

MEMORANDUM

February 3, 2006

TO: The Honorable Chair and Members of The School Board of Miami-Dade County, Florida

FROM: Rudolph F. Crew, Superintendent of Schools

SUBJECT: GOVERNOR'S RECOMMENDED BUDGET TO THE FLORIDA LEGISLATURE

Governor Jeb Bush released his recommended state budget to the Florida Legislature on Wednesday, February 1, 2006, totaling \$70.8 billion. The budget provides one-time investments in economic development and hurricane preparedness and increases in education and services to strengthen Florida's families, while setting aside \$6.4 billion in reserves.

The budget recommendation also provides for a \$1.5 billion proposal to provide new tax cuts to Floridians. These recommendations include:

- School Property Tax Reduction - \$570 million, a 9 percent reduction in the "required local effort" property tax rate;
- Homeowners Tax Rebate - \$500 million, a one-time tax rebate of \$100 for all resident homeowners and mobile home owners;
- Back-to-School Tax Holiday - \$40 million;
- Hurricane Preparedness Tax Holiday - \$41 million;
- Early Stage Venture Capital Tax Credits - \$75 million;
- Sales Tax Exemptions for Machinery and Equipment - \$69 million;
- Energy Diversity Tax Credits - \$15 million;
- Repeal of the Alcohol "By the Drink" Tax - \$51 million; and
- Repeal of the Intangibles Tax -- \$161 million.

The education budget recommendation proposes an investment of \$33 billion which includes:

- Voluntary Pre-Kindergarten: \$387.5 million to enroll more than 135,000 four-year-olds in the school year or summer program, which is \$2,600 per child, a 5.6 percent increase from last year;
- Reading: \$189.9 million, a 19.7 percent increase, including \$111.8 million provided directly to school districts, to prepare and implement comprehensive reading plans; \$58 million in Reading First federal funds for reading coaches and diagnostic services to help students in K-3; \$18.5 million for Just Read, Florida! to expand teacher training for all grades; expand training for parents of elementary and middle school students, and continue annual training for all K-12 principals and \$1.6 million for the Florida Center for Reading Research;

- K-12: a \$1.2 billion – a 7.5 percent increase;
- School Construction: \$514 million in capital outlay for school construction, including \$53 million - an increase of \$25 million or 92 percent - for charter schools;
- Class Size Reduction: \$4.11 billion, including \$2.13 billion for operating costs and \$1.98 billion for construction of new classrooms;
- Teacher Recruitment and Retention: \$239 million to retain quality teachers, recruit our best and brightest students to the teaching profession, especially in critical shortage areas, and provide the technology to assist teachers in their very important jobs. The Governor's plan provides \$188 million in one-time slot machine revenue for Technology Tools for Teachers (T3) to purchase laptop computers for every public school teacher in Florida; \$40 million for a matching grant program that allows school districts to offer a variety of incentives to keep and recruit teachers; \$9.7 million - an increase of \$7.9 million or 456 percent – for the Critical Teacher Shortage Program to reimburse 3,900 teachers up to \$10,000 in student loans or up to \$78 per credit hour for preparing to teach in a critical shortage subject area; and \$1.3 million for statewide recruitment and retention initiatives run by the Department of Education.

The Governor's proposed budget provides a \$1.2 billion dollar increase, or 7.5 percent in total funding in the Florida Education Finance Program (FEFP). The budget does reflect some encouraging policy recommendations, including: no further equalization of the .510 Discretionary Local Millage (DLM); no additional increase in the Sparsity Supplement; and a significant increase in funding of the Supplemental Academic Instruction categorical. Although providing a quality education for each and every student in Florida is Governor Bush's "priority and the state's most important mission," the proposed budget would provide Miami-Dade County Public Schools (M-DCPS) with \$95.7 million, a 4.39 percent, increase in new monies over current levels, far short of the \$160 million needed to fully implement the initiatives the Board adopted in its five-year budget forecast on January 18, 2006, Board item A-2. The statewide increase per FTE is \$347.87 while M-DCPS' increase per FTE is \$281.47, a difference of \$66.40 per student. The \$95.7 million includes \$9.7 million, 12.5 percent, in mitigation to compensate for the modification to the District Cost Differential (DCD).

It must be noted that the District's allocation would be \$163.7 million in new monies had the traditional DCD calculation based on the market basket of goods been used, providing the necessary level of funding to the District to implement the initiatives approved by the Board and advocated for by the legislative team in Tallahassee. The single most punitive policy in the state education funding formula is the revised DCD provision that negatively impacts the District by reducing total potential revenues by approximately \$77.6 million. See the attached Governor's District Cost Differential Transition Supplement Recommendation. The Governor's budget recommendation makes it apparent that despite a significant dollar increase in the FEFP, the inequities in the current formula preclude M-DCPS from receiving its fair

share. Without revisions to the current DCD policy, M-DCPS will annually leave much needed resources to be distributed to other school districts statewide.

