



Education Policy and Budget Update

Fall 2015 FSFOA Conference
November 11, 2015





**State Board of Education
2016-17 Legislative Budget Request**

October 30, 2015



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Overview

2016-17 Education Legislative Budget Request Priorities

- FEFP Historic Funding Levels**
 - \$20.2 billion in total funding**
 - \$10.9 billion in state funding**
 - \$7,209 per FTE student funding**
- Increased funding for Digital Classrooms**
- Support for Economic Development and Workforce Demands**
- Emphasis on College Affordability**
- Additional funds for Repair and Maintenance of Educational Facilities**

2016-17 Education Legislative Budget Request Priorities

	2015-16 Appropriation	2016-17 Legislative Budget Request	Increase/ (Decrease)
Total Operating Budget	\$ 15,568,087,142	\$ 15,624,743,430	\$ 56,656,288
Total Fixed Capital Outlay	\$ 1,794,794,989	\$ 1,832,494,993	\$ 37,700,004
Grand Total	\$ 17,362,882,131	\$ 17,457,238,423	\$ 94,356,292



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K-12 Education

K-12 Public Schools

2016-17 Florida Education Finance Program (FEFP)

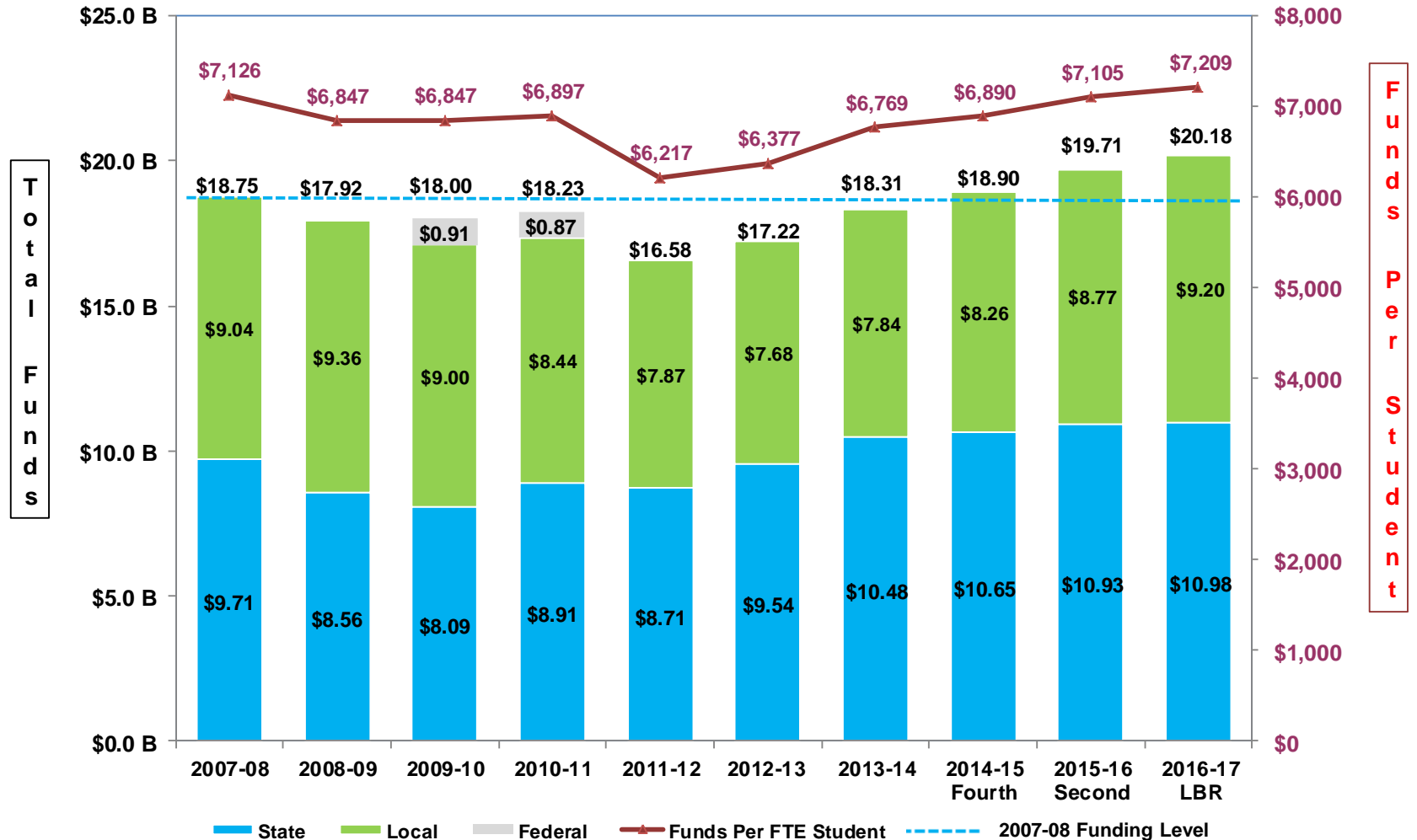
	2015-16 FEFP Second Calculation	2016-17 Legislative Budget Request	Increase	% Increase
Unweighted FTE (UFTE) Students	2,773,673.69	2,799,550.81	25,877.12	0.93%
State and Local Funds	\$ 19,707,125,342	\$ 20,183,047,122	\$ 475,921,780	2.41%
Funds Per UFTE Student	\$ 7,105.06	\$ 7,209.39	\$ 104.33	1.47%

