

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: AUTHORIZATION TO ADVERTISE PROPOSED TENTATIVE BUDGET AND MILLAGE LEVIES FOR 2009-10

COMMITTEE: INNOVATION, EFFICIENCY AND GOVERNMENTAL RELATIONS

LINK TO DISTRICT STRATEGIC PLAN: IMPROVE FINANCIAL SERVICES

Florida Statutes require that the Superintendent submit a tentative budget and Millage Levy recommendation to the Board no later than 24 days after certification of the tax roll or by July 24, 2009. **The recommended Millage Levy is increasing due to the Required Local Effort (RLE) increase mandated by the Legislature. Millage levied at the discretion of the Board is recommended to decrease by .139 mills, exclusive of voted debt service millage.** The Department of Education will modify the RLE prior to July 19, 2009.

Statutes also prescribe that each school board shall advertise its intent to adopt a tentative budget and Millage Levy within 29 days of certification of the tax roll or by July 29, 2009. No less than 2 days or more than 5 days thereafter, the district shall hold a public hearing on the tentative budget and Millage Levy. The School Board must advise the property appraiser of its proposed Millage rates within 35 days of certification of the roll (July 1, 2009) or by August 4, 2009.

Due to these requirements, as well as the Board meeting dates, the following schedule was developed:

<u>Date</u>	<u>Event</u>
July 15	Board authorizes Superintendent to advertise tentative budget and proposed Millage Levies.
25	Advertisement appears in newspaper of general circulation.
28	First Public Hearing. Board tentatively adopts Millage Levies and budget.
July 31	Proposed Millage Levies sent to property appraiser.

The budget cycle culminates with a second public hearing and final adoption on September 9, 2009.

The Millage Levy for Required Local Effort is determined by the Florida Department of Education and the levies for Discretionary Operating and Discretionary Capital are the maximum permitted under current State law. The maximum for both Discretionary Operating and Discretionary Capital Millage were modified during the 2009 Legislative Session and are reflected below. The maximum Discretionary Millage Rate is .748 mills. However, the School Board may levy up to .25 mills for Fixed Capital Outlay in lieu of levying an equivalent amount of the Discretionary mills for operations. The **recommended** Discretionary Operating Millage Rate is .548 mills (a shift of .200 mills to Capital to meet critical Fixed Capital Outlay needs).

During the 2009 Legislative Session an Additional Discretionary Millage of .25 was authorized for critical Capital Outlay needs or critical operating needs. This Additional Discretionary Millage requires a **super majority vote of the Board in both 2009-10 and 2010-11**. In order to be continued, this Additional Discretionary Millage Levy must be approved by the voters of the district at the next general election. The next general election is November 2010.

The Additional Discretionary Millage is not included in this agenda item for advertising purposes or in the 2009-10 Recommended Budget. **On July 15, 2009, the Board may direct that the budget advertisement reflect a .25 Additional Discretionary Millage with offsetting appropriations. The higher millage rate must be advertised prior to the Public Hearing or the Board would have to inform every taxpayer by mail of an increase over the advertised rate.** The following factors contributed to the decision not to levy the Additional Millage at this time:

- Funds generated from this additional levy are only available for two years unless the Millage Levy is approved by voters of the district at the next general election. It is unknown if the voters would approved this Millage rate, especially if the economy is still recovering slowly. If the Millage Levy is not approved, it would be necessary for the District to make substantial reductions in 2011-12.
- The American Recovery and Reinvestment Act (ARRA) of 2009 and the State's Fiscal Stabilization Allocation will be eliminated in 2011 requiring a significant reduction of expenditures unless the economy makes a very strong recovery and additional funds are allocated to public education.
- If the District elects to place a referendum on the ballot in the near future for additional Capital Outlay funding, it would be difficult for voters to approve both tax levies.

