

Budget and Financial Considerations for Florida School Districts

June 29, 2020

Florida Association of District School Superintendents



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The Budget

The Budget – HB 5001 – FEFP

- Enrollment growth is forecast to continue (pre COVID-19)
- Required Local Effort (RLE) – Rolled Back Rate applied to RLE. Only increase in school taxable value of new construction used to increase revenue for K-12 generated by RLE
- Base Student Allocation (BSA) increased by \$40.00 to \$4,319.49
- Declining Enrollment Supplement not funded/suspended for 1 year
- Safe Schools Allocation – Remains \$180 million
- Digital Classrooms reduced from \$20 million to \$8 million
- Mental Health Allocation increased by \$25 million to \$100 million.

The Budget – HB 5001 – FEFP

- Funding Compression Allocation and DCD Hold Harmless – Increased by almost \$14 million to \$68 million
- Best and Brightest Programs not funded
- Teacher Salary Enhancement Allocation - \$500 million
- Proviso language stipulates that 80% of the total allocation is provided to increase the minimum base salary for full-time classroom teachers as defined in s. 1012.01(2)(a), plus certified prekindergarten teachers funded in the FEFP, but not including substitute teachers, to at least \$47,500, or to the maximum amount achievable based on the school district's allocation.
- No eligible full- time classroom teacher shall receive a base salary less than the minimum base salary as adjusted by the school district's allocation. 20% of the total allocation, plus any remaining funds from the district's share of the 80% allocation, shall be used by school districts as specified in section 1011.62, F.S.

The Budget – HB 5001 – Major Provisions

- Fixed Capital Outlay - Maintenance, Repair, Renovation and Remodeling from PECO revenue - \$169,600,000
- Special Facility Projects
 - Gilchrist County: (3rd and final year) \$7,205,344
 - Baker County: (1st of 3 years) \$8,504,580
 - Bradford County: (1st of 3 years) \$13,178,063
 - Levy County: (1st of 3 years) \$12,416,164
- Aaron Feis Guardian Program - \$500,000
- Regional Education Consortiums - \$1,750,000
- \$24,992,185 for Teacher Professional Development. Included in this item is \$10,000,000 for Computer Science Certification and \$5,000,000 for Mental Health Awareness and Assistance training

The Budget – HB 5001 – Major Provisions, cont.

- Gardiner Scholarships - \$189,901,004
- Reading Scholarships - \$7,600,000
- School Hardening Grants - \$42,000,000
- Workforce Education Performance-Based Incentives - \$6,500,000
- Adult Basic Education - \$45,365,457
- District Workforce Education Programs - \$372,356,891
- School Health Services - \$17,909.412 which includes \$6 million for full-service schools

HB 7067 – Scholarship Programs

- Increases the number of new Family Empowerment Scholarships (FES) allowed each year to 1 per cent of the Unweighted FTE students in the FEFP each year. In 2019-2020 there were 18,000 new scholarships. The new standard will allow about 29,000 new scholarships.
- Increases the income eligibility level for FES to 300% of the Federal Poverty Level. It further stipulates that any year that more than 5% of the available scholarships are unused, the income level will increase 25%. So, in FY 2020-2021 if more than 5% of the available scholarships are unused, the income level will increase 25%. In the example that would mean that the income level would rise to 375% of the poverty level in FY 2021-2022.

FY 2020-2021 BUDGET PROCESS

- Despite unprecedented fiscal and operational uncertainty, Superintendents are currently engaged in the budget as the 2019-2020 fiscal year closes out and the 2020-2021 budget is prepared.
- Finance officers are closing out expenditures, tabulating ending fund balances from FY 2019-2020, and preparing required documents.
- School Boards are adopting continuation budgets to pay the expenses from July 1 through adoption of the FY 2020-2021 budget, which generally occurs during the first two weeks of September.

Budget Challenges



- Hard revenue and expense data upon which Superintendents can base fiscal decisions for the coming year are scarce.
- Results from revenue collection reports, revenue and K-12 enrollment estimating conferences, the state's Long-Range Financial Outlook (LRFO) will be critical for Superintendents as budgets are developed, recommended and implemented in FY 2020-2021.

2020-2021 DISTRICT BUDGET CALENDAR

- The calendar and requirements for preparing and adopting school districts' budgets are set by state law.
- This year is notable because of the economic volatility and revenue losses associated with the pandemic.