K-12 Public Schools 2016-17 Highlights

Florida Education Finance Program (FEFP)

- \$86.8 million in new funds for the Lowest Performing Schools Allocation**
- \$20 million increase in Digital Classrooms Allocation (Total of \$80.0 million - \$500,000 minimum per district)**
- \$10 million increase in Safe Schools Allocation (Total of \$74.5 million - \$250,000 minimum per district)**
- \$2.9 million increase to fully fund the Sparsity Supplement (Total of \$55.7 million)**

Florida Education Finance Program (FEFP) – Total Funding



K-12 Public Schools 2016-17 Other Initiatives

- \$1 million increase for the College Reach Out Program to serve an additional 3,000 students; total of \$2 million**
- \$1 million for a STEM Business Partnership Summer Residency Program for teachers**
- \$1.2 million for Recognition**
 - \$751,270 to expand the Teacher of the Year Program**
 - \$50,000 for Teacher of the Year Summit**
 - \$363,818 to expand the School Related Employee of the Year Program**

K-12 Public Schools 2016-17 Overview

	2016-17 Legislative Budget Request
K-12 Program - FEFP	\$ 10,984,111,011
K-12 Program - Non-FEFP	\$ 322,790,505
K-12 Program - Federal Grants	\$ 1,522,122,146
Educational Media & Technology Services	\$ 9,938,677
Total	\$ 12,838,962,339



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Career and Adult Education

Career and Adult Education 2016-17 Overview

	2015-16 Appropriation	2016-17 LBR Request	Over/(Under) Appropriation	Percentage Difference
<i>Operating Budget</i>				
Workforce Development Funds	\$365,044,488	\$365,044,488	\$0	0.00%
Performance-Based Incentive Funds	\$4,500,000	\$6,000,000	\$1,500,000	33.33%
Operating Budget	\$369,544,488	\$371,044,488	\$1,500,000	0.41%
<i>School and Instructional Enhancements</i>				
Rapid Response Grant Program	\$0	\$20,000,000	\$20,000,000	
Lotus House Women's Shelter	\$150,000	\$150,000	\$0	0.00%
Smart Horizons Online Career Education	\$500,000	\$0	(\$500,000)	-100.00%
Total	\$650,000	\$20,150,000	\$19,500,000	3000.00%
<i>Other Fund Requests</i>				
Vocational Formula Funds (Federal)	\$72,144,852	\$72,144,852	\$0	0.00%
Adult Basic Education Funds (Federal)	\$41,552,472	\$41,552,472	\$0	0.00%
Other Funds	\$113,697,324	\$113,697,324	\$0	0.00%
Total	\$483,891,812	\$504,891,812	\$21,000,000	4.34%

