

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: AUTHORIZATION TO ADVERTISE PROPOSED TENTATIVE BUDGET AND MILLAGE LEVIES FOR FY 2012-13

COMMITTEE: INNOVATION, EFFICIENCY, AND GOVERNMENTAL RELATIONS

LINK TO STRATEGIC FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY

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, 2012.

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, 2012. 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, 2012) or by August 4, 2012.

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

<u>Date</u>		<u>Event</u>
July	18	Board authorizes Superintendent to advertise tentative budget and proposed millage levies.
	23	Advertisement appears in newspaper of general circulation.
	26	First Public Budget Hearing. Board tentatively adopts millage levies and budget (6:00 p.m.).
July	27	Proposed millage levies sent to property appraiser.

The budget cycle culminates with a second public budget hearing and final adoption on September 5, 2012.

The millage levy for Required Local Effort is determined by the Florida Department of Education and will be certified by the commissioner and sent to districts no later than July 19, 2012. The levies for Discretionary Operating and Discretionary Capital are permitted under current State law. The State-mandated Required Local Effort Millage Rate is decreasing from 5.693 to 5.624 mills. The maximum for both Discretionary Operating and Discretionary Capital Millage were modified during the 2009 Legislative Session. The maximum Discretionary Millage Rate is .748 mills and we currently levy .572, including a shift to capital of .1. It is recommended that .1 mills of discretionary millage be transferred from the Capital Outlay Budget to the General Fund, in part to fund the buildup of a Tax Collection Reserve which should offset the potential instability in actual collection of property taxes for the remainder of the 2011-12 period.

The recommended Discretionary Operating Millage Rate for FY 2012-13 is .647 mills which is still significantly less than the maximum. Currently, Miami-Dade County Public Schools is the only district of the 67 in Florida not levying the maximum Discretionary Operating Millage. The administration is proposing a Discretionary Millage rate that remains significantly lower than all other districts and does not increase total millage overall to taxpayers. The recommended Capital Outlay Millage Rate is 1.500 mills.

A Debt Service Levy is included which is required to service the District's outstanding bond series. The Debt Service Levy decreased from .240 to .233. As noted below, the total recommended levy is .001 mills lower than the levy for FY 2011-12.

As the tax roll in Miami-Dade declined during the last several years, the District created efficiencies and deferred purchases, where possible, to stay true to its core values of protecting the classroom and taxpayer assets. This austerity has been carefully managed, but a reduction of over \$300 million dollars has impacted the General Fund.

For the first time since 2008-09 property tax values in Miami-Dade County have increased resulting in an increase in property tax proceeds as presented by the county's property appraiser, even though the District's total millage levy rate is lowered. Unless the District leverages the recommended discretionary millage provided for in statute as property values rebound, it will never recover from the devastating loss of 20% in property values which was experienced during the last several years, nor will it equitably realize the per pupil funding guaranteed by the state in its Appropriations Act. Simply stated, as property values rebound and collections, as assessed by the property appraiser, the Board's tax rate will be decreased.

As the property tax roll recovers from the depression, it is inevitable that under present state TRIM advertising requirements, a revenue increase must be advertised due to approved value increases even though we will be advertising a rate decrease. Current state law never envisioned that a severe rollback in property values could occur and made no provision for dealing with its recovery.

At the present time, it appears that a property tax increase for Miami- Dade Schools in the neighborhood of 6.99% must be advertised in spite of the recommended millage rate being recommended for a .001 decrease. Seven-tenths of the increase is attributable to the Required Local Effort millage rate which ultimately must be that which the Commissioner certifies on July 19 and which the District must levy or forfeit

\$639,950,007 in state revenue. However, it appears that the Required Local Effort Millage rate may be overestimated if the rise in Miami-Dade property values is repeated throughout the state. Reduced rate adjustments can be made prior to final budget approval.

This item request authorization to advertise a millage and is required under State law and does not constitute a vote on the millage rate. That will occur on July 26, 2012.