Should you have any questions or need additional information, please contact Mr. Alberto M. Carvalho, Associate Superintendent for the Office of Intergovernmental Affairs, Grants Administration, and Community Services at 305 995-2532.

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M1029

Attachment

cc: Superintendent's Cabinet
School Board Attorney
Dr. Magaly C. Abrahante
Ms. Iraida R. Mendez-Cartaya
Dr. Linda D. Brown

2006-07 District Cost Differential (DCD) Transition Supplement Recommendation

Calculation of the Supplement Based on Different Florida Price Level Indexes (FPLI)

District	A			B			B-A		DCD Transition Supplement	Percent Restored
	FEFP Using Pecuniary FPLI*			FEFP With New School Personnel FPLI**			\$ and % Chg Due to Using New FPLI			
	Total Funds	Increase	% Chg	Total Funds	Increase	% Chg	-7-	-8-		
	-1-	-2-	-3-	-4-	-5-	-6-	-7-	-8-	-9-	-10-
1 Alachua	\$181,772,491	\$8,412,729	4.85%	\$183,679,425	\$10,319,663	5.95%	\$1,906,934	1.0%		
2 Baker	\$29,792,961	\$1,578,417	5.59%	\$30,379,170	\$2,164,626	7.67%	\$586,209	2.0%		
3 Bay	\$175,562,835	\$13,334,122	8.22%	\$174,585,240	\$12,356,527	7.62%	(\$977,595)	-0.6%	122,184	12.50%
4 Bradford	\$23,419,406	\$953,443	4.24%	\$23,629,553	\$1,163,590	5.18%	\$210,147	0.9%		
5 Brevard	\$487,013,408	\$32,212,739	7.08%	\$489,347,708	\$34,547,039	7.60%	\$2,334,300	0.5%		
6 Broward	\$1,780,629,589	\$106,742,961	6.38%	\$1,752,651,400	\$78,764,772	4.71%	(\$27,978,189)	-1.6%	3,496,835	12.50%
7 Calhoun	\$15,463,260	\$1,009,833	6.99%	\$15,550,924	\$1,097,497	7.59%	\$87,664	0.6%		
8 Charlotte	\$117,330,194	\$11,254,696	10.61%	\$116,184,222	\$10,108,724	9.53%	(\$1,145,972)	-1.0%	143,229	12.50%
9 Citrus	\$101,878,692	\$6,839,947	7.20%	\$101,238,249	\$6,199,504	6.52%	(\$640,443)	-0.6%	160,116	25.00%
10 Clay	\$225,634,665	\$21,339,458	10.45%	\$231,002,420	\$26,707,213	13.07%	\$5,367,755	2.4%		
11 Collier	\$328,303,681	\$30,657,351	10.30%	\$331,074,336	\$33,428,006	11.23%	\$2,770,655	0.8%		
12 Columbia	\$66,322,403	\$4,176,016	6.83%	\$65,118,328	\$3,971,942	6.50%	(\$204,074)	-0.3%	51,020	25.00%
13 Miami-Dade	\$2,481,332,847	\$163,711,100	7.13%	\$2,383,691,297	\$86,069,550	3.75%	(\$77,841,550)	-3.2%	9,703,977	12.50%
14 DeSoto	\$33,557,556	\$2,689,451	8.71%	\$33,332,599	\$2,464,494	7.98%	(\$224,957)	-0.7%	56,241	25.00%
15 Dade	\$14,080,382	\$775,880	5.83%	\$13,802,924	\$498,422	3.75%	(\$277,438)	-2.0%	69,362	25.00%
16 Duval	\$800,911,733	\$23,110,821	2.97%	\$827,871,616	\$49,870,504	6.41%	\$26,759,883	3.3%		
17 Escambia	\$269,317,852	\$14,758,797	5.80%	\$288,226,516	\$13,667,461	5.37%	(\$1,091,336)	-0.4%	136,400	12.50%
18 Flagler	\$79,831,226	\$13,972,005	21.21%	\$78,822,503	\$12,963,282	19.68%	(\$1,008,723)	-1.3%	252,188	25.00%
19 Franklin	\$10,478,397	\$1,442,740	15.97%	\$10,358,029	\$1,322,272	14.64%	(\$120,368)	-1.1%	15,044	12.50%
