

CITY OF CAPE CORAL
CHARTER SCHOOL AUTHORITY

TO: Charter School Governing Board

FROM: David Fiorillo, Business Manager

THROUGH: Dr. Lee Bush, Administrator

DATE: June 14, 2011

SUBJECT: FY 2011-2012 Tentative Budget

Attached for your review is the FY 2011-2012 Tentative Operating Budget for the City of Cape Coral Charter School Authority. The authority's Business Manager developed the budget with assistance from the school administration. The total operating budget of \$20.64 Million supports the four individual schools, the voluntary pre-kindergarten program, and the authority administrative function. The current operating revenue is estimated at \$18.045 Million and current cash reserves are estimated at \$2.2 Million. As discussed previously with the Board, the budgetary goal is to have current revenues exceed current expenditures. Prudent fiscal management policy discourages the use of existing cash reserves (balances) to support on-going operations. However, in previous years the Charter School Governing Board adopted budgets that have included the use of budgeted reserves. In each of the previous years due to tight fiscal policies and well managed procurement practices the schools have finished each year with higher than expected revenues and lower than expected expenditures creating and increase in undesignated reserve levels.

Over the past four years the school administration has implemented staff wage freezes, eliminated select add pays, renegotiated contracts with vendors, brought some outside services in-house, implemented the National School Lunch Program, slowed technology replacement, paid off loan obligations, limited hiring to core positions, and enhanced the business partnerships between the City of Cape Coral, Lee County Department of Education, The State of Florida Department of Education, PTO's, and The Charter School Foundation. Many of these decisions listed have allowed the school authority to grow the undesignated reserves to smooth out state funding changes from year to year. The authority has been building the reserves since 2007 to a point they are at today with more than \$2.2 million, which is in line with the auditor recommended amount for an organization of our size. This represents more than 45 days of full operating costs.

It has been the belief of the school administration since the fall of 2008 that there would be a significant cut to education funding in Florida. In FY 2009 and FY 2010 there was a significant state funding shortfall that was filled with more than a billion dollars of Federal Stimulus money. Unfortunately that funding was non-reoccurring and the State of Florida chosen not to replace the federal dollars this upcoming fiscal year. This shortfall has directly impacted the core funding source (FEFP) and other ancillary sources of funding such as the capital outlay grant, Title II funding, and MEP awards. Using the current year enrollment number and calculating it into last year funding formula the schools would have received \$1.78 million less year over year in just the FEFP funding alone. This is partially offset by the reduced employer contributions on the appropriations side due to changes in the Florida Retirement System (FRS), unfortunately

this reduces the net pay of the employee by 3%. The total employee contributions toward FRS will now increase from zero in FY 2010 to \$263,160 in FY 2011.

REVENUE:

The Revenue estimate is comprised mostly from two sources: State of Florida Department of Education (FEFP) and Capital Outlay Funding. The FEFP funding was calculated utilizing templates using the student enrollment as of the first week of June and have been budgeted at 97%. This has historically been calculated at 96% but due to the stabilized enrollment levels and the significant waiting lists at multiple grade levels this was increased to 97% leaving less margin of error to meet enrollment levels. The Capital Outlay Funding was based on a decrease in per student funding as the number of schools that receive the funding has increased and the funding source has remained the same, which is leading to a per student decrease in funding that is expected to exceed the growth of our student body. Simply put we expect to receive less capital outlay funding even with a higher student count. Both sources are referenced in the tables below.

Florida Education Finance Program							
	209/10 Actual	2010/11 Budget	2010/11 Budget BA #1	2010/11 Budget BA #2	2010/11 Estimated Year End	2012 Tentative Budget	2011-12 Budget % Comparison
Christ McAuliffe Elementary	4,014,126	4,011,759	4,011,759	4,144,694	4,424,559	3,998,220	100%
Oasis Elementary	4,645,673	4,651,146	4,651,146	4,806,654	5,181,222	4,736,238	99%
Oasis High School	1,397,304	2,250,000	2,250,000	2,326,313	2,437,308	2,989,708	129%
Oasis Middle School	4,376,833	4,199,273	4,199,273	4,340,977	4,505,462	4,237,405	98%
Total	14,433,936	15,112,178	15,112,178	15,618,638	16,548,551	15,961,571	102%

Capital Outlay Funding						
FY 2011/2012						
School	Christa McAuliffe	Oasis Elem	Oasis Middle	Oasis High School	Total	
Number of Students	660	790	790	560	2800	
Amount per Student	222	222	195	800		
% Change from Previous Year	-48%	-48%	-60%	26%	-32%	
Total	\$ 146,520	\$ 175,380	\$ 154,050	\$ 448,000	\$ 923,950	

