


## MEMORANDUM

January 19, 2018

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

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

**SUBJECT: 2018 LEGISLATIVE UPDATE – WEEK #1**

The 2018 Florida Legislative Session commenced on Tuesday, January 9, 2018, and is scheduled to conclude after 60 consecutive days on Friday, March 9, 2018. As customary, the presiding officers outlined their priorities for session, which include tax cuts and legislative restrictions on future tax increases, higher education, insurance reforms, the opioid crisis, choice options in K-12, the environment, and hurricane preparedness. Most importantly, the Florida Legislature must pass a state budget to be effective July 1, 2018.

Several factors will influence this session, including the 2018 elections, Senate and House legislative openings, and an anticipated budget shortfall. The 2018 election cycle includes the following races: gubernatorial; cabinet seats for Attorney General, Chief Financial Officer, Agricultural Commissioner; one open U.S. Senate seat; all U.S. House seats; even-numbered Florida Senate seats; and all Florida House seats. For the first time in recent history, the Florida Legislature, bicameral body with 160 members, will operate with 154 members. This is a result of 10 members resigning, dying, or being appointed to higher office since the conclusion of the 2017 session. While special elections have been held to fill four seats, six seats remain open and are not anticipated to be filled prior to the conclusion of the 2018 session.

### Budget

The annual budget process is a difficult balancing act, and this year will be extremely challenging. While there was an anticipated revenue surplus of \$52 million in the fall, after Hurricane Irma, the state may be looking at a budget deficit of over \$1 billion. The next revenue estimating conference is scheduled for February 9. In Speaker Richard Corcoran's opening remarks to the Florida House of Representatives, he stated that the Florida House will not increase taxes on individuals or businesses, specifically referring to school taxes, or the Required Local Effort (RLE). Therefore, it is anticipated the House will use the rollback rate for the RLE. This is in stark contrast with Governor Rick Scott's recommended budget that provides an increase of \$200 per student to be funded in part by the increase of property value. As you may recall, the Governor's recommended budget provided an increase of \$770 million, of which \$235.2 million, or 31 percent, is from state funds and \$534.3 million, or 69 percent, is from local property taxes. Unlike the Speaker, Senate President Joe Negron believes that the increase in property values is not a tax increase and should be used to fund public education. Therefore, it is anticipated that the Senate will not use the rollback rate, setting up a budget battle between the chambers. In addition, the Speaker mentioned that while the state has

nearly \$4 billion in reserves (4.7 percent of the state budget), the House will not utilize them to balance the budget.

### **Higher Education**

One of the Senate President's priorities, SB 4, sponsored by Senator Bill Galvano, establishes the Florida Excellence in Higher Education Act of 2018 and passed the Florida Senate. The bill permanently expands the amount of money provided under the state's popular Bright Futures scholarship program. Top-performing high school students would have either 75 or 100 percent of their tuition costs covered if the measure becomes law. The bill carries a financial cost of approximately \$150 million to the state.

### **Taxes**

The Governor, House Speaker, and Senate President agree on one issue – they all wish to cut taxes and make it harder to increase taxes in the future. HB 7001 proposes an amendment to the state constitution that would provide that any state tax or fee imposed, authorized, or raised by the legislature be approved by two-thirds of the membership of each chamber. The amendment proposed in the joint resolution would take effect on January 8, 2019, if approved by 60 percent of the voters during the 2018 general election or earlier special election. The joint resolution is not subject to the governor's veto powers.

### **Constitutional Revision Commission (CRC)**

The 37-member commission appointed by the Governor, House Speaker, and Senate President is scheduled to meet this week for its last week of scheduled committees. The commission is scheduled to hold five public hearings throughout the state during the month of February, hosting a public hearing in Fort Lauderdale on February 6. The other four public hearings will be held in Melbourne, Jacksonville, Pensacola, and St. Petersburg. The full commission will hold deliberations during the months of March and April and must issue a final report with its proposals to the Secretary of State on May 10, 2018. Any proposal needs 60 percent approval from the electorate in order for it to become law.

The CRC's Education Committee is meeting on Friday, January 19, from 1:00-6:00 p.m. The published agenda is as follows:

- **P 32**, sponsored by Commissioner Erika Donalds – Education, State Board of Education; School Districts; School Boards; State University System; would eliminate salaries for school board members. This proposal was discussed in November and failed, but it was left pending by Commissioner Sprowls.
- **P 25**, sponsored by Commissioner Sherry Plymale – Education; would establish a governance structure for the state community college system.
- **P 83**, sponsored by Commissioner Nicole Washington – Education; would establish a single college system comprised of all public community and state colleges. The State Board of Education would be responsible for the management of the whole college system.

