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School Board Workshop

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District Educational Facilities Plan (DEFP) and Senate Bill 1676

This year the Board, Superintendent and business community took the huge challenge of trying to educate Tallahassee on the repercussions of the budget cutback and the reduction of the millage from 1.75 to 1.5. The Chair and Superintendent wanted to thank everyone for their support and encouragement. The Capital Plan looks like bricks and mortar from the outside, but is actually the academic future of our students. Not only will there be no new construction projects, such as school additions and new ADA projects, but also the reduction in funding has negatively impacted our technology plan and reduced funding for our energy management plan.

Staff came before the Board to discuss Senate Bill 1676, which gives the School Board different options on the millage this year. Afterwards, staff discussed the District Educational Facilities Plan and what the reduction in millage means to the Capital Five Year Plan.

The State again reduced the millage by .25 from 1.75 to 1.5. The previous year it was reduced from 2.0 to 1.75. The Senate Bill 1676 gives Florida School Boards the option to levy an additional 0.25 mills for capital or operating purposes. The measure allows School Boards to approve the additional 0.25 mill levy, by super majority vote for two years, and then will require voter approval. Below is a summary of options presented as a result of the legislative changes.

- Option 1: The legislature transferred 0.25 mills from capital funding to operations. This reduced capital funds by \$36 million and operations would be left with a deficit of \$15 million.
- Option 2: the Board can transfer the 0.25 back to capital, which would balance the scaled back capital plan and would leave operations with a \$51 million deficit. (The \$36 million from capital would be transferred to operations; \$36 million plus the \$15 million equals a total deficit of \$51 million.)
- Option 3: The Board can approve by super majority an additional 0.25 millage for the capital budget for one year. This would be an increase in taxes by \$25 for every \$100,000 of taxable value for Broward property owners and would bring the millage back to 1.75. This option would balance the capital budget but would still leave the operating budget with a \$15 million deficit.
- Option 4: The Board can transfer the 0.25 from operations back to capital and approve, by super majority an additional 0.25 millage for operations. Under this option the board would seek to make the 0.25 a recurring revenue source by seeking a referendum in 2010 to match the recurring operational expenses or would later have to cut those costs when the revenue became unavailable. Under this option the operational side would still have a \$15 million deficit for 2009-10.
- Option 5: Requires the Board to transfer the 0.25 from operations back to capital, with the Board's super majority vote for another .25 also going to capital. This option would

create a \$36 million surplus in capital but leaves a \$51 million deficit on the operational side of the budget.

The Board brought up some very valid points.

1. Whatever option was picked, only a drastically scaled back plan would be funded. It is important to note that there is a \$668 million reduction to previously budgeted construction projects and no planned construction projects are in the scaled back capital plan.
2. By not adding back the 0.25 millage to the capital budget, there would be a shortfall in the capital plan.
3. All of the options leave the operations budget in a deficit.
4. The Board Members may not utilize any of the options and may ask the community for funding through a penny tax or bond.

The Superintendent and staff recommended Option 3. This option requires a super majority vote for one year. This option balances all 5-years of the DEFP with the cuts previously discussed based on a \$1.8 billion reduction (\$668 million from previously budgeted and \$1.15 billion from planned projects). The 2009-10 operations budget still has a \$15 million shortfall that needs to be balanced prior to adoption of the operating budget. It was requested that the word "tentative" be used with Option 3, to demonstrate that this is only a possibility for further discussion and not a final decision. Property values will not be finalized until July, so a decision is not appropriate at this time.

The Board wanted further discussion on the millage options and requested a matrix, which would show:

1. All of the options and their rationale.
2. Which options would require a super majority vote and when would a referendum vote be required?
3. Option 3; rationale why this is needed for only one year, what supports this choice, and what are the consequences for the one-year and not continuing it the following year?
4. What are the contingency expenses and what would not be funded if Option 3 were not selected?
5. Can Option 3 be split with part going to operation and a part going to capital?
6. Find out what other counties are doing regarding the .25 millage options.

Board Members requested further information:

1. The final tax assessment for Broward County.
2. How the government loans and COPs will help, giving the Board a holistic view?
3. How do we plan to get out of the red on the operation side?
4. What unfunded mandates will not be done in order to balance the operations budget?
5. How and when will the unfunded capital projects go forward?
6. The percentage of the operational budget that is recurring.
7. Are there any unfunded capital projects that can be done?

The Superintendent stated that the School District is in a deficit due to the economic conditions and actions of State legislature. Many communities have been waiting for years for certain projects and now they will not be done.

The Superintendent told the Board that staff would present the millage option matrix and clarify questions about the DEFP at the next workshop, scheduled for June 23, 2009.

