

Use of Lottery Proceeds

The district has defined enhancement, allocates lottery proceeds to School Advisory Councils and charter schools as required by law, and reports the costs of specific activities supported with lottery proceeds.

Conclusion

The Miami-Dade County School District is using all five best practices for the use of lottery proceeds. The district has defined educational enhancement and is spending its lottery proceeds consistent with its definition. District lottery proceeds are spent primarily for salaries and benefits of school-based personnel whose activities meet the district's definition of enhancement.

Overview of Chapter Findings

Berkshire Advisors, Inc. reviewed the district's use of lottery proceeds using the Best Financial Management Practices adopted by the Commissioner of Education and associated indicators. We employed several methodologies to develop chapter conclusions and action plans. The district maintains detailed financial records of lottery transactions. Additionally, the district's Office of Budget Management manages and monitors lottery program activity, including school advisory councils and school improvement plans. We reviewed financial and program records in an effort to determine the extent to which the district was using the best practices. Where necessary, we verified the information contained in these records. We conducted site visits and public forums to identify potential issues related to the use of lottery proceeds. During our site visits, we interviewed district financial and administrative staff to strengthen our understanding of district processes related to the management and monitoring of lottery activity. At our public forums, we received participation from the general public.

An overview of chapter findings is presented below.

Educational Programs

1. The district has defined "enhancement" in a way that the public clearly understands. (Page 8-4)
2. The district uses lottery proceeds consistent with its definition of enhancement. (Page 8-4)
3. The district allocates lottery proceeds to school advisory councils as required by law. (Page 8-5)
4. The district accounts for the use of lottery money in an acceptable manner. (Page 8-6)
5. The district reports the use of lottery proceeds on a regular basis and lottery-funded programs are evaluated annually. (Page 8-6)

Fiscal Impact of Recommendations

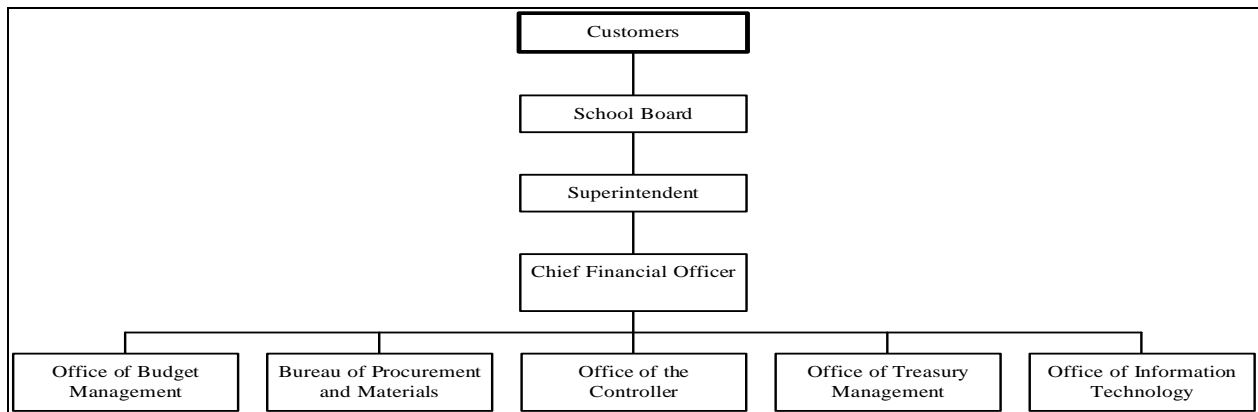
There are no recommendations relating to the district's use of lottery proceeds.

Background

The district has assigned the responsibility for accounting for the use of lottery proceeds to the Office of Budget Management. Exhibit 8-1 shows the organization of the finance function.

Exhibit 8-1

The Office of Budget Management is Responsible for Accounting for the Use of Lottery Proceeds



Source: Miami-Dade County School District.

State Funding

The Legislature intends that the net proceeds of lottery games be used to support improvements in public education and that such proceeds not be used as a substitute for existing resources for public education.

