

FSBA

BOARDER-LINE

Official Legislative Bulletin of the
Florida School Boards Association

March 6, 2009

Volume 2009, Number 2

Federal Economic Stimulus Package

On February 17, 2009, President Obama signed the \$787 billion American Recovery and Reinvestment Act (ARRA) into law. This economic stimulus package could bring Florida more than \$11.3 billion overall, including more than \$3.6 billion for education. AARA funding for education is intended to help school districts avoid cuts in services, retain teachers and personnel, address school repairs and modernization, and make further progress in data systems, teacher quality, and assessments. The available education funds can be broken down into three basic categories: Traditional Programs (such as ESEA/NCLB, Title I, IDEA, and related programs); Budget Stabilization; and School Construction Bonds. The table below lists the key programs, total ARRA funds, and the estimated funding available to Florida (estimates not available for some programs).

PROGRAM	TOTAL ARRA FUNDS	FLORIDA FUNDS
TRADITIONAL PROGRAMS		
Title I State Grants	\$10 billion	\$509 million
Title I School Improvement Grants	\$3 billion	\$142.7 million
Education Technology	\$650 million	\$30 million
McKinney Vento Homeless Act	\$70 million	\$3 million
Special Education, Part B Grants	\$11.3 billion	\$627 million
Special Education, Section 619	\$400 million	\$16 million
Special Education, Part C	\$500 million	\$19 million
Teacher Incentive Fund	\$200 million	
Impact Aid	\$100 million	
STATE FISCAL STABILIZATION FUND		
K-20 Budget Stabilization	\$39.6 billion	\$2.2 billion
Incentive Competitive Grants	\$5 billion	
Other Government Services	\$8.7 billion	\$491 million
CONSTRUCTION BOND AUTHORITY		
Qualified Zone Academy Bonds	\$2.8 billion	
School Construction Bonds	\$22 billion	

Many questions remain about how these funds will be distributed, when they will be available, and how the funds may be used. Of particular concern is the question of whether Florida will qualify to receive some of these funds. The ARRA specifies that, in order to receive funds, states must agree to maintain their funding for education at FY2006 levels or greater. This is a threshold that Florida does not meet. However, the ARRA also allows state education agencies and school districts to apply to the Secretary of Education to waive or modify any requirement relating to maintaining fiscal effort if there is a significant fiscal challenge. In order to qualify for such a waiver, the State or local educational agency must provide an equal or larger percentage of the total revenues than the amount provided in the preceding fiscal year. Another concern is “supplement, not supplant” requirements that apply to most federal funding. Some flexibility already exists under current law – for example, school districts can reduce the amount of local funds for special education up to 50% of any increase in federal funds for a fiscal year, as long as the local funds are used for any purpose under NCLB – and it is hoped that additional flexibility will be available for ARRA funds. The U.S. Department of Education will be issuing Guidance next week that will provide additional clarity on many of these issues and FSBA will keep you apprised of any news on this front. We have also posted several new documents on the FSBA website at www.fsba.org including spreadsheets that show major education allocations by state and by individual school district, NSBA’s general information and Q&A on the stimulus package, and the bill narratives for the education components and the bond program components. *(To access these documents, click on “Federal Economic Stimulus Package” in the Hot Topics box or use this direct link: <http://www.fsba.org/briefsupdates.asp#federalissues>.)*

Although the availability of these federal funds is certainly good news, it is important to remember that these federal dollars are a one-time “shot in the arm” to stimulate the economy and to help states avoid additional budget cuts and layoffs. However, these federal dollars will not be able to address the basic shortcomings of Florida’s revenue structure. Indeed, economists have predicted that, even with the use of the stimulus dollars, Florida’s economic crisis will be longer and more acute if steps are not taken to broaden and stabilize our tax structure.

Governor Crist’s Budget Proposal

Governor Crist has unveiled a \$66.5 billion state budget recommendation for 2009-2010. This represents an overall increase in the state budget of more than \$1 billion over the current year budget. In order to produce this increase, the governor’s budget relies on \$4.7 billion in funds that are anticipated to be available through the federal economic stimulus package discussed above. The governor also calls for another round of borrowing from trust funds, about \$500 million in fee increases, and revenue that could be gained from casino gambling through a compact with the Seminole Indians. For K-12 education, the governor’s budget provides \$18.3 billion in FEFP funding – an increase of more than \$397 million over current year FEFP funding. The governor relies on more than \$880 million in federal stimulus package funds to accomplish this increase in education funding. We have attached a side-by-side comparison of the governor’s key education budget recommendations and current year allocations that offers further details on his proposal.

Although the governor’s budget provides increases in education spending without raising taxes, it is important to remember that the governor had to base his budget proposal on the last official state revenue data which was published in November 2008. The Revenue Estimating Conference will meet next week (Friday, March 13) and it is likely that they will determine that the state revenue shortfall for 2009-2010 has grown from \$3.8 billion to more than \$5 billion. Later this month, the Revenue Estimating Conference will also update the estimate of local property tax revenue, which is also likely to decline. Further, the legislature may not agree to pursue some of the new revenues that the governor incorporated into his budget. As a result, when legislators begin work on crafting the 2009-2010 budget, they will be working with entirely different revenue figures and a significantly larger shortfall. Another complication is that the governor’s recommendation makes substantial use of non-recurring funds – including trust fund “sweeps” and federal stimulus funds. The Florida

Constitution requires a three-fifths vote of the legislature if the use of non-recurring funds for recurring purposes exceeds 3%. The bottom line is that, even with federal stimulus funds and approval to exceed 3% in the use of non-recurring dollars, there is little doubt that further budget reductions will be necessary if the legislature does not also approve some new revenue stream to add to the state coffers.

