

2017 Legislation

2017 Legislation Relating To Budget

Budget/Implementing Bills/FRS Rates/Taxation

**SB 2500 – General Appropriations Act By: Senate
Appropriations/Conference Report Effective Date: July 1,
2017 Approved by Governor:**

Education Highlights

The overall increase in funding in the General Appropriations Act (GAA) basically flat-lines the Florida Education Finance Program (FEF). The FEF summary reports a decrease in the Base Student Allocation (BSA). This is the first non-recession related decline in the BSA in memory. The FEF funds the growth of 23,918.90 new students at about the same level as FY 2016-2017. The increase of average per student funding of \$24.49 generates funds beyond the cost of student growth of about \$62.3 million. That revenue will have to first fund the cost of the FRS rate increase, estimated to be about \$54.1 million.

SB 2500 – Line Item Analysis - Only the line items with a specific impact on Clay County school district are reported.

Specific Appropriation (SA) 4 - Bright Futures Scholarships. SB 2500 increases the allocation to \$397,282,030. The increase from the current year allocation of \$217.3 million is driven by increasing the scholarship amounts for Academic Scholars to the full amount of tuition plus \$300 per semester for books. The increase also will pay for awards during summer terms at full tuition for Academic Scholars. The awards for all other levels of Bright Futures remain

the same. There is an additional category in Bright Futures for Gold Seal CAPE Vocational Scholars Bachelor of Science program with Statewide Articulation Agreements that will pay \$48 per hour. The policy details will be included in SB 374, and will be important to high school guidance counselors.

SA 7 reflects an increase in the amount of Lottery Funds used in the FEFP from \$276,792,458 to \$404,555,678. This change is important because it again reflects the relatively small amount of new recurring state General Revenue added to the FEFP. This is in addition to the other funds provided in Line Item 91.

SA 8 provides \$103,776,356 for the Class Size Reduction Allocation included in the FEFP. This amount is unchanged from the prior year.

SA 9 provides \$134,582,877 for the District Lottery and School Recognition Program. This amount is unchanged from prior years. The proviso language is also unchanged, including the language related to providing \$5 per student to school advisory councils should there be funds available.

SA 10 provides \$74,906,943 for district Workforce Development programs, in addition to the General Revenue provided in SA 122. This is a reduced amount compared to the lottery Funds provided in FY 2016 —2017, but the total in SA 122 is about \$1 million more.

SA 18 provides PECO Maintenance funds for district and charter school capital outlay needs. The Conference Report provides \$50 million for “Charter Schools” and \$ 50 million for “Public Schools.”

SA 84 provides funding for school readiness programs. The total revenue from state and federal sources is \$608,427,228 of which \$140,601,010 is provided by state General Revenue. The coalition of St. Johns, Putnam, Clay, Nassau, Baker, Bradford will receive

\$15,662,842

SA 87 provides funding for VPK programs. The act provides a School Year BSA of \$2,437 and a Summer School BSA of \$2,080 with a total allocation of \$396,812,611. The BSA's are unchanged from the previous year. The allocations are distributed to districts as noted below. The coalition of St. Johns, Putnam, Clay, Nassau, Baker, Bradford will receive \$13,630,680.

FEFP

SA 7, 8, 9, 10, 91, and 92 provide the funds and proviso language for the Florida Education Finance Program (FEFP). The historical fiscal differences between the act and the funds provided in FY 2007- 2008, FY 2011-2012 and FY 2016-2017 are presented in the spreadsheets attached.

The total state and local funds in the FEFP are presented in the statewide summary spreadsheet, and for selected elements in the spreadsheets that are attached. It is interesting to note that state General Revenue used in the FEFP totals \$7,750,817,167, compared to \$7,696,013,962 included in the prior year. Highlights of elements of and changes in the line item and proviso language are presented below.

The **Base Student allocation** is \$4,133.64, down from \$4,160.71 in the prior year.

The supplemental allocation factor for the **Juvenile Justice Education** program is \$1,240.91, down from \$1,243.90 in the prior year. The proviso language is unchanged from the prior year for the DJJ program.

There is proviso language directing the School Districts of Washington and Okeechobee counties to reach certain agreements regarding providing services and reporting FTE for what has been

referred to as the “Washington Special” district.

There is no change in the proviso language concerning the **District Cost Differential**.

There is no change in the proviso language for the **Sparsity Supplement**. The language defining eligibility for the sparsity supplement that makes Hernando County Public Schools eligible to receive a sparsity supplement has been included in HB 7069 to make it a permanent part of Florida statutes.