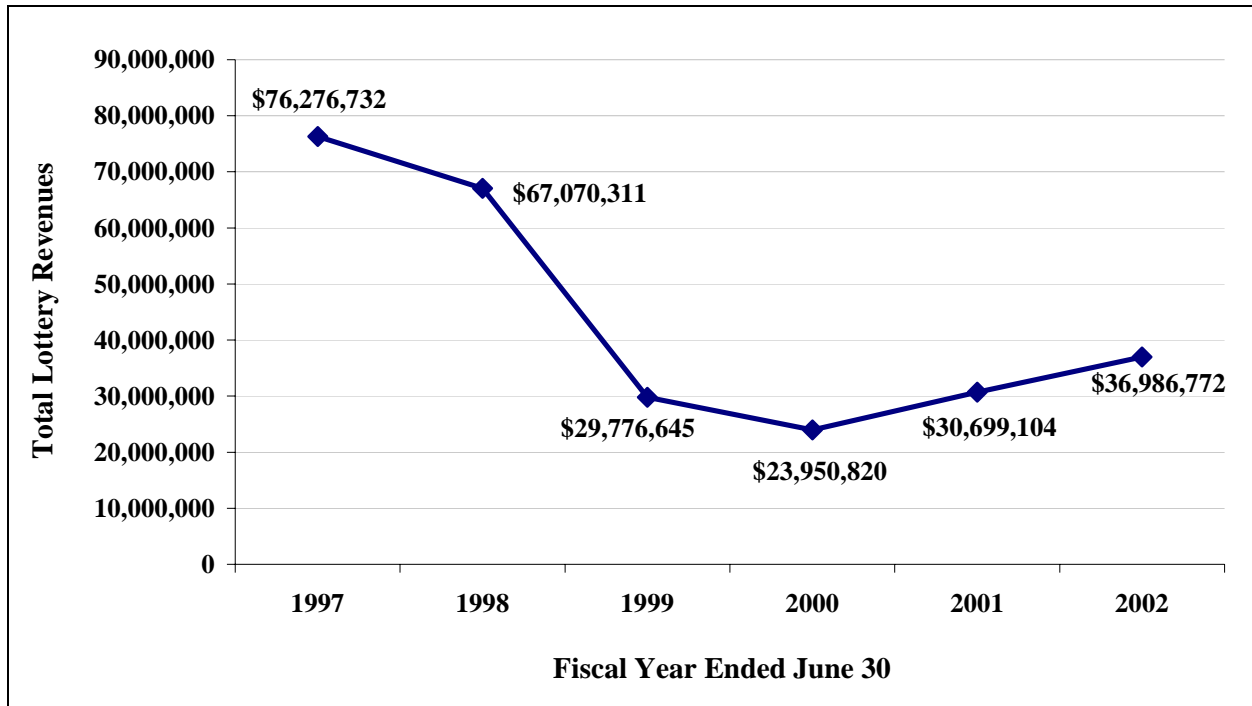
Each fiscal year, at least 38% of the gross revenue from the sale of lottery tickets and other earned revenue, excluding application processing fees, is deposited in the Educational Enhancement Trust Fund which is administered by the Department of Education. The Legislature apportions money in the trust fund among public schools, community colleges, and universities. The 2001 Legislature apportioned \$170,250,000 of discretionary enhancement moneys to school districts. These moneys are allocated to the districts by prorating each district's K-12 base funding to the amount of the appropriation.

School District Proceeds

In the 2000-01 fiscal year, Miami-Dade County School District received lottery proceeds of \$30,699,104. The district estimates lottery proceeds for the 2001-02 fiscal year will be \$36,986,772. Exhibit 8-2 presents a historical perspective of lottery proceeds received by the district over the last five years plus projected lottery proceeds for the 2001-02 fiscal year.

Exhibit 8-2

District Lottery Proceeds Have Declined



Source: Miami-Dade County School District – Superintendent’s Annual Financial Reports (Form ESE 145) and 2001-02 budget documents.