The most important dates for Superintendents are:

- July 1: Property Appraisers must certify the 2020 ad valorem tax rolls.
- July 19: Deadline for the Commissioner of Education to set the RLE millage rates for all districts. The Second Calculation is generally published when the millage rates are set. District funds may change slightly due to certification of the tax rolls.
- July 24: Deadline for the Superintendent to submit the 2020-2021 tentative budget to the School Board
- September 4 -September 18: Deadline for the Final Public Hearing on the Budget.

Key Budget Points

- The budget is a process not a document.
- The budget does **AND WILL** change.
- The 2020-2021 budget is particularly at risk for changes driven by revenue losses.



Public Education Revenue Sources

- The public education budget has several revenue sources:
 1. State General Revenue
 2. Florida Lottery Funds
 3. FEFP Local Property Tax Revenue
 4. Federal Funds.
 5. Local option, referendum approved property and sales taxes. These are exclusively local sources.
- Local property tax revenue is less volatile than General Revenue and helps cushion the impact of reductions in General Revenue due to economic volatility.



FY 2019-2020 YEAR END BUDGET ISSUES

- The Fourth Calculation was released on May 22. It recorded an increase of about 3,591 students, increasing revenue for some districts and decreasing it for others with about 6 weeks to adjust.
- General Revenue collections reported in April were \$878.1 million below forecasts and in May they were down \$779.0 million.
- Absent official forecasts we have made some projections of the impacts of the economic crash.
- The revenue data we have suggest that the current fiscal year will end with no General Revenue to carryforward to FY 2020-2021 beyond the revenue released by the Governor's vetoes.

FY 2020-2021 Budget Outlook

- Using only the information available before the Governor's veto decisions it appeared that the FY 2020-2021 budget as passed would still be in balance despite April and May revenue shortfalls.
- It was estimated that without the Governor's vetoes but estimating a continued shortfall of state General Revenue through June 30, 2020, there would still be about \$493.7 million in unappropriated General Revenue. However, if June shortfalls are close to April and May shortfalls the year may end with no carryforward.

FY 2020-2021 Budget Outlook

- If the revenue shortfalls reported and projected for the last three months of 2019-2020 continue through 2020-2021 the General Revenue would be reduced as much as \$7.8 billion.
- Projected FY 2020-2021 unappropriated General Revenue is diminishing. The Governor's vetoes will provide some carryforward. Federal supplementary funding from the CARES Act is for new costs not to replace lost state and local revenue. The amount of remaining state reserves the Legislature and Governor are willing to spend down is not known. If revenue collections continue to fall, the possibility of a post-election session to cut the budget continues to grow.

Future Steps

- The Governor's vetoes decisions will be analyzed for statewide and local impacts.
- The results of the revenue and enrollment conferences scheduled in late July through mid-August will be analyzed, and the analysis will be provided to Superintendents, as will the LRFO when released in mid-September.
- Superintendents are encouraged to retain as much budget flexibility as possible until after the November elections and the Third Calculation.



Teacher Compensation

HB 641 – Teacher Salary Increase Allocation

Amends the FEFP and creates a new categorical as follows:

1. Each school district and charter school shall use its share of the allocation to increase the minimum base salary for full-time classroom teachers, as defined in s. 1012.01(2)(a), F.S., (see definition below) plus certified prekindergarten teachers funded in the FEFP, to at least \$47,500, or to the maximum amount achievable based on the allocation and as specified in the General Appropriations Act.
- The term "minimum base salary" means the lowest annual base salary reported on the salary schedule for a full-time classroom teacher. No full-time classroom teacher shall receive a salary less than the minimum base salary as adjusted by this subparagraph.
 - This does not apply to substitute teachers.

HB 641 cont.

2. In addition, each district shall use the allocation to provide salary increase, as funding permits, for the following personnel:

a. Full-time classroom teachers, as defined in s. 1012.01(2)(a), F.S., (see definition below) plus certified prekindergarten teachers funded in the Florida Education Finance Program, who did not receive an increase or who received an increase of less than two percent under 1 above or as specified in the General Appropriations Act. This does not apply to substitute teachers.

b. Other full-time instructional personnel as defined in s. 1012.01(2)(b)-(d), F.S. (see definition below).

HB 641 cont.

