M E M O R A N D U M **February 19, 2016**

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

FROM: Alberto M. Carvalho, Superintendent of Schools

SUBJECT: 2016 LEGISLATIVE SESSION – WEEK #5 FEBRUARY 8-12, 2016

The Florida Legislature has completed its fifth week of the 60-day, 2016 regular legislative session that began on Tuesday, January 12, 2016. Florida's 60-day legislative session is halfway complete.

BUDGET

The House and Senate approved their respective budget proposals for the fiscal year that starts July 1. The two budget proposals differ, but the chambers must enter into budget conference negotiations to work out the differences. Much of the real work will start when negotiators hammer out details of a final spending plan during conference. The Senate budget plan totals nearly $81 billion, and the House proposal totals approximately $80 billion. Both chambers' proposed budgets increase public school funding to more than $20 billion. It is expected that the chambers will soon name members to serve on Conference Committees and the conference process could begin sometime next week.

This week Senate Education Budget Chair Don Gaetz proposed a plan to boost school funds by $650.6 million, by reducing the Required Local Effort and replacing local tax dollars with state sources. Gaetz's new approach divides funding equally between the state sources and local property owners splitting the total $648.6 equally. This new proposal has implications for Governor Rick Scott's proposed tax cuts. In contrast, the House budget plan increases the Florida Education Finance Program by $601 million. The increase from the state would be $95.4 million from the state and $505.6 million from local dollars. That is not the only dilemma over how to fund education. The chambers also need to work out how to pay for school construction and maintenance.

CHARTER SCHOOL CAPITAL OUTLAY

The House has amended HB 873 to include new provisions for funding charter school capital outlay needs. The bill modifies the existing eligibility criteria for charter school outlay funding to include that a charter school must be part of a high-performing charter school system or meet the three following criteria: be in operation for 2 or more years (rather than the current 3 or more years); not have more than two consecutive school grades lower than "B" unless the school serves a population where 50 percent of students are eligible for free- or reduced-price meals; and must have an annual audit with no financial emergency conditions. The bill eliminates provisions that granted priority for funding to charter schools that received capital outlay funding in FY 2005-2006, and it revises the methodology for calculating the amount of state funding for charter school capital outlay from 1/15th to 1/40th of the cost per student station. If state funds for charter school capital outlay do not fully fund 1/40th of the cost per student station or the amount of per student funding generated by the district school board's discretionary ad valorem tax levy for capital outlay, whichever is less, then the school district must share discretionary ad valorem tax revenues to make up the difference. In addition, the bill changes the revenue sources which are not allowed to be expended in amounts above the statutory costs per student station to include all capital outlay revenue sources available to school districts. Further, the bill restricts school district eligibility for state PECO appropriations for three years if the district exceeds the statutory cost per student station for school construction projects. The bill requires the Florida Department of Education (FLDOE) and Economic Demographic Research to team up and study the actual costs of construction as well as submit recommendations to the legislature on new statutory costs per student station for school construction projects.

The Senate Education Appropriations Subcommittee, however, proposed an alternate plan for charter school capital outlay funding. Unlike the House plan outlined above, the Senate plan does not include any provision requiring school districts to expend local capital outlay millage revenue for charter school capital outlay. Instead, the Senate plan focuses on revising the allocation formula for state funds for charter school capital outlay as well as adding restrictions on the use of capital outlay funding for both traditional schools and charter schools. With regard to the allocation formula, the Senate plan provides that all eligible charter schools would receive a standard base amount of funds per Full Time Equivalent derived from the gross capital outlay funding amount appropriated for charter schools. Charter schools with 75 percent or more free- and reduced-price lunch student enrollment would receive an additional 25 percent of the standard base amount. Charter schools with 25 percent or more ESE enrollment would receive an additional 25 percent of the standard base amount. In addition, the Senate plan would prohibit an otherwise eligible charter school from receiving a capital outlay allocation unless the governing board of the schools certifies annually, under oath, that the funds will be used solely and exclusively for constructing, renovating or improving charter school facilities that are owned by specifically defined entities. Similar to the House plan, the Senate plan requires the Office of Program Policy Analysis and Government Accountability to work with FLDOE to conduct a study of the statutory cost per student station amounts and provide recommendations for the revised costs to the Governor and legislative leadership. The Senate plan prohibits school districts from spending more than the statutory cost per student station on new construction from all available revenue sources and restricts school district eligibility for state PECO appropriations for three years if districts exceed the statutory cost per student station for school projects.

If you have any questions or need additional information please contact Ms. Iraida R. Mendez-Cartaya, Associate 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