



**School District of Osceola County  
2010/2011 Budget Update #1  
March 8, 2010**

On December 24, 2009, the Governor released his proposed budget for the 2010/2011 year. The Governor's budget shows an increase of \$567 million (3.15%) in total funding under the Florida Education Finance Program. This equates to an increase of \$179 (2.61%) in total funding per student.

The Governor, however, does not determine the state budget. This is the responsibility of the Legislature. The actual budget will be developed during the Legislative session which began Tuesday, March 2, and will end on Friday, April 30. Typically, this proceeds as follows:

1. Appropriations committees will meet during the first three weeks of March to receive testimony, establish priorities, hear bills, and begin to shape the budget.
2. Estimating conferences will be held that affect both revenue and spending. The most important of these is the General Revenue Estimating Conference which is scheduled for Tuesday, March 9. The General Revenue Estimating Conference provides one of the most important forecasts in the budget building process, because general revenue makes up most of the discretionary revenue in the budget. Until the Senate President and the Speaker of the House receive this information, they cannot give revenue allocations to the appropriations committee chairs.
3. By the third week in March, the appropriations committees will begin to frame their respective budgets.
4. By the middle of April, the Senate and the House will generally have written their budgets, debated them, passed them, and declared a conference to resolve the differences between the budgets.
5. By April 27, the final conference report will be published and placed on the members' desks if the Legislature is to pass the budget before the end of the regular session on April 30. We expect the budget to pass on April 30, the last day of session.

Our legislative consultants have been attending committee meetings and talking to state Legislators concerning the Governor's proposed budget. There are a number of points of contention which will likely result in the actual budget being less favorable to us than the Governor's proposal. Some of these are as follow:

- The Governor's budget only leaves \$250 million in the state's fund balance. The fund balance is currently about \$1 billion, and it is unlikely the Legislature will allow this much of it to be spent, especially considering the funding cliff the state will face next year when federal stabilization funds run out.
- The Governor includes \$433 million in revenue from the Indian Gaming Compact which was rejected by the Legislature in the prior session.
- The Governor includes about \$800 million in revenue in Federal Medicaid matching which has not been approved by the Federal government. There will probably not be a final answer on whether this is approved until April.
- The Governor's budget anticipates a decline in taxable property values of 9.5%. The Osceola tax appraiser has advised us to expect a decline of between 20% and 25%. There is a high possibility that the actual statewide decline will be greater than 9.5%.
- The Governor anticipated an increase of 13,940 students statewide (0.53%). There appears to be a high possibility that the actual growth will be greater than this estimate.
- Recent revenue forecasts for the Educational Enhancement Trust Fund (Lottery) indicate revenues will be lower than the estimate used by the Governor.
- The Governor's budget assumes all districts will levy the critical needs discretionary tax millage of .25 mills in 2010/2011 and includes as additional revenue the amount that would be generated by districts that did not levy the millage in 2009/2010. Osceola levied the millage in 2009/2010, so Osceola would not receive any of this additional revenue.

If all of these items are resolved unfavorably and the resulting shortfall is distributed proportionately to the various state agencies, Osceola School District could expect a reduction in revenues of approximately 6% from the current level. We do not believe things will turn out this badly. **As we build the budget for 2010/2011, we are projecting a 3% decline in FEFP funding from the third calculation, which equates to \$10 million.**

Unfortunately, we must prepare not only for declines in revenue, but for increases in costs as well. The most significant of these is full implementation of the Class Size Reduction Amendment at the beginning of next year. It will cost between \$6 - \$9 million dollars to hire additional teachers to meet the class-size maximum in every classroom.

The process of creating a balanced budget for next year is underway. A number of cost savings measures are already in place or are being evaluated. These include:

- Energy conservation - This program is estimated to have saved approximately \$500,000 already this year. With the help of all employees, this program will be expanded and should contribute significant savings to the budget in 2010/2011.
- Liability insurance – We will defer contributions to our self-insured liability insurance plans next year saving approximately \$500,000.
- Health insurance – Employee health insurance plans are being reviewed to maintain the quality of coverage we have without increasing costs to the district.
- Grants – We are actively pursuing grant funding to generate additional funds for the district.

Last year, we received and implemented many valuable suggestions from employees for ways to save money. We invite you again to share your suggestions with us on the district intranet website under “Bright Ideas.”

As we work through this process together, we are determined to preserve the progress we have made and to continue to improve the educational experience we offer to our students. These are challenging economic times that require great leadership at all levels to adequately fund education in Florida. Locally, we must work as a team to successfully strengthen our district for the sake of our students and community.