The total **Required Local Effort** (RLE) is \$7,605,379,015. The total amount is to include adjustments made for the calculation required in s. 1011.62 (4)(a) - (c), Florida Statutes. This is standard language referring to the process by which the Commissioner executes the responsibility for setting the RLE millage rates.

There are no changes in the proviso language related to the **local discretionary .748 millage** levy and the related millage compression adjustment.

The **program cost factors** have changed slightly for FY 2017-2018. The program cost factors for FY 2017-2018 are as follows.

Basic Programs

A. K-3 Basic...	1.107
B. 4-8 Basic...	1.000
C. 9-12 Basic...	1.001
Programs for Exceptional Students Support Level 4...	3.610
Support Level 5...	5.526
English for Speakers of Other Languages ...	1.212
Programs for Grades 9-12 Career Education ...	1.001

The act provides \$1,060,770,374 for the **ESE Guaranteed Allocation**. Proviso language no

longer includes the requirement that gifted programs funded in the allocation be focused on mathematics and science and that an in-field teacher delivers the instruction. The conforming bill makes a change to provide that the ESE allocation be recalculated throughout the year, not just from the October FTE membership count. The small district add-on FTE for exceptional students has not changed.

There are no changes in proviso language concerning calculating the **declining enrollment supplement**.

The **Safe Schools** allocation is maintained for another year at \$64,456,019, and proviso language includes the same formula for calculating the distribution as has been used for many years. The extensive list of items for which the Safe Schools funds must be used has been deleted, and language has been added requiring districts to use the funds to comply with ss. 1006.07-1006.14, F.S., with priority given to establishing a school resource officer program. That section of law addresses matters of school safety and discipline. Similar language is included in the conforming bill, which would make the changes permanent.

The act provides \$712,207,631 for the **Supplemental Academic Instructional** allocation. There is extensive proviso language related to providing an extra hour of reading instruction for the 300 elementary schools with the lowest reading scores. There are no material differences between the language in this item and the prior year's language. There are not the additional requirements to retain schools in the program for two years after their performance exits them, and there is no requirement for a sixty-hour summer program as was the case in bills introduced earlier in the process. There is still the supplemental fund of about \$52.5 million to support the extra hour. The calculation method is the same as the prior year. The SAI will be recalculated during the year as appropriate to reflect FTE enrollment and the results of appropriate state assessments.

The act provides \$130,000,000 for the **Reading** allocation. There are no substantial changes in the proviso language for the reading allocation.

The act provides \$230,743,258 for the **Instructional Materials** allocation. The funds include \$12,184,490 for Library Media materials, \$3,330,427 for the purchase of science lab materials, \$10,329,494 for the purchase of dual enrollment materials, and \$3,114,988 for the purchase of digital materials for students with disabilities. The growth allocation per FTE is set at \$303.69 per FTE. The proviso language states that school districts will pay for instructional materials used for the instruction of public high school students who are earning credit for high school graduation under the dual enrollment program as provided in section 1011.62 (1)(i), Florida Statutes. The proviso language contains the same language related to using the funds for the purchase of instructional content and electronic devices and technology equipment as was adopted in FY 2016-2017. The implementing bill specifies that the process established in proviso shall be the process by which instructional materials shall be purchased.

The act provides \$438,875,286 for **student transportation**. As in the prior year there is no significant proviso language for this allocation.

The act provides \$45,286,750 for the **Teacher's Classroom Supply** allocation. The amount and the proviso language are unchanged from the prior year.

The act provides \$12,805,373 for the **Federally Connected Student Supplement**. The proviso provides details about the calculation of the supplement, but they do not appear to be substantially different from the prior year.

The act provides a "**Virtual Education Contribution**" of \$5,230. The

amount and the proviso are unchanged from the prior year.

The act provides \$80,000,000 for the **Digital Classrooms** allocation. The minimum allocation for any school district remains \$500,000. The conforming bill simplifies access to the allocation. It deletes the detailed requirements for a digital classrooms plan, and specifies that the funds can be used to purchase any item that is specified under the federal E-rate program.

As is true every year there are many K-12 non-FEFP project grants included in SA 93 - SA 114. The process for including these projects in the budget was different this year. Districts with an interest in a project generally track its progress closely. Just a few projects of unusual interest are referenced in this report.

SA 98 provides \$2,700,000 for the F.D.L.R.S.

SA 100 provides \$4,000,000 for School District Matching Grants.

SA 105 provides \$1,445,390 for Regional Education Consortium Services.

