

FSBA

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Governor's Budget Proposal

Last week, Governor Scott unveiled his \$65.9 billion state budget proposal for 2011-2012. This reflects a \$4.6 billion cut from the \$70.5 billion state budget for the current year. The Governor accomplishes this by combining and eliminating state agencies, revisions to the Florida Retirement system, and the reduction or elimination of state and local taxes and fees.

The Governor proposes cutting more than \$1.75 billion – 9.62% – from the Florida Education Finance Program (FEFP) which he renames as the Education Choice Fund. About half of this cut is the result of reductions in local property taxes. Governor Scott's budget calls for a reduction of 0.428 mills in the Required Local Effort millage rate (reducing it from 5.380 mills to 4.952 mills) for a loss of \$657 million. In addition, only 19 school districts have retained the authority to levy the .25 Critical Needs millage for operating purposes (compared to 53 districts that levied this millage this year) for a loss of nearly \$200 million in the districts that had formerly levied this tax. Another \$873 million is lost due to elimination of the federal State Fiscal Stabilization Funding. Furthermore, funding for every FEFP line item is reduced except for School Recognition, Merit Award Program, and Class Size Reduction which are all funded at current year levels. As a result of these cuts, total funding per FTE would be \$6,196.09 – this is \$703.23 or 10.19% below current year per FTE funding of \$6,899.32. This dramatic cut in funding might be partially offset by the Governor's recommendation that school district employees contribute 5% of their salary to their retirement – this "saves" school districts \$519 million statewide. In addition, cuts would be offset in those districts that were able to reserve an amount equal to their share of the federal Education Jobs Fund (\$554 million statewide). As a result of these cuts and offsets, total funds per FTE would range from \$6,391.47 (\$507.86 or 7.36% below the current year) to \$6,600.38 (\$298.94 or 4.33% below the current year).

The Governor's budget also proposes sweeping changes to funding for non-FEFP programs and services. His proposal eliminates nearly \$18 million in earmarked funding for programs such as Assistance to Low Performing Schools, Mentoring, Regional Education Consortia, and the State Science Fair, and replaces it with a \$15 million competitive grant program with grant awards based on demonstrated success and measurable outcomes. Some programs and services that had been funded in prior years have been eliminated entirely.

Governor Scott has proposed sweeping changes to the Florida Retirement System. In addition to the 5% employee contribution rate mentioned above, his plan would require new employees to enroll in the FRS Investment Plan, would close the DROP program to new participants, would reduce service accrual rates for some FRS members (such as those in the Special Risk class), and would no longer allow new service accruals to be earned for the Health Insurance Subsidy. Most of these and other changes would be effective July 1, 2011.

We have prepared a side-by-side comparison of current allocations with those proposed by Governor Scott – this chart and related documents are posted with this issue of Boarder-Line or use this direct link to the chart: <http://www.fsba.org/userfiles/File/GovernorsBudget.pdf>

While there is little, if anything, in the Governor's budget proposal that is welcome news to school districts, it is important to remember that this is only the first step in the state budget process. The Governor's budget serves as a vehicle to highlight his budget priorities, but the authority to actually craft the state budget rests entirely with the Legislature – and the Legislature fiercely guards this authority. In the coming weeks, the Legislature will continue to build the preliminary framework for the 2011-2012 budget. We hope to have the first drafts of the House and Senate budget proposals shortly after the 2011 Legislative Session begins and we will, as always, keep you informed of the budget process.

Key Bills

SB 736 – Education Personnel by Wise

In brief, the bill – which is called the “Race to the Top for Student Success Act” – addresses evaluations of instructional personnel and school administrators, compensation, and employee contracts. The bill requires the Commissioner to establish a learning growth model for school district use for the FCAT and other statewide assessments to measure the effectiveness of instructional personnel and school administrators and provides that 50% of an evaluation must be based on student performance over a 3-year period, with the remainder of the evaluation based on instructional practice or leadership, as applicable. The bill would also require school districts to establish – by July 1, 2014 – a new performance salary schedule that provides annual salary increases based upon the performance evaluation. Current teachers and school administrators would be allowed to remain on the “old” salary schedule with an option to move to the new performance salary schedule. The bill also includes provisions for earning additional salary supplements for differentiated pay. With regard to contracts, the bill eliminates professional service contracts for instructional personnel who are newly-hired, beginning July 1, 2011, and revises the criteria for renewal of contracts by tying renewal to the performance evaluation.

SB 1130 – Retirement by Ring

This bill closes the defined benefit plan to members enrolled on or after July 1, 2011, and requires members enrolling on or after that date to enter the defined contribution plan. The bill changes vesting for members enrolled in the defined contribution plan on or after July 1, 2011 so that members will vest in graded increments over a five-year period. The bill also changes the FRS from a noncontributory system to a contributory system and requires each active member of the FRS to contribute a percentage of gross salary to fund retirement benefits, effective July 1, 2011. The bill creates an additional death benefit for members of the defined contribution plan who are killed in the line of duty. In addition, the bill establishes the required employer payroll contribution rates for each membership class and subclass of the FRS retirement plan for the fiscal year beginning July 1, 2011. Each active member of the Senior Management Service Optional Annuity Program, the State University System Optional Retirement Program, and the Community College Optional Retirement Program will be required to contribute the same percentage of gross salary to fund retirement benefits as those contributed by FRS employees, effective July 1, 2011.

We have prepared a detailed analysis of each of these bills and posted them with this issue of Boarder-Line.

FSBA Bill Tracking

Typically, more than 350 education related bills are filed for consideration during each Legislative Session. FSBA maintains a list and brief summary of the bills that are of interest and this list is posted on the FSBA website with each issue of Boarder-Line (please click on the Boarder-Line icon on the main page or use this direct link: <http://www.fsba.org/boarderline.asp>). Our Tracking List links each bill number to the House or Senate web page that can provide additional information about the bill, including the bill sponsor, bill text, legislative staff analysis, and recent actions. Bills of particular interest are also discussed in greater detail in each issue of Boarder-Line.

Important Dates

February 21-25, 2011	Interim Committee Meetings
March 8, 2011	2011 Legislative Session Convenes
March 22-23, 2011	FSBA New Board Member Orientation
March 23-24, 2011	FSBA Day In the Legislature Conference
March 25, 2011	FSBA Board of Directors Meeting
May 6, 2010	2011 Legislative Session Adjourns

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