During the 2009 Legislative Session, the Supplemental Discretionary Millage was discontinued and the Capital Outlay Millage was reduced from 1.75 mills to 1.50 mills. Due to both the decrease in millage rate and tax roll, Capital Outlay revenue was significantly impacted. The recommended millage rate shown below includes a shift of .20 mills from Discretionary Millage to Capital Outlay Millage to meet critical Fixed Capital Outlay needs. A Debt Service Levy is included which is required to service the district's outstanding bond series. As noted below, the total recommended Levy is .351 mills higher than the levy for FY 2008-09. **This increase is due primarily to the increase in the Required Local Effort.**

The levies recommended for advertising are shown below:

	FY 2008-09 Actual Levy*	FY 2009-10 Recommended Levy*	Increase (Decrease)
State Required Local Effort	5.146	5.603	0.457
Discretionary Operating	0.498	0.548	0.050
Additional Discretionary Operating	0.000	0.000	0.000
Supplemental Discretionary	<u>0.139</u>	<u>0.000</u>	<u>(0.139)</u>
Sub-Total Operating Millage	5.783	6.151	0.368
Discretionary Capital	<u>1.750</u>	<u>1.700</u>	<u>(.050)</u>
Sub-Total Non Voted-Millage**	7.533	7.851	.318
Debt Service (Voted)	<u>0.264</u>	<u>0.297</u>	<u>0.033</u>
Total Millage Levy	<u>7.797</u>	<u>8.148</u>	<u>0.351</u>

* The State Required Local Effort (RLE) Levy is subject to modification by the Commissioner of Education based upon an analysis of actual county tax rolls in the state and revisions in determining RLE under Truth-in-Millage statutes. The actual levies will be certified by the Commissioner no later than July 19, 2009. The Millage advertisement on July 25, 2009 will contain the actual RLE certified by the State and revised calculated revenues with offsetting appropriations. Changes in the tax roll and in the certified millage rates affect revenues in the Executive Summary. The Debt Service Millage was adjusted to generate the level of funding required to service the district's outstanding bond series.

** The recommended non-voted Millage Levy is .318 mills or 4.2% higher than FY 2008-09. However, the percentage increase to be advertised pursuant to Florida Statutes cannot be calculated prior to receipt of the Required Local Effort to be received no later than July 19, 2009. In an effort to eliminate automatic revenue growth due to increasing property values, the Florida Legislature enacted statutes known as Truth-in-Millage (TRIM). TRIM requires a calculation of the change in Millage rates from one year to the next called the "Rolled-Back Rate". The "Rolled-Back Rate" is the Millage that would be necessary to generate the **same amount of dollars** as the previous fiscal year, excluding new construction. The proposed Millage rate is compared to the "Rolled-Back Rate" and translated into a percentage of increase that **must** be used in the published advertisements of the proposed School Board budget. Although property values are down 9% (\$23 billion) since July 1, 2008, it is anticipated that the Required Local Effort Millage will reflect a proposed tax increase in the budget advertisement.

Board authorization to advertise the tentative budget does not represent tentative adoption by the Board. This requested Board authorization only determines the information as to Millage Levy, tentative budget and list of capital projects funded by the Capital Millage Levy which will be included in the advertisement. The official Millage Levies and the tentative budget will not be voted on by the Board **until July 28, 2009.**

The Board, **by law**, may not authorize a Millage Levy higher than that which is advertised and/or tentatively adopted, unless it later informs every taxpayer by mailed notice of the higher rate. The only exception is that the Board may administratively adjust the Millage without notifying each taxpayer only if the non-exempt property tax roll changes by 1% or more from the roll certified by the Property Appraiser on July 1, 2009.

The following schedules will be provided to the Board prior to July 15, 2009.

Attachment A - Summary of Revenues & Appropriations by Function – All Funds FY 2009-10 Tentative Budget.

Attachment B - List of Capital Projects to be funded from the FY 2009-10 Capital Millage Levy.

Attachment C - Amendment to the original listing and description of Capital projects to be funded from FY 2008-09 Capital Millage Levy.

On July 17, 2009, Board Members will receive a copy of the FY 2009-10 Tentative Budget – Executive Summary and a copy of the detailed General Fund budget workpapers. Copies of each will be placed on file in the Citizen Information Center and in the Office of the Recording Secretary to the Board.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, authorize the Superintendent to:

- 1) advertise a proposed operating Millage Levy of 6.151 mills, a proposed capital outlay Millage Levy of 1.700 mills, and a proposed Debt Service Levy of 2.97 mills, subject to certification of the State Required Local Effort Millage Levy.
- 2) advertise the Tentative Budget (Attachment A);
- 3) advertise the listing and description of capital projects to be funded from the FY 2009-10 Capital Millage Levy (Attachment B); and advertise the amendment to the original listing and description of capital projects to be funded from the FY 2008-09 Capital Millage Levy (Attachment C); and
- 4) advertise State Required Local Effort Millage Levy pursuant to official notification by the Commissioner of Education with appropriation revisions as required to balance.