The significant decline that occurred beginning with the 1998-99 fiscal year is attributed to the Legislature appropriating a greater portion of the lottery moneys to support the Bright Futures Scholarship Program, Classrooms First, and 1997 School Capital Outlay Bond programs.

School District Lottery Expenditures

Once each school district receives its lottery allocation for a fiscal year, the allocation is further reduced for amounts required to be allocated to each school advisory council (SAC) and to charter schools. For example, for the 2001-02 fiscal year, the district projects its lottery allocation to be \$36,986,772. From this money the district is required to allocate \$10 for each UFTE student to each school for use by the school advisory council. Also, if the district has charter schools, the district is required, pursuant to Section 228.056(13)(b), FS, to provide each of the charter schools its allocable share of lottery moneys based on the number of students attending the charter schools. The district allocated these proceeds as shown in Exhibit 8-3.

Exhibit 8-3

The District’s Distribution of 2001-02 Lottery Proceeds

District Allocation	2001-02 Projected
Lottery Enhancement (Discretionary)	\$32,762,606
School Advisory Councils	3,692,000
Charter Schools	532,166
Total	\$36,986,772

Source: Miami-Dade County School District Board Reports.

1 The district has defined “enhancement” in a way that the public clearly understands.

The District Has Defined Enhancement

According to Florida law, prior to the expenditure of educational enhancement (lottery) proceeds, each school district is required to:

- Establish policies and procedures that define enhancement,
- Identify the types of expenditures that are considered consistent with its definition, and
- Provide the Florida Department of Education a copy of all procedures that relate to the use of enhancement moneys.

The district’s definition for enhancement identifies the allowable categories of expenditures that the district considers enhancing education. For the 2001-02 fiscal year, these categories include:

- Implement new programs not previously funded, and
- Continue existing programs to the extent that State (excluding lottery funds) and local revenues are inadequate to continue all existing programs.

To ensure that the general public understands what programs will be funded with lottery proceeds, the district specifically identifies programs to be funded with lottery proceeds. The district solicits public comment on the appropriateness of the programs funded from lottery proceeds. In addition, the district provides the State with information on lottery expenditures within the required timeframes.

2 The district uses lottery proceeds consistent with its definition of enhancement.

The District can Demonstrate that it Uses Lottery Proceeds Consistent with its Definition of Enhancement

After allocating funds to the SACs and charter schools, the district uses the remaining lottery proceeds for educational enhancement. The district uses its lottery enhancement proceeds to support activities consistent with its definition of enhancement. Our review of district records showed that over the past three years, the district has consistently spent lottery enhancement (discretionary) proceeds on salaries and benefits for school-based personnel supporting enhancement programs, such as elementary and secondary school counselors. Exhibit 8-4 shows the district funding of these programs for the three-year period.

Exhibit 8-4

The District Uses Discretionary Lottery Proceeds for Counselors

Program	Uses of Discretionary Lottery Proceeds		
	1999-00	2000-01	2001-02 ¹
Elementary Counselors	\$14,475,075	\$15,672,302	\$15,725,858
Secondary Counselors (Partial)	\$6,255,991	\$11,499,822	\$17,036,748
Total	\$20,731,066	\$27,172,124	\$32,762,606

¹ Amounts budgeted as of December 12, 2001.

Source: Miami-Dade County School District Board Reports; Amounts expended per State Form ESE 656.

3 The district allocates lottery proceeds to the school advisory councils as required by law.

Each School Has an Approved School Improvement Plan

Prior to allocating \$10 per UFTE to a school’s educational excellence school advisory council (SAC), the school must have a school improvement plan. Section 230.23(16), FS, requires school boards to annually approve and require implementation of a new, amended, or continuation school improvement plan for each school in the district. These plans should be designed to achieve the state education goals and student performance standards. The board has approved school improvement plans for all district schools and centers. Copies of these plans are available at the district office and on the district’s web site at <http://www.dade.k12.fl.us/edp/>. Interviews with school site administrators and a review of selected school spending plans and district records confirm that the SACs determine the program or project where these proceeds will be spent and these decisions may not be overridden by the school principal.

