

Osceola County Public Schools
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Superintendent
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Dear Colleagues:

This summer continues to speed to its conclusion. I hope all of you are enjoying the change of pace that the season brings.

I appreciate the help and support of each of you as we work through our present financial downturn.

Throughout the summer we have continued to receive information about the financial condition of the state, and therefore the financial condition of the school district. I want to provide you with the latest information we have.

The overall state budget began May of 2007 with recurring general revenue projections of about \$27.6 billion dollars for FY 2007/2008 and about \$29.3 billion for FY 2008/2009. Recurring general revenue is money we expect to be available from one year to the next. It is the money we use for salaries, electric bills and other expenses that occur annually. In March of 2008 those projections had fallen to about \$24.5 billion for FY 2007/2008 and \$24.6 billion for FY 2008/2009.

Unfortunately, the funds collected for April, May, and June 2008 were \$393.3 million less than even that lower projection. If collections continue to be \$400 million per quarter lower than the March 2008 projections for the four quarters of FY 2008/2009, recurring general revenue would fall to about \$23 billion.

Anticipating the lack of money, Governor Crist ordered a four percent holdback in the distribution of the funds that the Legislature appropriated. Commissioner of Education, Eric Smith, recommended that school districts build their budgets on the basis of two percent less money than the total appropriated in the FY 2008/2009 budget to make up for this holdback. Remember local property taxes levied by the legislature provide about half of the money for public schools. You can see that we have had big cuts in income and we have had to make big cuts in spending.

How does this affect the funds available for Osceola County Public Schools?

In May 2007, we were appropriated \$380,953,904. We negotiated raises and hired teachers assuming we would have that much money.

In May 2008, we were appropriated \$361,901,512 for FY 2008/2009.

In July 2008, property values for FY 2008/2009 were certified and the Department of Education set millage rates for the school districts. We then were appropriated \$361,451,288. This is \$19,502,616, (5.12%) less than we used in May 2007, to create the salary and hiring commitments we honored in FY 2007/2008 and will continue to honor in FY 2008/2009.

If revenue collections continue to be as short as they were in the last quarter of FY 2007/2008 and we lose the two percent of our budget that Commissioner Smith recommended we not use, we will have \$354,775,999. This is \$26,177,906 less than we were provided in May 2007, for last year's budget.

Additionally you know that we all face cost increases we can't control, such as increases in fuel and electricity prices. We are projected to have 1,965 more students to serve than we had to serve in the 2006/2007 school year. We allocated additional teacher units for FY 2008/2009 to meet the legal requirements for class size reduction. These increased costs must be paid and will make the \$26,177,906 million shortfall above even greater because we received no new money to pay for these cost increases.

There was no information in the recently released economic outlook for Florida that brightens the picture. The state officials who released the report do not forecast an improvement in the overall economy until at least January 2010.

In the next few weeks there will be a new general revenue forecasting conference for FY 2008/2009 and the following four years. We will have a representative at that meeting. We will update you with the results as soon as they are available.

There are no easy answers to the problems we face. Thank you for your support, thoughts and hard work in these difficult times. You are the reasons why we have great schools that will allow us to be the nation's leader in developing successful and responsible students.