SA 107 includes \$500,000 for FADSS Superintendents' training as provided in section 1001.47 Florida Statutes.

SA 108 includes \$700,000 for AVID. SA 109 provides \$73,336,000 for Gardiner Scholarships. An additional \$30 million is

appropriated in the conforming bill, HB 7069.

SA 109A provides \$14,000,000 for the standard student attire program. HB 7069 removes the requirements that all shirts be solid colors.

SA 122 provides a total of \$366,340,160 for district **Workforce Development** Programs. Clay County school district will receive

\$564,563. There is no change in proviso language for district workforce programs.

The prior year appropriation of \$4,500,000 for district Workforce Performance based incentives for specific industry certifications, which was in addition to the general appropriation is not included in this year's act.

SA 123 provides \$67,144,852 for **Vocational Formula** Funds. This is a decrease in budget authority from \$72,144,852 provided last year.

Historical Information

The attached spreadsheet reveals the continuing differences between the funding provided in the FY 2017-2018 FEFP and the FEFP passed in the regular session that ended ten years ago. The spreadsheet compares the First Calculation of 2007-2008, which was the highest funded appropriations before the recession, to current appropriations. The Legislature does not use this comparison because two subsequent special sessions eventually repealed the prior GAA's appropriation and replaced them with lower funding. However, school districts had approved commitments that had to be cut based on the First Calculation or initial GAA. The spreadsheet also includes the Revised Third Calculation of 2007-2008, the one from the second budget cut, which the legislature identifies as the highest pre-recession funding. The First Calculation of FY 2011-2012 was included because it was the lowest FEFP appropriation in the recession. Also compared are the Fourth Calculation of FY 2016-2017 and the First Calculation of FY 2017-2018. The categorical funds chosen for comparison are the ones that most directly reflect the operating budget, and help illustrate the degree to which new revenue did not relieve budget difficulties caused by the recession.

SB 2502 - Implementing the 2017-2018 General Appropriations Act By: Senate Appropriations

Effective Date: July 1, 2017 or retroactively to July 1, 2017.

Education Highlights

Each year the Legislature prepares and passes an implementing bill that accompanies the General Appropriations Act. The implementing bill makes the changes in law that are necessary to enable the provisions of the appropriations act to be effectively enacted. The appropriations act and implementing bill become law on July 1, 2017 and expire on June 30, 2018. The appropriations act encompasses all aspects of state government, therefore only a portion of the budget, and consequently only a portion of the implementing bill is relevant to the school district. The relevant sections are presented below.

Section 1 establishes that it is the intent of the Legislature that the implementing and administering provisions of this bill apply to the General Appropriations Act for FY 2017- 2018.

Section 2 incorporates by reference the calculations of the Florida Education Finance Program, “the runs” into law through July 1, 2018.

Section 3 specifies that notwithstanding other provisions of law the expenditure of funds provided in the FEFP for instructional materials must be released and expended as required by proviso language for SA 91 of the 2017-2018 General Appropriations Act. This is the same language as the prior year.

Section 4 authorizes the special facilities project for the Dixie County Middle-High School to exceed the statutory cost per student station.

SB 7022 – Public Employees - State-administered Retirement Systems By: Governmental Oversight and Accountability

Effective Date: July 1, 2017, unless otherwise expressly provided

Employer Contributions – 2017-2018

The Final Conference Report on SB 7022 became an omnibus bill addressing issues related to state employees, and the Florida Retirement System. Issues specifically related to state employees included provisions for the first across the board salary increases for state employees in many years, and changes in the state employee' employer-provided health care plan. These issues and much of the rest of the bill are not related to school districts.

The changes to the Florida Retirement System that do have impact on school district personnel include the following:

The bill prohibits newly enrolled members of the Elected Officer Class from participating in the pension plan, effective July 1, 2018. It also prohibits newly elected officials from joining the Senior Management Service Class in lieu of the Elected Officers Class, effective July 1, 2017. If a person is newly elected to office, but was already employed by an FRS employer, and was enrolled in the FRS pension plan, that official may remain in the FRS pension plan.

The bill expands In-line-of-duty death benefits for members of all retirement classes in the Investment Plan retroactively to July 1, 2002. It also expands in-line-of-duty death benefits for Special Risk Class members in both the Investment Plan and Defined Benefit Plan retroactively to July 1, 2002 from July 1, 2013.

The bill allows reemployed retirees of the Investment Plan and other Optional Retirement Plans to participate in the FRS as renewed members. Participation is limited to the Investment Plan or

other optional retirement plans. It is effective July 1, 2017. This would allow a young teacher who was a member of the Investment Plan, and who left employment and withdrew his or her retirement plan funds to be reemployed and re-enter the Investment Plan.

