


MEMORANDUM

April 4, 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 FOUR, MARCH 28 THROUGH APRIL 1, 2011

Budget

This past week the Florida House passed its \$66.5 billion budget proposal from its Appropriations Committee on Wednesday, and the Florida Senate passed its \$70 billion budget proposal on Thursday. Thus, both chambers are positioned to discuss and pass its respective budget proposal by the end of next week. There are major differences in the two budget proposals; however, with regard to K-12 education funding, the differences are not many and should be easily and quickly resolved during conference. As discussed, the major policy decisions including not replacing the federal stimulus monies that sunset on June 30, 2011, approximately \$900 million statewide, and not reducing property taxes that support public education, presented by the Governor in his recommended budget proposal, were settled early on by Senate and House leadership. The third major policy issue, pension reform, is still outstanding.

The loss in K-12 funding is based on the loss of federal stimulus of approximately \$900 million and the continued decline of property values statewide of approximately \$269 million. The House budget proposal for K-12 funding reduces total statewide funds per unweighted fulltime equivalent (FTE) 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 being reduced by \$46.34 per student, bringing the BSA figure 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 BSA in the Senate is reduced by \$51.80 per student. Miami-Dade's reduction is approximately \$146 million, a slight improvement from last week's report.

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, were not fully implemented in either the House or Senate current proposals. The Board's lobbying team has submitted amendments for consideration.

As previously reported, the ultimate reduction to school district funding is contingent on pension reform and how much employees will be legislatively required to contribute toward their own retirement.

Pension Reform

Both chambers have substantive bills for pension reform but vary slightly in their approach. SB 7094, which is traveling as part of the budget proposal, saves the state approximately \$950 million based on the staff analysis on the bill. Key highlights of the Senate's proposal include: eliminating accumulated annual leave payments and overtime from compensation for purposes of the calculation of an employee's average final compensation; increasing the normal retirement age and years of service for members of Special Risk Class for new hires on or after July 1, 2011, to 62 years of age and 30 years of service (current is age 55 and 25 years of service); closing the pension plan to new enrollees; requiring compulsory enrollment in the investment plan; closing DROP effective July 1, 2011, to new enrollees; requiring FRS members to contribute three percent of their gross compensation to FRS; and eliminating the cost-of-living adjustment for service earned on or after July 1, 2011.

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 scheduled to be discussed in Senate Education PreK-12 on Tuesday, April 5, 2011. 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 \$100 stipend per school board meeting. The bill, although effective July 1, 2011, would apply to school board members elected or re-elected in 2012.

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, has been scheduled for a committee hearing in the House Education Committee on Tuesday, April 5, 2011. After the Board took a formal position, Dr. Wayne Blanton, Executive Director, Florida School Board Association, the Greater Florida Consortium of School Board's, the Florida Association of District School Superintendents and the Board's lobbying team were advised as such.

Dr. Blanton, on our behalf, has spoken to the House sponsor and reports that she is willing to amend the bill to remove the countywide chair and vice chair provision if the Board approves a resolution to procedurally rotate the chair annually. The House sponsor remains, however, firm on the need to have two at-large members and seven single-member districts. On Friday, upon the bills being scheduled for a hearing on Tuesday, the Board's lobbying team was assigned to members of the House Education Committee and directed to advocate the Board's position in opposition. The Senate companion, SB 778 filed by Senator Diaz de la Portilla, has not been scheduled to be heard in any committee at this time.

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 passed a committee of reference and could provide a one-time non-recurring \$30 million to the District. The Senate companion, SB 880, is scheduled for a hearing on Monday, April 4, 2011, in Senate Community Affairs Committee. The 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 the Senate Budget. 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 is scheduled for floor debate and passage next Wednesday and Thursday as part of the House budget.

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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