The deteriorating revenue picture has sparked some serious consideration of higher taxes among many legislators. Both the House and Senate have been reviewing sales tax exemptions and some bills have been filed to eliminate some exemptions. Bills have also been filed to increase Florida's cigarette tax (the current rate of 33.9 cents per pack to is the 6th lowest in the country). Several business and community groups have encouraged the legislature to move forward with enforcing the collection of sales tax on goods purchased over the internet. However, as yet, there does not appear to be any agreement to pursue these, or other, tax initiatives.

FSBA Day in Legislature Conference

FSBA's 22nd Annual Day in the Legislature Conference will be held March 18-19, 2009 at the Doubletree Hotel, Tallahassee. The tentative agenda and related materials are posted on the FSBA website (click on the link to the conference in the "Upcoming Events" box or use this direct link: <http://www.fsba.org/events.asp#dayintheleg>). Please be aware that the Florida PTA has organized a rally that will be held while in conjunction with our Day In the Legislature Conference. The rally is scheduled for March 18, 2009 at 11:00 AM on the steps of the Capitol building in the area known as Waller Park – this is the west side of the Capitol which faces the Florida Supreme Court building. For more information on the rally – including logos, PSA's, and other materials – please visit the Florida PTA website at www.floridapta.org.

FSBA Bill Tracking

More than 500 education related bills have been filed for consideration during the legislative session. To assist you in following the progress of these bills, we have posted our Tracking List on the FSBA website. 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. We will update and expand our Tracking List as needed through out the session. In the meantime, below is a quick status report on the few education related bills on our tracking list that have been heard thus far.

HB 135 Public Records/Insured Dependents by McKeel (Identical to [SB 270](#) by Dockery)

Provides exemption from public records requirements for personal identifying information of minor dependent of current or former officer or employee of agency when dependent is insured by agency group insurance plan; provides for retroactive application & future review & repeal of exemption; provides statement of public necessity.

Status: HB 135 Passed Insurance, Business & Financial Affairs as a CS
SB 270 Passed Community Affairs as a CS

HB 227 Impact Fees by Aubuchon (Identical to [SB 580](#) by Haridopolos)

Requires challengers of impact fees to prove specified elements by preponderance of evidence; prohibits courts from using deferential standards that favors either party to such actions.

Status: HB 227 Passed Military & Local Affairs as a Committee Substitute (CS)
SB 580 Passed Community Affairs as amended

SB 552 Pancreatic Enzyme Supplements/Use by Wise (Identical to [HB 197](#) HB 197 by Renuart)

Authorizes certain K-12 students to use pancreatic enzyme prescription supplements under certain circumstances. Requires the State Board of Education to adopt rules. Provides for indemnification.

Status: SB 552 Passed Health Regulation as a CS

HB 453 Tax Credits/Scholarships by Weatherford (Identical to [SB 1310](#) by Gardiner)

Provides for credits against sales and use tax for contributions to eligible nonprofit scholarship-funding organizations; expands Corporate Income Tax Credit Scholarship Program to include sales and use tax credits and insurance premium tax credits; revises credits for contributions to nonprofit scholarship-funding organizations; specifies that taxpayers' use of credit doesn't reduce alternative minimum tax credits; specifies DOE tax credit scholarship notification requirements; specifies notice requirements and limitations; provides for credits against insurance premium tax for contributions to nonprofit scholarship-funding organizations.

Status: HB 453 Passed PreK-12 as a CS

HB 569 Investment of Public Funds by Roberson (Similar to [SB 732](#) by Smith)

Expands authorized deposits of specified public funds in financial instruments insured by FDIC

Status: HB 569 Passed Insurance, Business & Financial Affairs as a CS

SB 1248 Instructional Materials by Wise (Identical to [HB 813](#) by Hays)

Deletes provision that restricts cost to students for replacement of certain instructional materials that are lost, destroyed, or damaged.

Status: SB 1248 Passed Education PreK-12

SB 1540 Student Discipline and School Safety by Wise (Similar to [HB 997](#) by Carroll)

Provides legislative intent relating to district school board policy of zero tolerance for crime and victimization; revises content of policies and criteria for reporting acts to law enforcement; requires disciplinary or prosecutorial action taken against student who violates zero-tolerance policy to be based on individual student and particular circumstances; encourages school districts to use alternatives to expulsion or referral to law enforcement under certain circumstances.

Status: SB 1540 Passed Education PreK-12 as a CS

SB 1824 Government-Sponsored Recreation by Community Affairs

Revises an exemption under the public records law for information that would identify a child participating in a government-sponsored recreation program. Defines the terms "government-sponsored recreation program" and "child." Provides that such information is confidential and exempt from the public records law. Provides an exception, etc.

Status: SB 1824 Passed Community Affairs

* * * * *

FLORIDA SCHOOL BOARDS ASSOCIATION

Larry Metz, Chair
Jerry Taylor, Vice Chairman
FSBA Legislative Committee

Dr. Wayne Blanton, Executive Director
blanton@fsba.org

Ruth Melton, Director of Legislative Relations
melton@fsba.org

203 South Monroe Street
Tallahassee, FL 32301
Phone 850/414-2578 Fax 850/414-2585
www.fsba.org