3. A school district or charter school may use funds available after requirements of 1 above are met to provide salary increases pursuant to 2 above.

4. A school district or charter school shall maintain the minimum base salary achieved for classroom teachers provided under 1 above and may not reduce the salary increases provided under 2 above in any subsequent fiscal year, unless specifically authorized in the General Appropriations Act.

Before distributing the funds, each school district and each charter school must develop a salary distribution plan that clearly delineates the planned distribution of funds in accordance with modified salary schedules, as necessary, for the implementation of this provision.

HB 641 cont.

Important Dates:

Each school district must submit the approved district salary distribution plan, along with the approved salary distribution plan for each charter school in the district, to the department by October 1 of each fiscal year.

By December 1, each school district must provide a preliminary report to DOE that includes a detailed summary explaining the school district's planned expenditure of the entire allocation received by the district.

By August 1, each school district must provide a final report to the department with the information relating to the increase in the minimum base salary for full-time classroom teachers for the prior fiscal year.

Statutory Definitions – Instructional Personnel

1012.01 Definitions.—As used in this chapter, the following terms have the following meanings:

(2) **INSTRUCTIONAL PERSONNEL.**—“Instructional personnel” means any K-12 staff member whose function includes the provision of direct instructional services to students. Instructional personnel also includes K-12 personnel whose functions provide direct support in the learning process of students. Included in the classification of instructional personnel are the following K-12 personnel:

(a) *Classroom teachers.*—Classroom teachers are staff members assigned the professional activity of instructing students in courses in classroom situations, including basic instruction, exceptional student education, career education, and adult education, including substitute teachers.

Definitions cont.

- (b) *Student personnel services.*—Student personnel services include staff members responsible for: advising students with regard to their abilities and aptitudes, educational and occupational opportunities, and personal and social adjustments; providing placement services; performing educational evaluations; and similar functions. Included in this classification are certified school counselors, social workers, career specialists, and school psychologists.
- (c) *Librarians/media specialists.*—Librarians/media specialists are staff members responsible for providing school library media services. These employees are responsible for evaluating, selecting, organizing, and managing media and technology resources, equipment, and related systems; facilitating access to information resources beyond the school; working with teachers to make resources available in the instructional programs; assisting teachers and students in media productions; and instructing students in the location and use of information resources.
- (d) *Other instructional staff.*—Other instructional staff are staff members who are part of the instructional staff but are not classified in one of the categories specified in paragraphs (a)-(c). Included in this classification are primary specialists, learning resource specialists, instructional trainers, adjunct educators certified pursuant to s. [1012.57](#), and similar positions.

Taxes and Fees

HB 7097 – Taxation

- Disaster Preparedness Sales Tax Holiday from May 29 through June 4, 2020, for specified disaster preparedness items.
- Back-to-School Sales Tax Holiday from August 7 through August 9, 2020 for certain clothing, school supplies, and personal computers.
- Exempts new school construction projects funded solely through local impact fees from the total cost per student station limitation.
- School Capital Outlay Surtax – Provides that the school board in each county may levy, pursuant to resolution conditioned to take effect only upon approval by a majority vote of the electors of the county voting in a referendum, a discretionary sales surtax at a rate that may not exceed 0.5 percent.

HB 7097 – Taxation, cont.

- The resolution must include a statement that provides a brief and general description of the capital outlay projects to be funded by the surtax. The resolution must include a statement that the revenues collected must be shared with eligible charter schools based on their proportionate share of the total school district enrollment. The statement must conform to the requirements of s. 101.161 and must be placed on the ballot by the governing body of the county.
- Surtax revenues shared with charter schools must be expended by the charter school in a manner consistent with the allowable uses set forth in s. 1013.62(4). All revenues and expenditures must be accounted for in a charter school's monthly or quarterly financial statement pursuant to s. 1002.33(9). The eligibility of a charter school to receive funds must be determined in accordance with s. 1013.62(1). If a school's charter is not renewed or is terminated and the school is dissolved under the provisions of law under which the school was organized, any unencumbered funds received under this subsection must revert to the sponsor.
- The amendment made by this bill to s. 212.055(6), F.S., which amends the allowable uses of the school capital outlay surtax, applies to levies authorized by vote of the electors on or after July 1, 2020.