SUMMARY OF REVENUES & APPROPRIATIONS - ALL FUNDS
2009-10 TENTATIVE BUDGET

	GENERAL FUND	DEBT SERVICE FUNDS	CAPITAL OUTLAY FUNDS	SPECIAL REVENUE FUNDS	FIDUCIARY FUND	TOTAL ALL FUNDS
REVENUES						
Federal	\$ 17,349,657	\$ -	\$ -	\$ 638,833,736	\$ -	\$ 656,183,393
State	983,148,759	13,726,018	19,659,628	2,372,000	-	1,018,906,405
Local	1,456,814,624	67,835,761	384,489,947	40,041,896	2,067,033	1,951,249,261
TOTAL REVENUES	\$ 2,457,313,040	\$ 81,561,779	\$ 404,149,575	\$ 681,247,632	\$ 2,067,033	\$ 3,626,339,059
Transfers In	175,882,175	227,243,093	133,929,000	-	-	537,054,268
Non Revenue Sources	10,000,000	-	211,065,000	-	-	221,065,000
Beginning Fund Balance	83,694,111	77,703,681	756,394,717	886,429	23,444,305	942,123,243
TOTALS	\$ 2,726,889,326	\$ 386,508,553	\$ 1,505,538,292	\$ 682,134,061	\$ 25,511,338	\$ 5,326,581,570
Less: Transfers						\$ 537,054,268
TOTAL ALL FUNDS						\$ 4,789,527,302
APPROPRIATIONS						
Instruction	\$ 1,763,604,526	\$ -	\$ -	\$ 340,336,095	\$ -	\$ 2,103,940,621
Pupil Personnel	62,200,978	-	-	86,131,318	-	148,332,296
Instructional Media Services	12,344,404	-	-	28,898,222	-	41,242,626
Instructional & Curriculum Dev.	17,598,847	-	-	40,024,589	-	57,623,436
Instructional Staff Training	10,268,589	-	-	13,963,305	-	24,231,894
Instructional Support	27,794,477	-	-	22,909	-	27,817,386
Board of Education	7,107,194	-	-	181	-	7,107,375
General Administration	5,935,907	-	-	16,220,406	-	22,156,313
School Administration	161,400,591	-	-	2,483,414	-	163,884,005
Facilities - Other	-	-	807,972,945	12,875	-	807,985,820
Fiscal Services	12,879,241	-	-	82,722	-	12,961,963
Food Services	-	-	-	143,432,123	-	143,432,123
Central Services	54,743,501	-	-	1,024,818	-	55,768,319
Pupil Transportation Services	76,045,818	-	-	6,482,774	-	82,528,592
Operation of Plant	289,920,322	-	-	506,652	-	290,426,974
Maintenance of Plant	105,982,702	-	-	-	-	105,982,702
General Support	1,101,486	-	-	-	-	1,101,486
Community Services	31,559,862	-	-	1,403,173	3,545,496	36,508,531
Debt Services	3,075,446	302,191,604	-	-	-	305,267,050
TOTAL APPROPRIATIONS	\$ 2,643,563,891	\$ 302,191,604	\$ 807,972,945	\$ 681,025,576	\$ 3,545,496	\$ 4,438,299,512
Transfers to Other Funds	\$ -	\$ -	\$ 537,054,268	\$ -	\$ -	\$ 537,054,268
ENDING FUND BALANCE						
Undesignated Reserves	\$ 83,325,435	\$ -	\$ 58,453,722	\$ 1,108,485	\$ -	\$ 142,887,642
Designated Reserves	-	84,316,949	102,057,357	-	21,965,842	208,340,148
TOTALS	\$ 83,325,435	\$ 84,316,949	\$ 160,511,079	\$ 1,108,485	\$ 21,965,842	\$ 351,227,790
TOTAL ALL FUNDS	\$ 2,726,889,326	\$ 386,508,553	\$ 1,505,538,292	\$ 682,134,061	\$ 25,511,338	\$ 5,326,581,570
Less: Transfers						\$ 537,054,268
TOTAL ALL FUNDS						\$ 4,789,527,302

The School Board of Miami-Dade County, Florida will soon consider a measure to impose a 1.70 mill property tax for the capital outlay projects listed herein.