Material for this topic can be found on the eAgenda June 9, 2009 workshop.

Senate Bill 360 and the Potential Amendment of the Adopted Level of Service Standard for Public School Concurrency

Senate Bill 360, in regards to Broward County Public Schools, revises the requirement for Level of Service Standard (LOS) to include relocatable capacity meeting specific criteria. For the first three years of school concurrency implementation, a school district shall use relocatables, if they were purchased after 1998 and the relocatable facilities meets the standards for long-term use pursuant to S.1013.20.

The definition of "the first three years of implementation " will be clarified in a forthcoming official interpretive publication on the bill. Staff is requested to clarify "the first three years" for the Board Members when that information is available.

A few schools will be positively impacted by this bill and will meet LOS as a result of their modified capacities. The staff from the Boundaries Department will be bringing more information at the June 23, 2009 workshop to clarify how this new bill affects school boundaries. Board Members asked if the portables could be used for more than three years. Staff will find out and respond to the Board. The actual intent of this provision of the bill was due to the development community being concerned with having to pay for backlogged facilities and to spur economic development. Also the other school-related bill provisions will more directly affect school districts that do not yet have an Interlocal Agreement.

Staff will be attending a scheduled Oversight Committee meeting, which will further discuss the new Senate Bill 360.

The Board had previously requested staff to bring information regarding whether LOS at 110% could be amended to 120% and what would be the pros and cons. The largest advantages would be minimizing the use of school boundary changes in some areas to meet LOS, provide flexibility to the School Board, and may enable some schools that currently meet their class size requirement meet LOS. Staff provided maps showing 120% LOS and the number of schools that would meet that criteria. Staff is requested to bring the maps to the next Oversight Committee meeting to further demonstrate the increase in schools that would meet LOS at 120%.

Some disadvantages would be that more schools will become overcrowded and eventually school boundary changes would become necessary to enable a school to meet the new 120% LOS. Also the LOS standard at a level of 120% was previously considered to be critically overcrowded.

Board Member would like maps showing where the qualified relocatables are located in the County that meets the criteria of SB 360. Staff is requested to let Board Members know if portables, that are not being used, would be moved from school grounds, specifically, Park Trails and Riverglades Elementary Schools. These schools would like the portables removed so that their playgrounds can be recovered.

Staff's recommendations would be to comply with the requirement of SB 360 to incorporate qualified relocatable capacity in the adopted LOS. Second, to not amend the Interlocal Agreement to modify the LOS from 110% to 120% permanent FISH capacity.

Board Members would like the Interlocal Agreement reworked because it does not make sense, as this agreement stands now. In order to meet LOS there would have to be sweeping boundary changes across the County. Staff is requested to find a way to lobby to change the Interlocal Agreement.

The Superintendent requested staff to look at other models and see what the financial impact would be. It was stated that it would mean less money to the District from mitigations and impact fees. The Superintendent asked, with less boundary changes and transportation does that offset the loss of these dollars? Staff is requested to do calculations on this and bring back a good business model.

Board Members requested a concise explanation and cost benefit analysis of what the SB 360 does to the School District, what are we going to have to do to comply, and the reason mitigation costs will be less.

Material for this topic can be found on the eAgenda June 9,2009 workshop.

Legislative Update

Staff came before the Board to discuss the State's budget and recent passed legislation. Further clarification was given regarding Senate Bill 360, which was discussed in the previous presentation regarding Level of Service Standard for Public School Concurrency. This bill gave developers a break on mitigation responsibilities, thus giving them the opportunity to start building again.

Broward County received \$10 million less this year from the State, but it could have been a lot worse. The budget was designed to hold the current line of service in this critical economic time.

The money came from the Stimulus Bill, raising cigarette and gambling fees, and raided trust funds. The dollars raised from cigarettes and gambling goes into Bright Futures. Board Members still had questions regarding what happened to the rest of the stimulus dollars. There has not been a clear picture from the State on these dollars.

Board Members discussed the bills that passed which affected education such as:

- Senate Bill 1676, Pre K-12 Education Funding.
- Senate Bill 991, School Improvement Accountability.
- Retirement and reemployment.
- Zero Tolerance Bill.
- Textbooks, schools can buy and use electronic textbooks.
- Class Size Amendment. In 2010-11 school year Class Size will be class by class. The penalty for not complying is a full FTE for each student out of compliance.
- The Bill regarding School Board payroll did not pass.

Board Members asked if there is any talk about what will be happening next year and thought that more pressure needs to be applied for the upcoming legislation meetings starting in September.

Material for this presentation is available on the eAgenda June 9, 2009 workshop

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