The levies recommended for advertising are shown below:

	FY 2011-12 Actual Levy	FY 2012-13 Recommended Levy*
<u>State Established and Required:</u>		
Required Local Effort (RLE)	5.693	5.624
<u>Locally Levied:</u>		
Discretionary Operating	.472	.647
Additional Discretionary Operating (.25)	0.000	0.000
Discretionary Capital	<u>1.600</u>	<u>1.500</u>
Sub-Total Locally Levied	2.072	2.147
 Sub-Total Non Voted-Millage**	 7.765	 7.771
 Debt Service (Voted)	 <u>0.240</u>	 <u>0.233</u>
 Total Millage Levy	 <u>8.005</u>	 <u>8.004</u>

* The State Required Local Effort (RLE) Levy is subject to modification by the Commissioner of Education based upon an analysis of actual certified 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, 2012.

The tax roll declined from \$258 billion in FY 2008-09 to \$200 billion in FY 2011-12. The certified roll as of July 1, 2012, on which the FY 2012-13 budget revenue is estimated, is \$206 billion or an increase of \$6 billion.

The millage advertisement on July 23, 2012 will contain the actual RLE certified by the State and revised calculated revenues with offsetting appropriations. In the event that certified property values are higher in other Florida counties similar to increases experienced in Miami Dade, it is likely that the RLE rate identified during the legislative session will be revised downward.

The RLE is required under State law in order for the School Board to receive \$639,950,007 in FEFP funding. Changes in the tax roll and in the certified millage rates affect revenues in the Executive Summary.

** The non-voted millage levy rate is 7.771 mills: The actual millage rate to be advertised, pursuant to Florida Statutes, cannot be calculated prior to receipt of the Required Local Effort to be received from the Department of Education no later than July 19, 2012.

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 26, 2012.

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, 2012.

Attached are the following schedules:

Attachment A - Summary of Revenues & Appropriations by Function – All Funds
FY 2012-13 Tentative Budget.

Attachment B - List of Capital Projects to be funded from the FY 2012-13 Capital
Millage Levy.

No later than July 9, 2012, Board Members will receive a copy of the FY 2012-13 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:
 - a) reduction of 0.001 of total millage;
 - b) locally levied Discretionary Operating millage levy of .647 mills and Capital Outlay millage levy of 1.500 mills;
 - c) state established Required Local Effort millage levy currently estimated to be 5.624 mills and subject to actual certification by the Commissioner of Education; and
 - d) Debt Service levy of .233 mills;
- 2) advertise the Tentative Budget (Attachment A);
- 3) advertise the listing and description of capital projects to be funded from the FY 2012-13 Capital Millage Levy (Attachment B);
- 4) advertise State Required Local Effort Millage Levy pursuant to official notification by the Commissioner of Education with appropriation revisions as required to balance; and
- 5) advertise a total millage levy of up to 8.004 subject to Required Local Effort certification by the Commissioner of Education.

