

## Memorandum

**To:** NEFEC Board of Directors  
Dr. Jim Surrency, NEFEC Executive Director

**From:** Bob Cerra, NEFEC Governmental Consultant

**Date:** March 16, 2012

**Re:** 2012 End of Session Report

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The key issues for the 2012 Regular Session were completing redistricting and balancing the State's budget. Neither task was easy. The redistricting project was clouded by recently passed Constitutional language directing the Legislature to: 1) avoid protecting incumbents; 2) make districts compact; 3) utilize existing political boundaries; 4) protect minority districts; and, 5) avoid protecting either political party. The budget was made difficult by the sixth straight budget year involving shortfalls of revenues versus mandatory expenses.

The Governor set the tone for public schools when he revealed his budget and priority bills for the 2012 Session. He demanded that more money be budgeted, but then focused his legislative efforts on additional privatizing reforms. He changed the way the budget was even discussed by getting everyone, including public school advocates, to emphasize the increased general revenue funds while understating the total impact. While over \$1 billion in additional State general revenue funds were directed to the FEFP base budget, the total potential increased by only \$597.1 million and nearly \$200 million of that amount was due to student growth. Each of those "increases" ignored the loss of over \$540 million in federal JOBS funding, creating a reality where the public schools were at best flat funded in total potential while also seeing a continued erosion of purchasing power per student in 2012-2013 compared to the real total dollars available from all sources in 2011-2012.

Even as the Legislative budget was being completed, a **court ruling** relating to two of the major **FRS changes** threatened to blow a hole in the budget projections. The court ruled that both the elimination of the cost of living increase and the new requirement for employees to contribute 3 percent toward their FRS benefits were violations of the contract with all existing employees as of July 1, 2011. Those two changes accounted for almost all of the approximately \$1.3 billion in state and public schools FRS cost reductions, which was a key ingredient to balancing the 2011-2012 budget. While many cities and counties that participate in the FRS saw these reduced costs as windfalls in the current year, for the state and school districts, the savings were plugged directly into the massive cuts taken at that time. Nothing is expected to change in this area until after the appeals are completed

by both sides all the way through an eventual Supreme Court ruling. However, if the State does not win in the end, changes could be made to both the 2011-2012 and 2012-2013 budget through a special session and budget changes would be necessary during the 2013 Regular Session at the latest. **Districts should attempt to hold as much in reserve when building their 2012-2013 budget as is possible to offset the impact of possible recurring changes in this area moving forward.** Districts may be forced to reopen labor contract as soon as this year.

### **NEFEC Priorities**

**Regional Consortia** funding was maintained in the legislative budget, pending executive action by the Governor, at last year's level. NEFEC had attempted with the assistance of PAEC and Heartland to increase this amount back to full funding of \$50,000 per district. In addition, we attempted to get funding for two new potential members to join consortia (one each for PAEC and Heartland). These efforts did not succeed this year. We are hopeful that the Governor will not veto the item, although he failed to include it in his budget recommendation; however, statements made by his budget policy director for education during the Session indicated that the decision not to fund the consortia in the Governor's budget was not made with any pre-determination toward vetoing the item if funded by the Legislature.

**NEFEC's reading initiative**, which has been consistently funded by the State in some form since 2001, was not funded in the 2012-2013 Legislative Budget.

**Sparsity** was funded within the FEFP at \$35.75 million. This was level funded to the 2011-2012 amount.

**Reading allocation funds** were increased as was the base funding per district. Base funding per district was increased from \$83,546 to \$115,000 redirecting nearly \$2 million into small and rural districts and total funding for the allocation was increased from \$97.7 million to \$130 million. Language was added in this allocation and into SAI requiring districts with the lowest 100 performing elementary schools in reading to provide an additional hour of instruction to the students in those schools from reading and SAI funds.

**Transportation** funding saw a very small increase of 1.16 percent. Small and rural districts tend to receive more funding from the transportation formula than from some of the other areas of the FEFP.

**Penalties for failing to meet class size requirements** were rolled back to the 2010-2011 school year level for each of these fiscal years: 2011-2012; 2012-2013 and 2013-2014. After that point, the penalties will roll up to the level that had been expected in the current year until the passage of HB 5101. This amounts to approximately a 40 percent reduction in the expected final penalties that will be assessed after the 75 percent reduction due to submitting the compliance plan. This change will reduce the amount available for the redirection to districts that complied with class size requirements in 2011-2012, as well.

NEFEC had several priorities as it related to **Capital Outlay**. The Legislature did pass **HB 465**, which would allow for extending the maximum term for general obligation bonds from

20 years to 30 years while allowing the school board to determine the best schedule of maturities. While no **Special Facilities** projects were funded in 2012-2013, there were not any adverse changes in the statutes to that program. Local capital outlay taxes were not increased above the current 1.5 mill cap, as the NEFEC Platform had requested.