- **P 44**, sponsored by Commissioner Nicole Washington – Education, State University System; would provide a minimum vote threshold required to be met by the board of trustees of a state university and the Board of Governors in order to implement any tuition or fee increase.
- **P 45**, sponsored by Commissioner Erika Donalds – Education, Public Education; would add language to the constitution to indicate that nothing may be construed to limit the legislature from making provisions for other educational services that benefit the children and families of Florida that are in addition to the system of free public schools. In addition, the requirement to provide a system of free public schools is expanded to require that such system allow the opportunity for each student to obtain a high-quality education.
- **P 89**, sponsored by Commissioner Nicole Washington – Education, Public Education; would provide that the purpose of the public education system is to develop the intellect of the state’s citizens, to contribute to the economy, to create an effective workforce, and to prepare students for a job. Language is also added to indicate that it is the intent of the people to provide high-quality and affordable postsecondary education opportunities.
- **P 71**, sponsored by Commissioner Erika Donalds – Education, School Districts; School Boards; would authorize the legislature to create an alternative authorizer for the establishment of charter schools within the state by general law.
- **P 93**, sponsored by Commissioner Roberto Martinez – Education, School Districts; School Boards; Charter Districts; would authorize any high-performing school district to choose, by a resolution of a majority of the school board or vote of the electors, to become a charter district. The school board would remain the governing board of the charter district, and the charter district would be exempt from all provisions of the Education Code in the same manner as charter schools.
- **P 4**, sponsored by Commissioner Roberto Martinez – Declaration of Rights, Religious Freedom; would repeal the “Blaine Amendment” or the provision that no public funds shall directly or indirectly aid any church, sect, or religious denomination.

### **Update on Board’s Priorities**

#### **District Cost Differential (DCD)**

Chairman Manny Diaz and Senator Rene Garcia have filed HB 495 and SB 824, respectively, to require a study of the DCD every ten years, beginning in 2018. Additionally, an appropriations request for \$100,000 was submitted by Chairman Diaz and Senator Anitere Flores to have the study completed. HB 495 was heard in its first committee of reference, the House PreK-12 Quality Subcommittee, and passed unanimously.

The Florida Education Finance Program (FEFP) provides the operating dollars for the K-12 public school system regardless of geographic or local economic factors. To account for varying costs of living among Florida's school districts, the FEFP includes a district cost differential (DCD) that adjusts funding based on the estimated cost to hire comparable employees. By law, the DCD must incorporate the Florida Price Level Index (FPLI) to provide a statistical basis for funding adjustments to each school district. Since 2000, the University of Florida's Bureau of Economic and Business Research (BEBR) has been responsible both for calculating the FPLI and for reviewing its methodology. Florida Polytechnic University has collaborated with BEBR in this process since 2014.

The bill provides for third-party review of the FPLI methodology by requiring the Florida Department of Education (FDOE) to contract with an independent consulting firm to conduct a review of the FPLI methodology by July 1, 2018. The bill also requires the FDOE to submit a report providing recommendations to the chair of the Senate Committee on Appropriations, the chair of the House of Representatives Appropriations Committee, and the Executive Office of the Governor's Office of Policy and Budget by January 1, 2019, and every 10 years thereafter.

### **Title I Flexibility**

Senator Rene Garcia and Representative Barrington Russell filed SB 1152 and HB 1431, respectively, to provide school districts greater flexibility with the Title I funds retained in the district by adding allowable set-asides. Other legislation providing flexibility with Title I funding includes HB 1157, sponsored by Representative Barbara Watson, and SB 1074, sponsored by Senator Perry Thurston. Further, Senator Thurston has filed SB 1746 to repeal the entire section of the law regarding Title I funding that resulted from HB 7069. As reported previously, language has also been provided to Speaker Corcoran, Chair Michael Bileca, and Chair Manny Diaz. Discussions on this issue continue with leadership in the Florida House.

### **Capital Outlay Funding**

Senator Gary Farmer has filed SB 1672, which would make it permissible for school boards to share the locally-levied discretionary millage with charter schools. Representative Wengay Newton sponsored HB 6047, which would repeal provisions related to charter school capital outlay. As reported previously, language regarding the funding of charter schools' capital needs was drafted and provided to Speaker Corcoran, Chair Michael Bileca, and Chair Manny Diaz. The language proposes to delay the statutory date of the distribution of funds from the capital millage from February 1 to April 1 for this year only. The delay would afford the legislature the opportunity to develop an alternative recurring funding source for charter schools' capital needs during the 2018 session. Proposals for alternative funding sources were also proffered. One proposal creates a state revolving loan for charter schools, and the other proposal would have the state bond the funding for the charters. These proposals can be funded using PECO, General Revenue, and/or gaming funding sources.

The Board will continue to receive updates on these issues as new information becomes available.

If you have any questions, 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