SAC Lottery Allocations Are Used to Implement School Improvement Plans

The district has been proactive in ensuring that the SACs understand their roles and use the lottery proceeds wisely. In particular, the SACs are provided with district procedures that define the role of the SAC and describe the process for developing their school improvement plans. In addition, the district has prepared and distributed a manual entitled “Promoting Continuous School Quality Improvement” to each SAC. The district provides SAC training which covers, among other topics, legal restrictions on how lottery proceeds may be spent. At least a portion of the SAC lottery proceeds should be used for implementing the school improvement plans. At the same time, the Legislature intentionally provided SACs considerable flexibility in how they spend their lottery proceeds. Our review of district records and school improvement plans showed that significantly all SAC lottery proceeds were used to implement the school improvement plans. Unspent proceeds at the end of each fiscal year are re-budgeted for use in the subsequent fiscal year by each SAC that had the unspent funds.

4 The district accounts for the use of lottery money in an acceptable manner.

The District Uses a Unique Funding Code to Account for Lottery Proceeds

School districts are required to use a uniform chart of accounts established by the Florida Department of Education to record accounting transactions. The Florida Department of Education has established a specific revenue account code to account for lottery moneys received by the districts. Miami-Dade County School District uses this revenue code to account for its lottery collections.

The District Has Established Specific Project Codes to Account for Expenditures of Lottery Proceeds

The district uses project, location, and object codes to separately account for SAC expenditures and lottery (enhancement) expenditures. Use of these codes allows district staff to monitor lottery expenditures through the use of expenditure reports or by viewing the information on-line. Information available includes budget, year-to-date expenditures, encumbrances (outstanding purchase orders), outstanding requisitions, and available balances.

While district discretionary lottery proceeds are used to pay the total cost for elementary counselors, remaining proceeds only cover a portion of the expenditures for secondary counselors. Other unrestricted revenue sources are used to pay for the remaining expenditures for secondary counselors. The district reports expenditures for secondary counselors on the state discretionary lottery funds expenditure report (form ESE656) only to the extent that lottery proceeds were received and available for this purpose.

5 The district reports the use of lottery proceeds on a regular basis and lottery-funded programs are evaluated annually.

The District Annually Reports Lottery Expenditures to the Department of Education

As required by law, the district submits an annual report to the Florida Department of Education that identifies the expenditures of its lottery proceeds within 60 days of the end of the fiscal year.

The District Reports Lottery Expenditures to the Public

Florida law requires each school district to make available and distribute to the public on a quarterly basis the expenditure of lottery proceeds in an easy to understand format. The district prepares summary reports for the board and the public on a quarterly basis. This report shows the expenditure of lottery proceeds by category, including expenditures for elementary and secondary counselors and allocations made to SACs. These reports detail the annual budget, expenditures for the quarter, and year-to-date expenditures. The district encourages principals to make these reports available to SAC members and the public. These reports are also available in summary form on the district's web site.

In addition, the district annually prepares a school public accountability report for each school. This report, in multilingual pamphlet form, provides summary information on lottery expenditures.

Assessments are Made at Both School and District Levels to Determine the Contribution that Lottery Expenditures Have Made to Student Education

Each school annually makes an assessment and reports whether or not the goals and objectives of the school improvement plan have been met. As a part of this assessment, SACs specifically address how the lottery proceeds were used. Interviews, documentation review, and observation of SAC meetings confirm that SACs judiciously use lottery proceeds and that the SACs are committed to tracking the use of lottery proceeds. SACs also make adjustments to school improvement plans as needed to ensure effective use of the lottery proceeds.

At the district level, the lottery proceeds are expended for elementary and secondary counselors. In an effort to ensure that these resources were used effectively, the district's Student Support Services unit recently performed a systematic assessment of the effectiveness of counseling and support services. As a result of this review, the unit initiated a new program model.