20 Gadsden	\$40,248,167	\$1,320,398	3.39%	\$40,877,980	\$1,950,211	5.01%	\$629,813	1.6%		
21 Gilchrist	\$19,387,234	\$1,453,280	8.11%	\$19,350,890	\$1,436,936	8.02%	(\$16,344)	-0.1%	4,086	25.00%
22 Glades	\$8,950,348	\$853,756	10.54%	\$8,940,751	\$844,159	10.43%	(\$9,597)	-0.1%	2,399	25.00%
23 Gulf	\$14,705,802	\$1,161,045	8.57%	\$14,364,072	\$819,315	6.05%	(\$341,730)	-2.3%	85,435	25.00%
24 Hamilton	\$12,766,009	\$860,197	7.23%	\$12,577,093	\$672,281	5.65%	(\$187,916)	-1.5%	46,980	25.00%
25 Hardee	\$31,832,556	\$1,882,585	6.29%	\$31,932,472	\$1,882,501	6.82%	\$99,916	0.3%		
26 Hendry	\$47,864,087	\$1,749,667	3.79%	\$48,227,440	\$2,113,010	4.58%	\$363,353	0.8%		
27 Hernando	\$140,652,486	\$13,977,888	11.03%	\$141,421,163	\$14,746,365	11.84%	\$768,677	0.5%		
28 Highlands	\$78,862,446	\$6,515,937	9.01%	\$78,202,979	\$5,856,470	8.10%	(\$859,467)	-0.8%	164,872	25.00%
29 Hillsborough	\$1,263,185,372	\$84,596,466	7.18%	\$1,277,580,488	\$98,991,582	8.40%	\$14,395,116	1.1%		
30 Holmes	\$21,955,220	\$1,677,233	8.27%	\$21,435,331	\$1,157,344	5.71%	(\$519,889)	-2.4%	129,976	25.00%
31 Indian River	\$113,737,569	\$9,347,998	8.95%	\$114,143,454	\$9,753,883	9.34%	\$406,885	0.4%		
32 Jackson	\$47,833,854	\$3,124,187	7.02%	\$47,310,334	\$2,800,867	6.29%	(\$323,520)	-0.7%	80,882	25.00%
33 Jefferson	\$6,476,011	(\$87,560)	-1.02%	\$8,586,629	\$33,058	0.39%	\$120,618	1.4%		
34 Lafayette	\$6,878,750	\$622,895	8.23%	\$6,810,212	\$458,557	7.18%	(\$66,538)	-1.0%	16,635	25.00%
35 Lake	\$243,267,899	\$20,454,881	9.18%	\$247,196,842	\$24,383,624	10.94%	\$3,928,743	1.6%		
36 Lee	\$540,315,262	\$68,214,404	12.08%	\$547,327,091	\$65,226,233	13.53%	\$7,011,829	1.3%		
37 Leon	\$207,733,807	\$6,300,037	3.13%	\$212,826,301	\$11,392,531	5.66%	\$5,092,494	2.6%		
38 Levy	\$41,105,053	\$2,606,556	6.77%	\$41,214,795	\$2,718,298	7.06%	\$109,742	0.3%		
39 Liberty	\$10,450,958	\$1,128,489	12.10%	\$10,517,890	\$1,195,401	12.82%	\$66,932	0.6%		
40 Madison	\$20,371,104	\$1,088,646	5.65%	\$20,363,558	\$1,081,100	5.61%	(\$7,546)	0.0%	1,887	25.01%
41 Manatee	\$280,879,643	\$24,863,349	9.71%	\$280,121,529	\$24,105,235	9.42%	(\$768,114)	-0.3%	94,762	12.60%
42 Marion	\$266,886,844	\$18,020,949	7.24%	\$268,148,886	\$19,283,991	7.75%	\$1,263,042	0.6%		
43 Martin	\$126,781,439	\$10,099,208	8.73%	\$124,867,422	\$9,185,191	7.94%	(\$914,017)	-0.7%	114,238	12.50%
44 Monroe	\$68,261,864	\$5,820,753	9.32%	\$65,833,175	\$3,392,064	5.43%	(\$2,428,689)	-3.6%	303,548	12.50%
45 Nassau	\$69,327,866	\$3,923,113	6.00%	\$71,051,241	\$5,646,488	8.63%	\$1,723,375	2.5%		
46 Okaloosa	\$201,518,995	\$14,928,169	8.00%	\$201,423,454	\$14,832,628	7.95%	(\$95,541)	0.0%	11,941	12.50%
47 Okeechobee	\$47,555,372	\$4,093,028	9.42%	\$47,151,871	\$3,689,527	8.49%	(\$403,501)	-0.8%	50,431	12.50%
48 Orange	\$1,141,803,192	\$63,725,485	5.91%	\$1,169,998,026	\$91,920,319	8.53%	\$28,194,834	2.5%		