It should be highlighted that the increased revenue is based entirely on the schools ability to add additional students. The school system anticipates a net increase of at least 350 students or 14%, bringing the total student body count to approximately 2800 K-12 students and 36 VPK students. The student body increase will result in higher overall revenue from the previous year however it will be less than the needed increase in appropriations are required to educate the additional students. As mentioned, the overall budget is increasing however it must be weighed proportionately with the additional costs incurred with hiring new staff, the increased costs of facilities maintenance, food services, transportation, electricity, water, books, and general operations with educating a larger student body. Below is the enrollment forecast for next fiscal year.

<u>Enrollment</u>				
	FY 2009/10	FY 2010/11	Est. FY 2011/12	% Change 2010 to 2011
Christa McAuliffe	610	615	660	7%
Oasis Elementary	709	738	790	7%
Oasis Middle	710	700	790	13%
Oasis High School	202	360	560	56%
VPK	48	54	36	-33%
Total	2279	2467	2836	15%

APPROPRIATIONS:

This year there will be funds appropriated to hire additional staff members to support the growing school system. Twenty-four (24) new staff positions have been added for FY 2011. It is anticipated that staffing increases will continue for the next few years until the system reaches its full student capacity.

The table below provides a summary of the new staff by location.

School	Classification	New Staff	Number
Christa McAuliffe	Instructional	Teachers	2
	Instructional	VPK Instructors	-2
Oasis Elementary	Instructional	Teachers	4
	General Support	Clinic Assistant	1
	Parprofessionals		2
	General Support	Café	1
Oasis Middle	Administration	Principal	1
	Instructional	Teachers	3
	Office Support	Information Specialist	1
Oasis High	Instructional	Teachers	6
	General Support		1
Administration	General Support	Custodians	2
	General Support	Bus Driver	1
	Parprofessionals	Transportation Assistant	1
Total			24

The new positions include 13 Teachers, 1 Principal, 1 Information Specialist, 1 Clinic Assistant, 1 Bus Driver, 2 Custodians, 1 Café worker, and 4 Paraprofessionals.

Changes in the Payroll and Related Benefits portion of the budget include an across the board salary freeze. This is the second salary freeze in the past three years. Although the school system has been open since 2005 our average teacher salary step level is a 4.8 which is indicative of a new system. Over time we should expect the average step would rise due to the age of the school system. Currently the school staff attrition rates are very low but may increase if we continue with periods of wage and step freezes. Staff may begin to seek alternative employment.

Changes related to the Operating Expenses include services related to the expansion of the Oasis Campus. These include additional energy and water consumption, custodial, maintenance, grounds, and operating supplies. Other items budgeted for include funding for

textbooks, advertising, fuel, small equipment, painting, AICE program fees, and the need for computer technology replacement.

Changes in the Capital expenditures are related primarily to the expansion of the Oasis Campus. Items included are gym floor scrubber, athletic equipment, and miscellaneous furniture that was not included in the capital expansion funding. Items not included but are for future consideration include covering the playground at the Christa McAuliffe campus with an Air-nasium estimated at \$100,000 and possible future expansion at the campus to replace the portable units currently in place with a permanent structure.

RESERVES:

The school system started the year with budgetary reserve levels undesignated at \$2,022,967 which was amended in February on the BA #1 to \$2,169,300 and again in April on the BA#2 to \$2,157,150. The estimate as of June 1st 2011 is that the schools will end the year with a reserve level of between \$2.2 to \$2.5 Million. In addition, the schools have a restricted "Education Jobs Funding" reserve balance of \$506,460. Of which \$261,575 is budget to be paid out over the upcoming year as stipulated by the Florida Department of Education.

In conclusion, the school administration will be revising and updating the tentative budget over the next two months. Upon completion we will be returning to the board in August to seek approval for the FY2011-12 operating budget. Upon adoption, the operating budget will be submitted for inclusion the City's annual operating budget at the first public hearing that is scheduled in September. If you have any questions concerning the tentative budget presented, please feel free to contact me.

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C: Steve Hook, Principal Oasis Elementary School
Jacquelin Collins, Principal Christa McAuliffe Elementary School
Melissa Byington, Principal Oasis Middle School
Chris Terrill, Principal Oasis High School
Victoria Bateman, City of Cape Coral Finance Director
Sheena Milliken, City of Cape Coral Management and Budget Administrator