SB 1066 – Impact Fees

- Requires that at a minimum, an impact fee adopted by ordinance of a county or municipality or by resolution of a special district must satisfy all statutory conditions.
- Notwithstanding any charter provision, comprehensive plan policy, ordinance, or resolution, the local government must credit against the collection of the impact fee any contribution, whether identified in a proportionate share agreement or other form of exaction, related to public education facilities, including land dedication, site planning and design, or construction. Any contribution must be applied to reduce any education-based impact fees on a dollar-for-dollar basis at fair market value.

SB 1066 – Impact Fees, cont.

- Requires that if a local government increases its impact fee rates, the holder of any impact fee credits, whether such credits are granted under s. 163.3180, F.S., s. 380.06, F.S., or otherwise, which were in existence before the increase, is entitled to the full benefit of the intensity or density prepaid by the credit balance as of the date it was first established. This subsection shall operate prospectively and not retrospectively.
- States that audits of financial statements of local governmental entities and district school boards which are performed by a certified public accountant pursuant to s. 218.39, F.S., and submitted to the Auditor General must include an affidavit signed by the chief financial officer of the local governmental entity or district school board stating that the local governmental entity or district school board has complied with this section.

SB 1066 – Impact Fees, cont.

- In any action challenging an impact fee or the government's failure to provide required dollar-for-dollar credits for the payment of impact fees as provided in s. 163.3180(6)(h)2.b., F.S., the government has the burden of proving by a preponderance of the evidence that the imposition or amount of the fee or credit meets the requirements of state legal precedent and this section. The court may not use a deferential standard for the benefit of the government.
- Impact fee credits are assignable and transferable at any time after establishment from one development or parcel to any other that is within the same impact fee zone or impact fee district or that is within an adjoining impact fee zone or impact fee district within the same local government jurisdiction and receives benefits from the improvement or contribution that generated the credits.

General Legislation with Budget Implications

HB 641 – Funds for the Operation of Schools

- Removes the 30-semester credit hour cap for students in the IB Program and the Advanced International Certificate of Education Program.
- Expands the calculation of additional FTE membership based on college board advanced placement scores to include the earning of college board advanced placement capstone diplomas. A value of 0.3 full-time equivalent student membership shall be calculated for each student who receives a College Board AP Capstone Diploma and meets the requirements for a standard high school diploma.
- Provides that notwithstanding the requirements of the statutes and rules relating to bids or proposals for instructional materials, for the 2020 adoption cycle, DOE may establish timeframes for the advertisement and submission of bids for instructional materials. This provision expires July 1, 2022.

SB 434 – Designation of School Grades

Adds to the school grade calculation to include career dual enrollment courses resulting in the completion of 300 or more clock hours during high school which are approved by the state board as meeting the requirements of s. 1007.271, Florida Statutes.

SB 662 – Education and the Military

- Provides that a student whose parent is transferred or is pending transfer to a military installation within the *state* while on active military duty pursuant to an official military order shall be considered a resident of the school district for purposes of enrollment when the order is submitted to the school district and must be provided preferential treatment in the controlled open enrollment process of the school district pursuant to s. 1002.31, Florida Statutes.
- Provides that for a school comprised of grades 9, 10, 11, and 12, or grades 10, 11, and 12, the school's grade shall also be based, in addition to current criteria, and on the percentage of students who earned an Armed Services Qualification Test score that falls within Category II or higher on the Armed Services Vocational Aptitude Battery and earned a minimum of two credits in Junior Reserve Officers' Training Corps courses from the same branch of the United States Armed Forces, beginning with the 2022-2023 school year.

HB 7011 – K-12 Student Athletes

- Cited at the “Zachary Martin Act” and substantially rewrites s. 1006.165, F.S.
- Requires that each public school that is a member of the Florida High School Athletic Association (FHSAA) must have an operational automated external defibrillator on the school grounds. The defibrillator must be available in a clearly marked and publicized location for each athletic contest, practice, workout, or conditioning session, including those conducted outside of the school year.
- Beginning June 1, 2021, a school employee or volunteer with current training in cardiopulmonary resuscitation and use of a defibrillator must be present at each athletic event during and outside of the school year, including athletic contests, practices, workouts, and conditioning sessions.

HB 7011 – K-12 Student Athletes, cont.