49 Osceola	\$333,087,709	\$35,064,933	11.77%	\$337,124,709	\$39,101,933	13.12%	\$4,037,000	1.2%		
50 Palm Beach	\$1,212,969,013	\$80,637,042	7.12%	\$1,210,144,026	\$77,812,055	6.87%	(\$2,824,987)	-0.2%	353,079	12.50%
51 Pasco	\$418,219,331	\$34,754,557	9.06%	\$422,467,451	\$39,002,677	10.17%	\$4,248,120	1.0%		
52 Pinellas	\$741,189,455	\$36,795,944	5.22%	\$739,676,155	\$35,282,644	5.01%	(\$1,513,300)	-0.2%	189,139	12.50%
53 Polk	\$581,480,694	\$47,860,214	8.97%	\$592,754,216	\$59,133,736	11.08%	\$11,273,522	1.9%		
54 Putnam	\$74,731,058	\$2,865,291	3.99%	\$75,562,285	\$3,696,518	5.14%	\$831,227	1.1%		
55 St. Johns	\$174,270,043	\$18,077,245	11.57%	\$174,689,269	\$18,496,471	11.84%	\$419,226	0.2%		
56 St. Lucie	\$242,420,448	\$24,782,006	11.39%	\$242,625,109	\$24,986,667	11.48%	\$204,661	0.1%		
57 Santa Rosa	\$155,779,239	\$9,787,016	6.70%	\$155,612,240	\$9,620,017	6.59%	(\$166,999)	-0.1%	20,872	12.50%
58 Sarasota	\$303,676,070	\$28,652,115	10.42%	\$303,468,612	\$28,444,657	10.34%	(\$207,458)	-0.1%	25,929	12.50%
59 Seminole	\$428,748,346	\$26,656,103	6.53%	\$435,680,828	\$33,588,585	8.35%	\$6,932,482	1.6%		
60 Sumter	\$47,832,561	\$4,553,413	10.52%	\$47,772,712	\$4,493,564	10.38%	(\$59,849)	-0.1%	14,963	25.00%
61 Suwannee	\$36,041,945	\$2,795,813	8.41%	\$35,635,338	\$2,389,206	7.19%	(\$406,607)	-1.1%	101,655	25.00%
62 Taylor	\$19,471,153	\$822,848	4.41%	\$19,276,962	\$628,657	3.37%	(\$194,191)	-1.0%	48,549	25.00%
63 Union	\$14,317,192	\$746,414	5.50%	\$14,502,269	\$931,491	6.86%	\$185,077	1.3%		
64 Volusia	\$437,123,344	\$37,859,937	9.48%	\$427,290,849	\$28,027,442	7.02%	(\$9,832,495)	-2.2%	1,228,908	12.50%
65 Wakulla	\$31,322,008	\$1,347,523	4.50%	\$31,877,655	\$1,903,170	6.35%	\$555,647	1.8%		
66 Walton	\$47,758,577	\$5,412,001	12.78%	\$47,013,768	\$4,667,192	11.02%	(\$744,809)	-1.6%	93,090	12.50%
67 Washington	\$23,321,926	\$1,893,700	8.84%	\$22,900,924	\$1,472,698	6.87%	(\$421,002)	-1.8%	105,254	25.00%
68 Washington Special	\$4,286,831	\$225,963	5.66%	\$4,223,183	\$162,315	4.00%	(\$63,648)	-1.5%	7,955	12.50%
69 FAMU Lab - Leon	\$3,064,447	\$37,185	1.23%	\$3,133,947	\$106,685	3.52%	\$69,500	2.3%		
70 FAMU Lab - Palm Bch	\$4,087,645	\$268,978	7.04%	\$4,078,073	\$259,406	6.79%	(\$9,572)	-0.2%	1,196	12.49%
71 FSU Lab - Broward	\$3,900,312	\$57,828	1.50%	\$3,880,197	\$37,713	0.98%	(\$20,115)	-0.5%	2,514	12.50%
72 FSU Lab - Leon	\$10,042,036	\$488,139	5.11%	\$10,284,370	\$730,473	7.65%	\$242,334	2.4%		
73 UF Lab - Alachua	\$7,455,419	\$442,101	6.30%	\$7,530,227	\$516,909	7.37%	\$74,808	1.0%		
74 Florida Virtual School	\$32,667,886	\$10,665,395	48.47%	\$32,629,968	\$10,627,477	48.30%	(\$37,918)	-0.1%	4,739	12.50%
State	\$17,713,249,455	\$1,236,744,799	7.51%	\$17,711,974,971	1,235,470,316	7.50%			17,512,500	

* Pecuniary FPLI adjusts for goods and services.

** School Personnel FPLI adjusts for goods, services, and wages.