BUDGET SUMMARY
MIAMI-DADE COUNTY PUBLIC SCHOOLS
FISCAL YEAR 2012-13

REVENUES	GENERAL FUND	DEBT SERVICE FUNDS	CAPITAL OUTLAY FUNDS	SPECIAL REVENUE FUNDS	PROPRIETARY FUND	FIDUCIARY FUND	TOTAL ALL FUNDS
Federal	\$ 16,829,410	\$ -	\$ -	\$ 418,510,672	\$ -	\$ -	\$ 435,340,082
State	1,151,445,229	13,815,008	15,353,953	2,291,000	-	-	1,182,905,190
Local	1,331,866,017	48,064,439	302,399,198	29,217,635	368,868,700	2,521,787	2,082,937,776
TOTAL REVENUES	\$ 2,500,140,656	\$ 61,879,447	\$ 317,753,151	\$ 450,019,307	\$ 368,868,700	\$ 2,521,787	\$ 3,701,183,048
Transfers In	120,000,000	182,940,593	-	-	-	-	302,940,593
Non Revenue Sources	-	-	-	-	-	-	-
Fund Balance/Net Assets	144,261,164	80,565,060	140,000,000	16,208,252	12,297,730	23,299,543	416,631,749
TOTALS	\$ 2,764,401,820	\$ 325,385,100	\$ 457,753,151	\$ 466,227,559	\$ 381,166,430	\$ 25,821,330	\$ 4,420,755,390
Less: Transfers							(302,940,593)
Less: Proprietary Funds							(381,166,430)
TOTAL ALL FUNDS							\$ 3,736,648,367
APPROPRIATIONS							
Instruction	\$ 1,796,148,836	\$ -	\$ -	\$ 186,726,029	\$ -	\$ -	\$ 1,982,874,865
Pupil Personnel	93,400,526	-	-	28,031,274	-	-	121,431,800
Instructional Media Services	31,217,065	-	-	1,995,639	-	-	33,212,704
Instructional & Curriculum Dev.	18,607,725	-	-	31,302,199	-	-	49,909,924
Instructional Staff Training	2,362,457	-	-	31,138,890	-	-	33,501,347
Instructional Support	28,874,014	-	-	3,527,577	-	-	32,401,591
Board of Education	7,010,014	-	-	-	-	-	7,010,014
General Administration	3,826,374	-	-	3,931,175	-	-	7,757,549
School Administration	170,530,007	-	-	886,723	-	-	171,416,730
Facilities - Other	(10,915)	-	150,616,191	1,437	-	-	150,606,713
Fiscal Services	12,096,356	-	-	-	-	4,100,000	16,196,356
Food Services	-	-	-	160,095,324	-	-	160,095,324
Central Services	50,103,384	-	-	2,941,676	379,297,250	34,000	432,376,310
Pupil Transportation Services	68,036,064	-	-	6,108,811	-	-	74,144,875
Operation of Plant	259,618,167	-	-	622,473	-	-	260,240,640
Maintenance of Plant	78,018,306	-	-	85,244	-	-	78,103,550
General Support	1,038,113	-	-	106,547	-	-	1,144,660
Community Services	29,344,829	-	-	2,057,061	-	-	31,401,890
Debt Services	440,000	239,391,387	-	-	-	-	239,831,387
TOTAL APPROPRIATIONS	\$ 2,650,661,322	\$ 239,391,387	\$ 150,616,191	\$ 459,558,079	\$ 379,297,250	\$ 4,134,000	\$ 3,883,658,229
Transfers to Other Funds	803,633	-	302,136,960	-	-	-	302,940,593
Reserve for Tax Roll Yield	29,479,478	-	-	-	-	-	29,479,478
Fund Balance/Net Assets	83,457,387	85,993,713	5,000,000	6,669,480	1,869,180	21,687,330	204,677,090
TOTALS	\$ 2,764,401,820	\$ 325,385,100	\$ 457,753,151	\$ 466,227,559	\$ 381,166,430	\$ 25,821,330	\$ 4,420,755,390
Less: Transfers							(302,940,593)
Less: Proprietary Funds							(381,166,430)
TOTAL ALL FUNDS							\$ 3,736,648,367

NOTICE OF TAX FOR SCHOOL CAPITAL OUTLAY

The School Board of Miami-Dade County, Florida will soon consider a measure to impose a 1.500 mill property tax for the capital outlay projects listed herein.

This tax is in addition to the School Board's proposed tax of 6.271 mills for operating expenses and is proposed solely at the discretion of the School Board.

The capital outlay tax will generate approximately **\$296,057,198** 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
- Safety to Life Repairs
- Renovations for Handicapped

MOTOR VEHICLE PURCHASES:

- Purchase of Motor Vehicles Used for the Maintenance or Operations of Plant & Equipment
- Lease Purchase Payments for 612 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

All concerned citizens are invited to a public hearing to be held on July 26, 2012 at 6:00 p.m. at the Board Auditorium, Miami-Dade County School Board Administration Building, 1450 N. E. Second Avenue, Miami, Florida.

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 and District Facilities

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

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