Florida College System 2016-17 Overview

	2015-16 Appropriations	2016-17 Legislative Budget Request	\$ Increase / (Decrease)	% Increase / (Decrease)
<u>Florida College System Program Fund Requests</u>				
Program Fund	\$1,106,769,724	\$1,148,914,020	\$42,144,296	
Nonrecurring Special Projects	\$6,350,000	\$0	(\$6,350,000)	
<i>Continuation of Current Operations</i>	\$1,113,119,724	\$1,148,914,020	\$35,794,296	3.2%
Workload - Operating Cost of New Facilities	\$1,494,296	\$2,500,000	\$1,005,704	
Performance Initiative	\$40,000,000	\$20,000,000	(\$20,000,000)	
Program Enhancement	\$20,650,000	\$0	(\$20,650,000)	
Dual Enrollment (summer)	\$0	\$5,344,011	\$5,344,011	
\$10,000 STEM Bachelor Degree Initiative	\$0	\$5,000,000	\$5,000,000	
Business Plan Start-Up Competition / Private Match Program	\$0	\$500,000	\$500,000	
<i>Total Requested Additional Funds</i>	\$62,144,296	\$33,344,011	(\$28,800,285)	
Total Program Fund	\$1,175,264,020	\$1,182,258,031	\$6,994,011	0.6%
<u>Non-Program Fund Requests</u>				
Commission on Community Service	\$683,182	\$683,182	\$0	
Facility Repairs, Maintenance and Construction	\$1,000,000	\$0	(\$1,000,000)	
Performance Based Incentives	\$5,000,000	\$10,000,000	\$5,000,000	
Total Non-Program Funds	\$6,683,182	\$10,683,182	\$4,000,000	
Total Operating Budget Requests	\$1,181,947,202	\$1,192,941,213	\$10,994,011	0.93%

Student Financial Assistance

2016-17 Overview

Student Financial Assistance for Public & Private Postsecondary Entities – Total Funds of \$571.6 million includes:

- \$17 million to provide Bright Futures scholarships for eligible summer students**
- Increase of \$5.2 million for the National Merit Scholars Incentive Program**
- Increase of \$1 million for Scholarships for Children/Spouses of Deceased or Disabled Veterans**



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Fixed Capital Outlay

Fixed Capital Outlay

2016-17 Overview

Fixed Capital Outlay - \$1.8 billion

- **\$265.8 million for Maintenance, Repair, Renovation and Remodeling, includes**
 - **\$75.3 million for Public Schools**
 - **\$70.0 million for Charter Schools**
 - **\$46.2 million for the Florida College System**
 - **\$9.1 million for Florida School for the Deaf and the Blind**
 - **\$3.1 million for Public Broadcasting**
 - **\$310,000 for Division of Blind Services**
- **\$64.7 million for Special Facility Construction Account projects**
- **\$50.5 million for Florida College System projects**
- **\$1.3 billion for Debt Service payment on capital bonds**



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Summary

2016-17 Education Budget Summary

	2015-16 Appropriation	2016-17 Legislative Budget Request
K-12	\$ 12,834,427,594	\$ 12,838,962,339
Career & Adult Education	\$ 483,891,812	\$ 504,891,812
Florida Colleges	\$ 1,181,947,202	\$ 1,192,941,213
Private Colleges & Universities	\$ 142,424,553	\$ 142,324,553
Student Financial Aid	\$ 425,013,772	\$ 429,306,661
State Board of Education	\$ 228,743,374	\$ 236,298,237
Vocational Rehabilitation	\$ 217,593,624	\$ 225,324,349
Blind Services	\$ 54,045,211	\$ 54,694,266
Total Operating	\$ 15,568,087,142	\$ 15,624,743,430
Fixed Capital Outlay	\$ 1,794,794,989	\$ 1,832,494,993
Total Operating and Fixed Capital Outlay	\$ 17,362,882,131	\$ 17,457,238,423
Change from 2015-16 to 2016-17		\$ 94,356,292

