

Financial Affairs
Richard H. Hinds, Chief Financial Officer

**SUBJECT: RECOMMENDED GUIDELINES FOR THE LEGISLATIVE
SPECIAL SESSION IN ACCOMPLISHING PUBLIC EDUCATION
APPROPRIATION REDUCTIONS DUE TO STATE REVENUE
SHORTFALL**

As details of the fiscal crisis in the state of Florida involving a shortfall in tax revenue become clearer and as the beginning of the special legislative session to deal with the crisis draws near, public education must be regarded as a priority function in the state and a function which should be spared any across-the-board approach to reducing state spending or one which even encounters a disproportionate reduction.

The Miami-Dade County Public Schools have been open since August 27, 2001, serving about 367,500 K-12 pupils (including 1,000 pupils being served in private schools using exceptional student education vouchers). This year's enrollment involves an increase of about 6,000 pupils over last year's level. Several hundred thousand adults are also enrolled in part- or full-time programs. The school system has already hired approximately 1,800 new teachers and ratified a salary agreement with the United Teachers of Dade. The school district was able to conclude such an agreement only after reducing its non-school-site programs, including central administrative and support programs, by \$23 million.

A substantial reduction in state spending at this time would unquestionably require the termination of large numbers of existing staff, including even newly-hired teachers, depending upon its severity. School district staff are reviewing options available to the Board if reductions in its own spending become necessary, including invoking a state of financial urgency (permitting negotiated modification of existing collective bargaining agreements). Such options will be presented for Board review and approval when a final reduction amount is available.

The impact of any reductions to public school appropriations should be mitigated by implementing some, or all, of the following recommendations:

1. **Redirect unexpended funds in special state categories**, such as Specific Appropriations 7B, 7F, 7C, 102, 130A, 131, 131A, 132, 145 before affecting individual district entitlements.

2. **Waive district categorical spending requirements**, such as Instructional Materials, Public School Technology, Teacher Recruitment and Retention, for the remainder of fiscal year 2001-02. If the fiscal crisis persists, waiver of such spending requirements for 2002-03 should also be permitted.
3. **Lower school district expenditure requirements for the Florida Retirement System** by utilizing excess assets in the program, estimated at nearly \$10 billion above actuarial needs, even if future contribution rates must be increased.
4. **Permit districts to transfer two-mill Capital Outlay proceeds** to the General Fund for fiscal year 2001-02 without restriction. Continue the waiver for 2002-03 if the crisis persists. This alternative decreases the amount of potential cuts that may be required in the Operating Budget by deferring Capital Projects.
5. **Do not impose additional expenditure requirements on districts**, such as the Dollars to the Classroom Act; but provide maximum district flexibility to manage resources, while holding districts accountable for results. **Defer new expenditure requirements**, such as the performance-pay reserve and upgrade of portables, until the crisis is over.
6. **Waive the requirement in Specific Appropriation 4A** that school boards must allocate \$10 per unweighted FTE to be used at the discretion of school advisory councils.

This item does not appear in the published agenda. The good cause to vary from the agenda is that the start of the special legislative session is slated to occur on October 22, 2001, prior to the regular October 24, 2001 meeting.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, adopt the above guidelines as recommendations to the Legislature during the upcoming special and regular legislative sessions and request the Superintendent to transmit these recommendations to the Miami-Dade County Legislative Delegation.

RHH:ca