While only a few of the bills that passed this Session could be considered especially favorable to the interests of public schools, the 2012 Session saw the least amount of legislation pass that impacts public school operations since the 2005 Session, when the proposed A++ Bill failed while bouncing between the chambers.

Part of the reason for so little education legislation passing in 2012 was the failure of two comprehensive bills supported by legislative leadership and the Governor. Bills that would have taken district capital outlay taxes and given them to charter school operators as additional operations funding and bills that would have allowed parents at certain failing schools to move to give the school to private operators were rejected by the members of the Legislature. The **Parent Trigger Bill** and the **Charter School Bill** were lobbied strongly by both supporters and opponents and are likely to reemerge in future sessions. Advocates for the traditional public schools can hope that the rejection of these two ideas marks the beginning of a more moderate coalition of legislators who will slow or stop the march toward the absolute privatization of all of the public schools.

## **Major Education Bills that Passed**

### **SB 98 - Inspirational Message**

This bill allows school districts to establish policies to allow student directed inspirational messages at certain school related functions.

### **HB 285 - Sick Leave**

This bill would allow school district employees to share sick leave with each other under certain circumstances.

### **HB 291 - Youth Athletes**

This bill deals with student athletes and how those with suspected concussions must be evaluated before they can return to practice or a game.

### **SB 368 - Financial Emergencies**

This bill establishes additional policies for when local governments fail to maintain certain budget reserves.

### **HB 859 - Tax Scholarship Credit Voucher Program**

This bill expands which students are eligible for a voucher and the total amount available under the program.

### **HB 1037 - Eminent Domain for FSDB**

This bill provides eminent domain to FSDB under similar procedures to what a state college or university would operate in order to acquire needed land.

### **HB 1357 - District School Boards**

This bill changes when the annual organizational meeting can be held during odd numbered (non-election) years so that it will not necessarily be the same week as Thanksgiving in those years.

### **HB 1403 - High School Athletics**

This bill promotes recruiting by schools of athletes by limiting the penalties that FHSAA can implement when recruiting is proven and banning the FHSAA from keeping their members from playing schools that are not members of the association, including those schools that left membership because they broke recruiting rules. This is one of just a few education bills that might receive significant review by the Governor for a possible veto this year.

### **HB 5005 - FRS Retirement - Budget Conforming Bill**

This bill establishes the FRS rates for 2012-2013 at a slightly increased level as compared to 2011-2012. However, the increases were significantly less than what was expected for

this year based upon the rates bill passed during the 2011 Session. This bill does not address any changes based upon the recent court ruling concerning the major FRS changes from last year.

#### **HB 5101 - PreK-12 Education Funding - Budget Conforming Bill**

This bill makes changes to the School Code needed to make the general appropriations act balance. Some of the changes include: reducing class size reduction penalties by about 40% for the current fiscal year and the following two fiscal years; providing limited flexibility as it relates to the current Math adoption in instructional materials; and, requiring districts with elementary schools in the lowest 100 for reading scores to provide an extra hour of reading instruction for every student scoring 4 and below on the reading FCAT.

#### **HB 5103 - School Readiness Funding - Budget Conforming Bill**

This bill makes modifications to the School Readiness system designed to address concerns from a recent Auditor General's report and to reduce the costs for local governance.

#### **HB 7059 - Acceleration Options in Public Education**

This bill makes significant changes to:

- Career themed courses;
- Performance funding for courses covered by a state required EOC starting in three years;
- Encourage districts to graduate students early;
- Establish eligibility criteria for student participation in dual enrollment programs;
- Provide credit to students that take required EOCs and pass even if they have not taken the coursework; and,
- To encourage grade and course promotion in early grades.

## **HB 7063 - Digital Learning**

Some of the provisions of this bill include:

- Allowing the Florida Virtual School (FLVS) to serve full-time and part-time instruction for students in K-12;
- Limiting funding for students served full time by FLVS or part time students in K-5 to 1.0 FTE;
- Allowing the FLVS, district virtual programs and charter virtual providers to receive all weighted funding such as ESE or ESOL;
- Expanding part-time district virtual instruction to K-12 courses;
- Creating criminal penalties for cheating on virtual instruction exams/coursework for compensation;
- Providing standards for participation in interscholastic and intrascholastic activities through the public schools for full time FLVS students.

## **HB 7127 - Differentiated Accountability - Federal Waivers**

This bill primarily makes changes to Florida's Differentiated Accountability laws to take advantage of most of the flexibility awarded to the State through the recent NCLB waiver.

### **Summary**

John and I are extremely proud of our relationship with NEFEC and the NEFEC member districts. We see both significant opportunities in moving forward the interests of public schools in the future as well as huge potential challenges, such as the impact of the recent FRS rulings. Every member of your district senior staff team should feel free to call or email us about any issue that will help them to serve the students of your district better.