


## MEMORANDUM

April 12, 2011

**TO:** The Honorable Chair and Members of The School Board of Miami-Dade County, Florida

**FROM:** Alberto M. Carvalho, Superintendent of Schools 

**SUBJECT: LEGISLATIVE UPDATE – WEEK FIVE, APRIL 4 THROUGH APRIL 8, 2011**

### **Budget**

This past week the Florida House passed its proposed \$66.5 billion budget and the Florida Senate passed its \$70 billion budget proposal, thus both chambers are positioned to begin Conference by the end of next week. There are major differences in the two budget proposals. However, in terms of K-12 education funding, the differences are few and should be easily and quickly resolved during Conference.

As previously discussed, the reduction in K-12 funding is based on the loss of federal stimulus funds of approximately \$900 million and the continued decline in property values statewide of approximately \$269 million. The House budget proposal for K-12 funding reduces total statewide funds for each unweighted fulltime equivalent (FTE) student by 6.80 percent or \$463.13 (no change from last week's report). The Base Student Allocation (BSA), the most flexible funding available to school districts, is itself being reduced by \$46.34 per student, bringing that figure to its lowest level since 2002-2003. For Miami-Dade, the reduction is approximately \$160 million or 6.83 percent. The Senate budget proposal reduces K-12 funding statewide per unweighted FTE by 6.21 percent or \$423.27. The base student allocation in the Senate is reduced by \$51.80 per student. Miami-Dade's reduction is approximately \$146 million.

Pension Reform is a major outstanding factor in the final determination of net revenue loss to school districts. The exact percentage of shared employee contribution to the Florida Retirement System (FRS) and that of the employer will determine the net amount of revenue loss which will be experienced since, dollar for dollar, the decrease in the employer's required FRS contribution represents a decrease in required expenditures. In that regard, the current estimate of required FRS contribution on the part of Miami-Dade in the House is 6.16 percent, which reduces the earlier discussed gross revenue loss of \$160.5 million in that proposal to a net loss of \$106.9 million. The same logic applies to the Senate budget proposal: the current estimated FRS required contribution of 5.09% reduces its net revenue loss to \$ 78.1 million. The exact amount of required district FRS employer contribution as well as changes in retiree benefits will form a major focus of Conference budgetary negotiations.

There are possible solutions such as the elimination of the Merit Award Program, Teacher Lead, and the School Recognition Program to mitigate some of the reduction to

the BSA. These recommendations had been proffered early on; however, they are not fully implemented in either the House's or Senate's current proposals. In addition, other mitigating amendments submitted for consideration were not adopted.

### **Pension Reform**

Last week the House and Senate were much closer on pension reform than they are currently. On Thursday, the Senate did a turnaround on the agreed upon three percent contribution rate by employees and instead opted for a staggered contribution based on how much an employee earns annually. In the proposed Senate pension reform plan, employees would pay two percent on the first \$25,000 of earnings, four percent on earnings between \$25,001 and \$50,000, and six percent on any earnings above \$50,000. The Senate removed other provisions in its revised proposals including language that would have extended the retirement age from 55 to 62 for firefighters, police officers, and others in the special risk class and delayed the closure of DROP to new participants for five years. This revised plan would save the state approximately \$700 million.

In the House, HB 1405 requires employees to contribute three percent, closes DROP to new participants effective July 1, 2011, and increases normal retirement age and required years of service for classes of employees for new enrollees into FRS. For Special Risk Class, normal retirement age is increased from 55 years of age to 60 and years of service are increased from 25 to 30 years. For all other classes, the bill increases the normal retirement age from 62 to 65 and increases the required years of service from 30 to 33. The differences between the House and Senate will be ironed out as part of budget conference.

### **School Board Member Salaries**

As you know, SB 7234 related to district school board member salaries was filed and discussed in Senate Education PreK-12 on Tuesday, April 5, 2011, and was made a committee bill but was not voted on. The bill deletes statutory provisions related to base salary and additional compensation for a district school board member and prohibits district school board members from receiving more than a \$100 stipend per school board member. The bill, although effective July 1, 2011, would apply to school board members elected or re-elected in 2012. This bill is being monitored closely.

### **School Board Governance**

HB 307, filed by Representative Logan, relating to the modification of the current governance structure for The School Board of Miami-Dade County, Florida, was heard and passed out of the House Education Committee, its last committee of reference, on Tuesday, April 5, 2011. It has been placed on the House calendar for second reading. On Monday afternoon the bill was placed on the Senate Education K-12 Committee for Thursday. The Board was provided an update on this bill via separate memorandum.

### **Value Adjustment Board**

One of the Board's priorities, HB 281, sponsored by Representative Logan, and SB 880, sponsored by Senator Garcia, requires a taxpayer to pay 75 percent of his/her tax

liability before April 1. HB 281, which could provide an estimated one-time non-recurring \$30 million to the District, passed its second committee of reference on Thursday and was discussed in the Revenue Estimating Conference on Friday, April 8, 2011. The Senate companion, SB 880, was heard on Monday, April 4, 2011, in the Senate Community Affairs Committee and passed. The issues identified by the Florida Realtors and the Florida Chamber of Commerce have been addressed, and an amendment has been drafted and provided to the sponsors of the bills. This passage of this bill becomes increasingly important as the budgetary picture for the District worsens.

#### **Class Size Reduction Penalties/Flexibility**

Legislation that would provide school districts with flexibility in the implementation of the Class Size amendment, SB 1466, sponsored by Senator Simmons, is now in Senate Budget and scheduled for a hearing on Wednesday, April 13, 2011. The bill specifically defines the courses that would need to meet the class size limitations as those classes that are measured by statewide assessments for accountability purposes and other specific courses. The House companion is contained in the conforming bill, HB 5101, which passed as part of the House budget last week.

#### **Adult Education/Workforce Development Funding**

Despite efforts in both the House and Senate and the submission of amendments, the current successful practice of co-enrolling students in adult education is at peril. Both House and Senate appropriations bills contain language precluding a school district from co-enrolling and receiving funding through adult education if students are simultaneously enrolled in the K-12 program. This practice was reviewed by OPPAGA and determined to be successful with 75 percent of the co-enrolled students graduating. The report further states that only 25% of drop-outs enrolled in GED programs graduate. This policy not only redistributes funding away from Miami-Dade but also negatively impacts our graduation rate. Efforts to permit co-enrollment will continue in the ensuing weeks.

If you have any questions or need additional information, please contact Ms. Iraida R. Mendez-Cartaya, Assistant Superintendent for the Office of Intergovernmental Affairs, Grants Administration, and Community Engagement, at 305-995-1497.

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cc: School Board Attorney  
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