Florida: Long-Range Financial Outlook

September 15, 2015

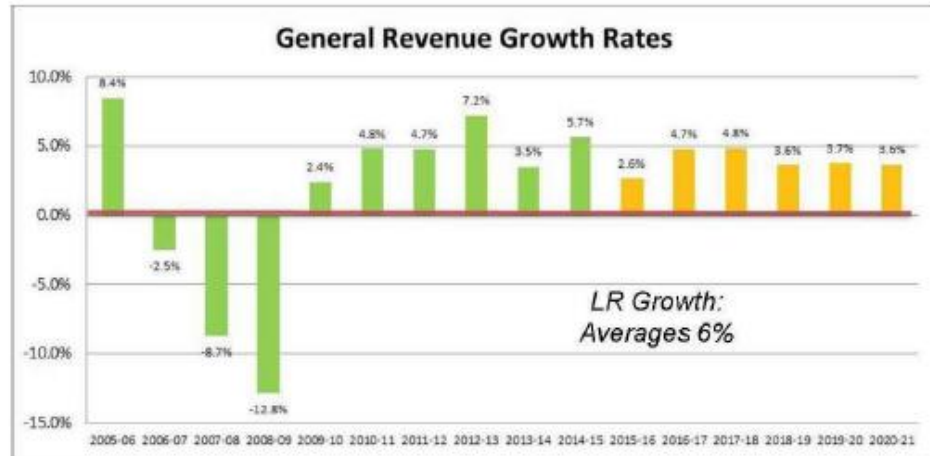
Presented by:



The Florida Legislature
Office of Economic and
Demographic Research
850.487.1402
<http://edr.state.fl.us>

General Revenue Forecast

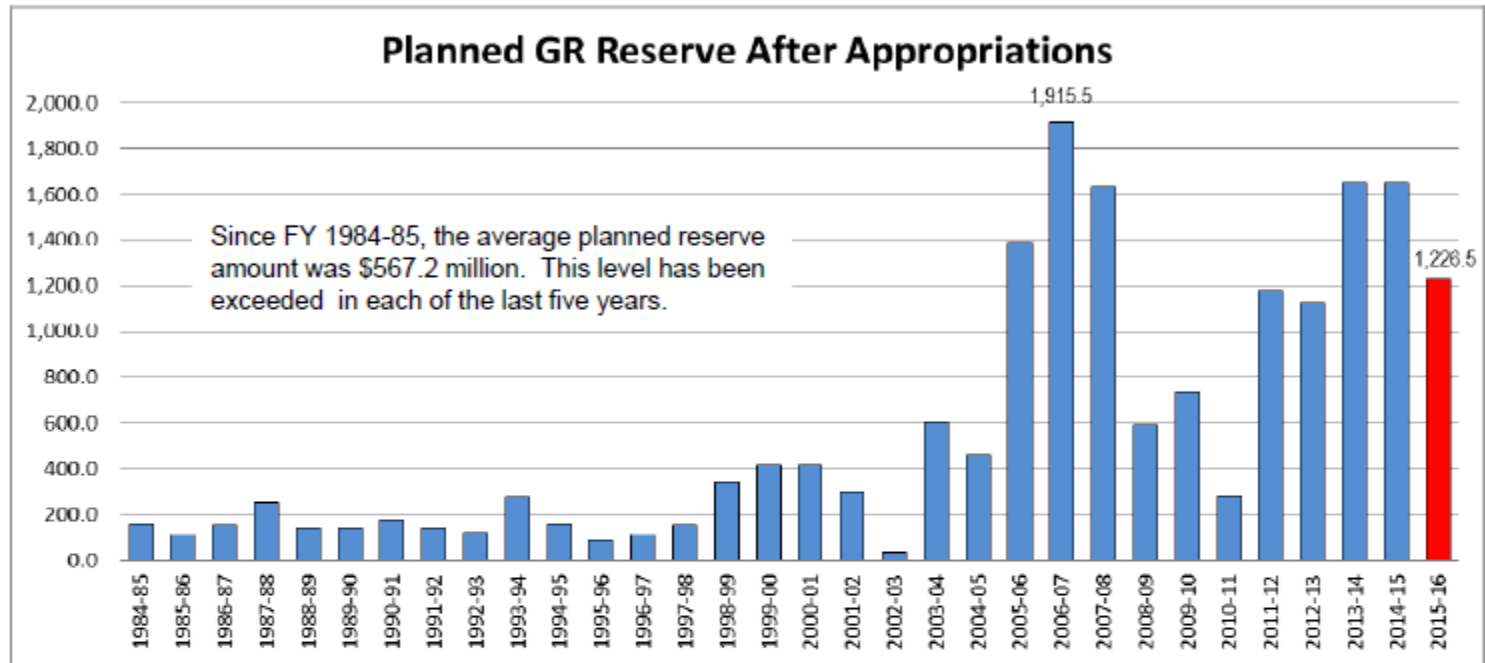
The growth rates for FY 2012-13 and FY 2013-14 are slightly distorted by the receipt of the \$200.1 million deposit from the National Mortgage Settlement Agreement. After adjusting for this deposit, the underlying growth rates are 6.3% and 4.7%, respectively.