- The training must include completion of a course in cardiopulmonary resuscitation or a basic first aid course that includes cardiopulmonary resuscitation training and demonstrated proficiency in the use of a defibrillator. Each employee or volunteer who is reasonably expected to use a defibrillator must complete this training.
- The location of each defibrillator must be registered with a local emergency medical services medical director. Each employee or volunteer required to complete the training must annually be notified in writing of the location of each defibrillator on school grounds.

HB 7011 – K-12 Student Athletes, cont.

FHSAA must:

1. Make training and resources available to each member school for the effective monitoring of heat stress.
2. Establish guidelines for monitoring heat stress and identify heat stress levels at which a school must make a cooling zone available for each outdoor athletic contest, practice, workout, or conditioning session. Heat stress must be determined by measuring the ambient temperature, humidity, wind speed, sun angle, and cloud cover at the site of the athletic activity.
3. Require member schools to monitor heat stress and modify athletic activities, including suspending or moving activities, based on the heat stress guidelines.
4. Establish hydration guidelines, including appropriate introduction of electrolytes after extended activities or when a student participates in multiple activities in a day.
5. Establish requirements for cooling zones, including, at a minimum, the immediate availability of cold-water immersion tubs or equivalent means to rapidly cool internal body temperature when a student exhibits symptoms of exertional heat stroke and the presence of an employee or volunteer trained to implement cold-water immersion.
6. Require each school's emergency action plan, as required by the FHSAA, to include a procedure for onsite cooling using cold-water immersion or equivalent means before a student is transported to a hospital for exertional heat stroke.

HB 7011 – K-12 Student Athletes, cont.

- Above requirements apply year-round.
- Each athletic coach and sponsor of extracurricular activities involving outdoor practices or events must annually complete training in exertional heat illness identification, prevention, and response, including effective administration of cooling zones.
- Adds language that requires candidates for an interscholastic athletic team to satisfactorily pass a medical evaluation each year prior to participating in interscholastic athletic competition or engaging in any conditioning and including activities that occur outside of the school year.

HB 7067 – K-12 Scholarship Programs

- Modifies provisions in the Family Empowerment Scholarship (FES) Program, the Florida Tax Credit (FTC) Scholarship Program, and the Hope Scholarship Program (HSP), and establishes a dual enrollment funding incentive for school districts.
- Establishes a **dual enrollment full-time equivalent (FTE) incentive** for school districts, beginning in the 2020-2021 school year, which provides:
 - 0.16 FTE bonus for each early college program student who completes a general education core course with a grade of “A.”
 - 0.08 FTE bonus for each student not enrolled in an early college program who completes a general education core course with a grade of “A.”
 - 0.3 FTE bonus for any student who completes an associate degree through dual enrollment with at least a 3.0 grade point average.

SB 70 – Alert Systems in Public Schools

- Cited as “Alyssa’s Law,” states that beginning with the 2021-2022 school year, each public school, including charter schools, must implement a mobile panic alert system capable of connecting diverse emergency services technologies to ensure real-time coordination between multiple first responder agencies. Such system, known as “Alyssa’s Alert,” must integrate with local public safety answering point infrastructure to transmit 911 calls and mobile activations.
- States that a school district may implement additional strategies or systems to ensure real-time coordination between multiple first responder agencies in a school security emergency.
- States that for the 2020-2021 fiscal year and subject to the appropriation of funds in the General Appropriations Act for this purpose, DOE shall issue a competitive solicitation to contract for a mobile panic alert system that may be used by each school district. DOE shall consult with the MSD High School Public Safety Commission, FDLE, and the Division of Emergency Management in the development of the competitive solicitation for the mobile panic alert system.

HB 81 – Health Care for Children

- Authorizes school districts to certify for reimbursement eligible school-based health services provided to any student enrolled in Medicaid, regardless of whether that student qualifies for Part B or H of IDEA, the ESE program, or has an IEP. Aligns Florida law with updated federal guidance that authorizes the federal reimbursement of Medicaid-eligible, school-based health services for all students enrolled in Medicaid.
- Requires the Department of Health to create an electronic pamphlet with information on the screening for, and treatment of, preventable infant and childhood eye and vision disorders.
- Clarifies that an auditory-oral education program must use faculty and supervisors certified as listening and spoken language specialists each day the child is in attendance and also requires a certified listening and spoken language specialist from the family's chosen auditory- oral education program to be included in the Individualized Education Plan team or Family Support Plan team.

Questions?