This tax is in addition to the School Board's proposed tax of 6.151 mills for operating expenses and is proposed solely at the discretion of the School Board. **THE PROPOSED COMBINED SCHOOL BOARD TAX INCREASE FOR BOTH OPERATING EXPENSES AND CAPITAL OUTLAY IS SHOWN IN THE ADJACENT NOTICE.**

The capital outlay tax will generate approximately **\$379,391,947**, to be used for the following projects:

CONSTRUCTION & REMODELING:

- Capital Outlay Administration
- New Instructional Facilities
- Additions/Remodeling of Instructional Facilities
- Sites/Site Improvements

MAINTENANCE, RENOVATION & REPAIR:

- Maintenance Services
- Instructional Facilities Renovations
- Roof Repair & Replacement
- Support Services Renovations
- Portable/Relocatable Moves
- Safety to Life Repairs
- Renovations for Handicapped

MOTOR VEHICLE PURCHASES:

- Lease Purchase Payments for 1,332 School Buses
- Equipment Lease Payments for 696 School Buses
- Annual Master Lease Payments for Drivers' Education Vehicles
- Annual Master Lease payments for security vehicles
- Annual Master Lease Payments for Motor Vehicles Used for the Maintenance or Operations of Plant & Equipment
- Annual Master Lease Payments for Vehicles Used in Storing/Distributing Materials and Equipment

NEW AND REPLACEMENT EQUIPMENT:

- Annual Master Lease Payments for New/Replacement Equipment
- Equipment/Technology Lease Payments for New/Replacement Equipment
- Instructional Program Equipment
- Support Services Equipment
- District-wide FF&E

PAYMENTS FOR EDUCATIONAL FACILITIES & SITES DUE UNDER A LEASE-PURCHASE AGREEMENT:

- Annual Master Lease Payments for Various Facilities/Renovations
- Annual Lease Payment for Qualified Zone Academy Bonds for Various Facilities Renovations and Technology
- Annual Master Lease Payments for Site Purchases

PAYMENTS FOR RENTING AND LEASING EDUCATIONAL FACILITIES AND SITES

- Leases for School Facilities

PAYMENTS OF LOANS APPROVED PURSUANT TO SS. 1011.14 AND 1011.15:

- Capital Projects from the District's Five Year Facilities Work Program receiving interim financing and any related financing costs

PAYMENT OF COSTS OF COMPLIANCE WITH ENVIRONMENTAL STATUTES AND REGULATIONS:

- Environmental Hazards/Asbestos Abatement
- Sewer Connections as Required by Miami-Dade County Environmental Resources Management (DERM)

PAYMENT OF PREMIUMS FOR PROPERTY AND CASUALTY INSURANCE NECESSARY TO INSURE THE EDUCATIONAL AND ANCILLARY PLANTS OF THE SCHOOL DISTRICT:

- Property and Casualty Insurance up to statutory limit per unweighted full-time equivalent student

PAYMENTS TO PRIVATE ENTITIES TO OFFSET THE COST OF SCHOOL BUSES PURSUANT TO S. 1011.71 (2) I

- Contracted Bus Routes and Services

All concerned citizens are invited to a public hearing to be held on July 28, 2009 at 6:00 p.m. at the Board Auditorium, Miami-Dade County School Board Administration Building, 1450 N. E. Second Avenue, Miami, Florida.

A DECISION on the proposed CAPITAL OUTLAY TAXES will be made at this hearing.

AMENDED NOTICE OF TAX FOR SCHOOL CAPITAL OUTLAY

The School Board of Miami-Dade County will soon consider a measure to amend the use of property tax for the capital outlay projects previously advertised for the 2008 to 2009 school year.

NEW PROJECTS TO BE FUNDED:

PAYMENT OF PREMIUMS FOR PROPERTY AND CASUALTY INSURANCE NECESSARY TO INSURE THE EDUCATIONAL AND ANCILLARY PLANTS OF THE SCHOOL DISTRICT:

Property and Casualty Insurance up to statutory limit per unweighted full-time equivalent student

PAYMENTS TO PRIVATE ENTITIES TO OFFSET THE COST OF SCHOOL BUSES PURSUANT TO S. 1011.71 (2) i

Contracted Bus Routes and Services

All concerned citizens are invited to a public hearing to be held on July 28, 2009 at 6:00 p.m. at the Board Auditorium, Miami-Dade County School Board Administration Building, 1450 N. E. Second Avenue, Miami, Florida.

A DECISION on the proposed amendment to the projects funded from CAPITAL OUTLAY TAXES will be made at this meeting.