SB 7022 includes the changes to the FRS rates paid by the employers. A spreadsheet displaying all the changes is included with this report. The fiscal impact of the rate increases is projected to be about \$54.1 million to school districts. The employee paid rate remains unchanged at 3.00%.

HB 7109 – Taxation By: House Ways & Means Committee

Effective Date: July 1, 2017, unless otherwise indicated.

Approved by Governor: May 25, 2017; Ch. 2017-36, Laws of Florida

This is a comprehensive tax package. The provisions relating to sales tax holidays and charter schools are provided below.

Sales Tax Holidays

The bill establishes a temporary disaster preparedness sales tax holiday in FY 2016-2017 and a temporary back-to-school sales tax holiday in FY 2017-2018.

Back-to-School Holiday--The bill provides for a three-day sales tax holiday from August 4, 2017, through August 6, 2017. During the holiday, the following items that cost \$60 or less are exempt from the state sales tax and county discretionary sales surtaxes:

- Clothing (defined as an “article of wearing apparel intended to be worn on or about the human body,” but excluding watches, watchbands, jewelry, umbrellas, and handkerchiefs);
- Footwear (excluding skis, swim fins, roller blades, and skates);

- Wallets; and
- Bags (including handbags, backpacks, fanny packs, and diaper bags, but excluding briefcases, suitcases, and other garment bags). The bill also exempts “school supplies” that cost \$15 or less per item during the holiday. The bill also exempts personal computers and related accessories purchased for noncommercial home or personal use that are priced at \$750 or less. This would include tablets, laptops, monitors, input devices, and non-recreational software. Cell phones, furniture and devices or software intended primarily for recreational use are not exempted.

Disaster Preparedness Sales Tax Holiday-- The bill provides for a three day sales tax holiday from June 2, 2017, through June 4, 2017, for specified items related to disaster preparedness. During the holiday, the following items are exempt from the state sales tax and county discretionary sales surtaxes:

- A portable self-powered light source selling for \$20 or less;
- A portable self-powered radio, two-way radio, or weather band radio selling for \$50 or less;
- A tarpaulin or other flexible waterproof sheeting selling for \$50 or less;
- A self-contained first-aid kit selling for \$30 or less;
- A ground anchor system or tie-down kit selling for \$50 or less;
- A gas or diesel fuel tank selling for \$25 or less;
- A package of AA-cell, C-cell, D-cell, 6-volt, or 9-volt batteries, excluding automobile and boat batteries, selling for \$30 or less;
- A nonelectric food storage cooler selling for \$30 or less;
- A portable generator that is used to provide light or communications or preserve food in the event of a power outage selling for \$750 or less; and

- Reusable ice selling for \$10 or less.

The sales tax holidays in the bill do not apply to the following sales:

- Sales within a theme park or entertainment complex, as defined in s. 509.013(9), F.S.;
- Sales within a public lodging establishment, as defined in s. 509.013(4), F.S.; and
- Sales within an airport, as defined in s. 330.27(2), F.S.

The bill allows the “back to school” sales tax holiday to apply at the option of the dealer if less than five percent of the dealer’s gross sales of tangible personal property in the prior calendar year are comprised of items that would be exempt under the holiday. If a qualifying dealer chooses not to participate in the tax holiday, by August 1, 2017, the dealer must notify the DOR in writing of its election to collect sales tax during the holiday and must post a copy of that notice in a conspicuous location at its place of business. The bill authorizes the DOR to adopt emergency rules to implement the provisions of both holidays.

Charter School Facilities

Property leased by a charter school and used for educational purposes is exempt from property tax, if the landlord reduces the rental payment by the full amount of the property taxes otherwise due. In some situations, the rental agreement between the landlord and the charter school requires the charter school to pay any applicable property tax on the educational facility directly to the tax collector. The bill clarifies that the exemption applies as long as the payments required under a lease are reduced by the tax savings, whether paid to the landlord or on behalf of the landlord to a third party. Property used for educational purposes by a charter school is generally exempt from property tax; however, the specific

exemption involved is different depending on whether the charter school owns or leases the property. If the property is owned by the charter school, the charter school applies for the exemption. If the property is leased by the charter school, the landlord applies for the exemption. When a charter school purchases the property that it previously leased, the charter school must apply for a new exemption. The bill extends to August 1, 2017, the time for a charter school to apply for exemption on property that it leased in 2015 and owned in 2016.