

# Executive Summary

## Issues

The District faced continued budgetary challenges this year. In order to balance the FY13 budget, an additional 354 Full-Time Equivalent (FTE) positions in all classifications were eliminated.

## Enrollment Decline

The student enrollment decline began to level off in 2011-12 with a lower than projected decrease. It was anticipated that enrollment would actually stabilize over the next several years. However, due to continued economic factors in the district, enrollment substantially declined again with a loss of over 500 students.

## DCD Impact

A major factor which influences the school district's new money is the District Cost Differential (DCD). The DCD is a factor used within the FEFP to adjust funding to reflect differing costs of living throughout the state. In comparison to Volusia's neighboring counties, the school district's DCD of 0.9672 is the second lowest in the five county Central Florida area, resulting in fewer new dollars from the state's funding formula. This year's loss was \$8 million as a result of this calculation. In fact, by using the DCD's from those counties, Volusia would receive an additional \$4 - \$11 million. For four of the past eight years, the state had provided the District with a DCD supplement that averaged \$1.4 million per year. This year is the fifth consecutive year that the district did not receive that supplement. Legislative efforts to approve a study, as suggested by the Florida Senate, of the DCD during the last three legislative sessions have been unsuccessful.

## Health Care

Just as the nation struggles with the ongoing health care debate, the Volusia County School District faces tough decisions when it comes to the rising cost of health care under the fully insured health insurance program for its employees. The District has an Insurance Committee which is made up of two members from each union (AFSCME, VESA and VTO) and three members from Non-bargaining that constantly explore options throughout the year to preserve the quality of service providers and networks under the health insurance programs while saving as much as possible. The District has also implemented an ongoing Wellness Program, as well as expanded health clinic access for all benefit eligible employees, as proven proactive methods of reducing long term costs.

## State Revenue Shortfall

Volusia County schools experienced a total operating state budget reduction since September, 2007 of nearly \$80.1 million. The district's loss of funds following the District Cost Differential calculation of .9672 was \$8 million. Revenue forecasts for the State of Florida continue to predict slow economic recovery. Consequently, the school district has instituted numerous cost reductions and identified targeted cost reductions in order to balance the budget as is required by law. The federal ARRA (American Recovery and Reinvestment Act) and EduJobs funds made it possible to balance the budget without significant reductions in teaching staff. These funds were no longer available as of 2011-12. In addition, a voter approved referendum of an additional 0.25 mill tax levy is in effect through 2012-13. A renewed millage referendum is scheduled for the November 6 general election for a four (4) year term.

These were short term non-recurring interventions that over the long term created a cumulative adverse effect on maintaining current educational services. Further anticipated FEFP reductions, declining property tax valuations, and low DCD combined with increased costs and reduced student membership will likely impact personnel and educational services in the absence of additional revenue.

