


MEMORANDUM

January 31, 2012

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

FROM: Alberto M. Carvalho, Superintendent of Schools 

SUBJECT: 2012 LEGISLATIVE UPDATE – January 23-27, 2012 - Week #3

Budget Update

On Friday the Florida House of Representatives released a \$69.2 billion budget that increases funding for K-12 schools and avoids the deep cuts to hospitals as proposed by Governor Scott. The full budget released Friday, along with the conforming bills discussed during the week in committees, addresses funding shortfalls for education K-12 by providing an estimated \$1 billion funding increase. The House appropriations bill is scheduled to be discussed next week on Wednesday February 1, 2012, in House Appropriations and discussed by the full chamber the following week.

The proposed budget by the Florida House includes revenue to continue funding education-related construction projects by providing nearly \$380 million for construction and repairs at colleges, universities, and charter schools. State economic forecasters had previously estimated no money would be available through the Public Education Capital Outlay (PECO). The proposed budget includes \$55 million for PECO-funded building maintenance for charter schools, nearly \$139 million in projects at state colleges, and nearly \$154 million for projects at state universities but no money for school districts.

Some highlights of the House budget proposal:

- Approximately \$277 million was transferred from trust funds, including \$91 million from the state and local government housing trust funds, into the general fund, and \$120 million from the transportation trust fund to the State Schools Trust Fund;
- The base student allocation (BSA) is increased by nearly \$100 per student, or 2.87 percent;
- Total funds have increased 3.48 percent on a statewide average while Miami-Dade's increase is 3.91 percent, or \$83 million;
- School Recognition is increased by \$38.7 million and Reading Instruction by \$17 million. Both of these items represent an expenditure requirement for the District's share;
- The yield from local property taxes is down by an estimated \$247 million statewide or 3.15 percent but mitigated by an increase in state funding of \$824 million;

- New World School of the Arts is funded at \$400,000. There was discussion during the last legislative session that future funding would not be made available, so this is a huge victory;
- In the House conforming bill, the penalty related to non-compliance with class size reduction is reduced to half of the Based Student Allocation (BSA) in lieu of the current full BSA, until 2013-2014; and
- In the House Higher Education conforming bill, the funding policy for co-enrollment policy will be continued for two more years.

The Florida Senate President has provided committee chairs allocations, and preliminary work was done last week, but no appropriations bill had been released as of Friday.

The House Finance and Tax Committee on Thursday introduced a bill that would increase some tax rates for gross receipts tax that funds PECO, with offsetting decreases in communications taxes that flow into the state's general fund. **HB 5703** has not yet been reviewed by state economic forecasters, but legislative staff estimate it would boost gross receipts revenues by nearly \$50 million in the first year, allowing for a maximum PECO appropriation of \$382 million, assuming the state issues new bonds backed by the additional gross receipts revenue. Gross receipts revenues have flat-lined in recent years, caused by increases in energy efficiency and fewer people using landline telephones.

Downward revisions in the growth of gross receipts taxes have caused the state to reach its cap on available bonds and exhausted the PECO trust fund. That in turn prompted state education officials to ask school districts, colleges, and universities to identify money for construction projects that they could return in an effort to replenish the trust fund. Miami-Dade has already spent all of its PECO funding.

Substantive Legislation

HB 1191, sponsored by Representative Bileca, relating to Parent Empowerment in Education, was heard and passed its first committee of reference. The committee substitute modified the legislation from its original form. The district school board may adopt the turnaround option selected by parents or a different option selected by the school board. If the district school board does not adopt the parent-selected option, it must include that option with the implementation plan submitted to the State Board of Education. The State Board may approve the district's plan or if it determines that the parent-selected option is more likely to improve student performance at the school, require the school board to submit a plan for implementing the parent-selected option.

The Senate companion, **SB 1718**, sponsored by Senator Benacquisto, was also heard last week and passed its first committee of reference.

HB 1852, sponsored by Senator Wise, relating to the continued expansion of charter schools, is scheduled in committee on Monday, January 30, 2012, in Senate Education

PreK-12. The bill would require school districts to provide charter schools on a per-student basis property taxes levied for school maintenance and construction. The bill would also require school districts to provide charter schools federal funds without any requirement to spend those funds for their intended purpose. The companion bill, **HB 903**, sponsored by Representative Adkins, is scheduled to be heard in committee on Tuesday, January 31, 2012. In the House, a strike-all amendment has already been filed that would eliminate the requirement to provide charter schools property tax yield from the 1.5 mills for capital. Remaining still is the language related to the federal funds.

Next week, two of the Board's priorities, **HB 465**, sponsored by Representative Diaz, related to the General Obligation Bonds, and **HB 1343**, sponsored by Representative Fresen, related to flexibility in the allowable use of the current sales surtax, is scheduled for a committee hearing on Tuesday, January 31, 2012, in House PreK-12 Appropriations Subcommittee.

It is Miami-Dade PTA/PTSA week in Tallahassee, Florida next week. Additionally, Miami-Dade County Days are Wednesday, February 1, 2012 and Thursday, February 2, 2012.

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

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cc: School Board Attorney
Superintendent's Cabinet
Ms. Carolyn Nelson-Goedert