,946.26	34.13	4
PP		3.50	178,946.26	34.13	4
PP	IMAST	191.80	8,395,685.02	29.79	193
PP	IMA00	13.00	491,751.00	25.73	13
PP	IMA05	1.00	40,690.00	27.68	1
PP		205.80	8,928,126.02	29.52	207
PP	ISPEC	12.00	519,307.06	29.43	12
PP		12.00	519,307.06	29.43	12
PP		837.80	33,040,225.33	26.83	842
RO	IROTC	8.00	457,804.96	38.92	8
RO		8.00	457,804.96	38.92	8
RO		8.00	457,804.96	38.92	8
		1882.90	86,621,522.61	31.28	1889

Average Instructional Salary as of 5/1/16

$46,004.31

Santa Rosa Professional Educators Estimated Salary and Benefit Costs for Proposed SRPE Employee Pay Raise							
Employee Classifications	FTE	19-Sep-16 Salary Cost	Cost of Living Increase	Perfromance Pay Increase	Total Increase	Additional Salary Cost	Additional Salary Cost with Benefits
Ed Supoort	694	17,457,113.24	1.800%	1.800%	3.600%	628,456.08	723,792.86
Instr. Effective	437	19,756,226.07	1.800%	1.800%	3.600%	711,224.14	819,116.84
Instr. GFHE	865.6	42,917,960.85	1.800%	2.376%	4.176%	1,792,254.05	2,064,138.98
Instr. PPHE	597.4	23,222,448.16	1.800%	2.400%	4.200%	975,342.82	1,123,302.33
Total	2594	103,353,748.32				**4,107,277.08**	**4,730,351.02**

The above estimate is based on 77% of instructional personnel being evaluated as highly effective.

The School District can spend $4,730,351.02 on employee salary improvements and maintain and a Financial Condtion Ratio of 5.57%. $230,841.13 will be paid from Special Revenue and $4,499,509.89 will be paid from the Operational Budget.

SRPE Salary Proposal for 2016-2017 Impact on the Fincancial Condition Ratio		
General Operating Fiscal Year 2016-2017	Final Budget Presented on Sept. 8, 2016 Includes at least $1,007,473.32 for salary improvements	Final Budget Adjustment Subtract the additional **$3,492,036.57** operational cost of the SRPE proposal from the Unassigned Fund Balance
Unassigned Fund Balance on June 30, 2017	12,858,147.05	9,366,110.48
Assigned Fund Balance on June 30, 2017	418,937.12	418,937.12
Committed Fund Balance on June 30, 2017	866,877.58	866,877.58
Estimated Revenue on June 30, 2017	191,170,877.58	191,170,877.58
Financial Condition Ratio on June 30, 2017	**6.95%**	**5.12%**
Financial Condition Ratio on June 30, 2017 (If SRCSD designates the Committed Fund Balance as Assigned)	**7.40%**	**5.57%**

*Financial Condition Ratio = (Unassigned Fund Balance + Assigned Fund Balance) divided by Estimated Revenue.
**Data collected from Santa Rosa County School District's Final Budget presented to the School Board on Sept. 8, 2016.

The School District can spend $3,547,763.26 on employee salary improvements and maintain and a Financial Condtion Ratio of 6.17%. $173,130.85 will be paid from Special Revenue and $3,374,605.41 will be paid from the Operational Budget.

SRPE Salary Proposal for 2016-2017 Impact on the Fincancial Condition Ratio		
General Operating Fiscal Year 2016-2017	Final Budget Presented on Sept. 8, 2016 Includes at least $1,021,528.92 for salary improvements	Final Budget Adjustment Subtract the additional **$2,353,076.49** operational cost of the SRPE proposal from the Unassigned Fund Balance
Unassigned Fund Balance on June 30, 2017	12,858,147.05	10,505,070.56
Assigned Fund Balance on June 30, 2017	418,937.12	418,937.12
Committed Fund Balance on June 30, 2017	866,877.58	866,877.58
Estimated Revenue on June 30, 2017	191,170,877.58	191,170,877.58
Financial Condition Ratio on June 30, 2017	**6.95%**	**5.71%**
Financial Condition Ratio on June 30, 2017 (If SRCSD designates the Committed Fund Balance as Assigned)	**7.40%**	**6.17%**

*Financial Condition Ratio = (Unassigned Fund Balance + Assigned Fund Balance) divided by Estimated Revenue.

**Data collected from Santa Rosa County School District's Final Budget presented to the School Board on Sept. 8, 2016.