


## MEMORANDUM

May 2, 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 EIGHT, APRIL 25 THROUGH APRIL 29, 2011**

### **Budget Update**

During this past week, the eighth week of the legislative session, the Senate President and the House Speaker finally agreed to allocations for each of the respective budget sections, conferees were appointed, and conference met numerous times throughout the days starting Wednesday. Although a budget deal has not yet been agreed to and the negotiations continue, it would appear that the Legislature is poised to conclude its work on time on Friday, May 6, 2011. In the Education PreK-12 section of the budget, the allocation provided by leadership was approximately \$200 million less than either the Senate or the House positions going into Conference. Based on the most recent detail summary provided by the Florida Senate, K-12 funding is reduced by 7.93 percent or \$540.37 per student. Total funds per student for 2011-2012 will be \$6,269.63, down from the current \$6,810. As you may recall from previous reports, the Senate reductions for the Florida Education Finance Program (FEFP) was approximately 6.2 percent and the reductions in the Florida House of Representatives was approximately 6.8 percent. Pension reform will mitigate reductions to school districts by reducing the employer's expenditures by a reduction in the employer's contribution rate to approximately 4.5 percent and shifting a portion of the cost to employees. The conference agreement provides a savings statewide of approximately \$859 million, which is higher than either the House or the Senate had originally offered.

### **Pension Reform**

While state lawmakers have yet to reach a final deal on the state budget, they did reach an accord late Friday night on how to overhaul the state pension plan. The deal provides the state \$1.1 billion in savings, which, as you may recall, was the level of savings recommended by the Governor. The impact of savings of pension reform is approximately \$859 million in the K-12 budget statewide, reducing required school district FRS contribution, and greatly reducing the impact of much lower revenue projections.

Public employees enrolled in the state pension plan will have to contribute 3 percent of their salary beginning July 1, 2011, to cover part of pension costs. For new hires after July 1, 2011, the final deal includes: the calculation of the final benefits is based on the highest eight years of compensation; normal retirement age will increase from 55 to 60 years for Special Risk and from 62 to 65 years for all other classes of employees; the years of required service will increase from 25 to 30 years for Special Risk and from 30

to 33 years for all other classes of employees; and employees are vested after eight years of service instead of the current six years of service. Additionally, no cost of living adjustment will be granted for service between July 1, 2011, and June 30, 2016, at which time the Legislature will review this policy. Deferred Retirement Option Plan (DROP) was preserved. However, the interest rate paid to new participants into the program after July 1, 2011, will be 1.3 percent.

### **School Board Governance**

HB 307 relating to the modification of the current governance structure for The School Board of Miami-Dade County, Florida, was fully debated on Monday, May 2, 2011, during Third Reading in the Florida House of Representatives. The bill passed by a vote of 76 to 39. Miami-Dade County Legislative Delegation members voting yes: Representatives Artiles, Bileca, Diaz, Gonzalez, Logan, Lopez-Cantera, and Trujillo voted in favor of the bill. Voting in opposition were Representatives Campbell, Fresen, Garcia, Julien, Nuñez, Saunders, Stafford, Steinberg, and Watson. Representative Bullard was not present.

### **Value Adjustment Board**

Legislation requiring taxpayers to pay a minimum amount of their respective tax liability, HB 281, has passed the Florida House, and the Senate companion, SB 880, is on Special Order on the Senate Calendar for Tuesday, May 3, 2011. The bill is one of the Board's legislative priorities for this session and has a value of approximately \$30 million to the District.

### **Co-enrollment**

A compromise was reached on this issue during Conference on the Higher Education Budget. As you may recall, both the Florida Senate and the Florida House of Representatives prohibited school districts receiving funding through adult education if a student was simultaneously enrolled in the K-12 program. Through Conference and the efforts of Senator Braynon and Representatives Fresen, Trujillo, and Gonzalez, the policy still remains, however, for the 2011-2012 fiscal year, school districts may use co-enrollment for students needing credit recovery but must be limited to two classes per year.

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  
Superintendent's Cabinet  
Ms. Carolyn Nelson-Goedert  
Ms. Darla March