Fiscal Year	Post-Session Forecast	August 2015 Forecast	Difference	Incremental Growth	Growth
2005-06	27074.8				8.4%
2006-07	26404.1				-2.5%
2007-08	24112.1				-8.7%
2008-09	21025.6				-12.8%
2009-10	21523.1				2.4%
2010-11	22551.6				4.8%
2011-12	23618.8				4.7%
2012-13	25314.6				7.2%
2013-14	26198.0				3.5%
2014-15	27681.1				5.7%
2015-16	28,126.8	28,414.1	287.3	733.0	2.6%
2016-17	29,581.2	29,756.2	175.0	1342.1	4.7%
2017-18	30,912.4	31,189.3	276.9	1433.1	4.8%
2018-19	31,947.1	32,305.4	358.3	1116.1	3.6%
2019-20	33,019.0	33,512.8	493.8	1207.4	3.7%
2020-21	-	34,732.1	-	1219.3	3.6%

In FY 2014-15, General Revenue collections surpassed the prior peak in 2005-06 for the first time since then. Steady growth is expected to continue throughout the forecast.

GR Unallocated & Other Reserves



The planned General Revenue reserve balance has since increased by \$482.6 million, as a consequence of higher than expected 2014-15 revenue collections and the new revenue forecast for 2015-16. The balance is now projected to be **\$1,709.1** million for the fiscal year. Combined with the \$1,353.7 million expected in the Budget Stabilization Fund and approximately \$590.2 million that is available in the Lawton Chiles Endowment Fund, the total across all sources that are traditionally mentioned as reserves is \$3,653.0 million or 12.9% of estimated General Revenue collections for FY 2015-16.

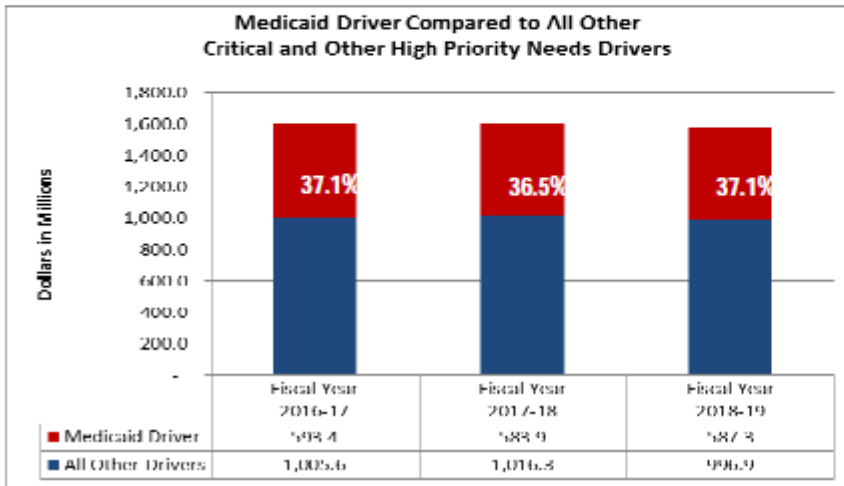
GR Outlook Balance for FY 2015-16

REVENUES	REC	N/R	TOTAL
2015-16 Ending Balance on Post-Session Outlook	87.5	1,139.0	1,226.5
-PLUS- Revenue Surplus from 2014-15	0.0	195.2	195.2
-PLUS- End of Year Adj & Forecast Changes	287.3	0.1	287.4
BALANCE ON CURRENT OFFICIAL OUTLOOK	374.8	1,334.3	1,709.1
ADJUSTMENTS			
-MINUS- Current Year Deficits	0.0	-3.3	-3.3
-MINUS- Budget Amendments Approved by 9/1/15	0.0	-10.0	-10.0
ADJUSTMENTS TOTAL	0.0	-13.3	-13.3

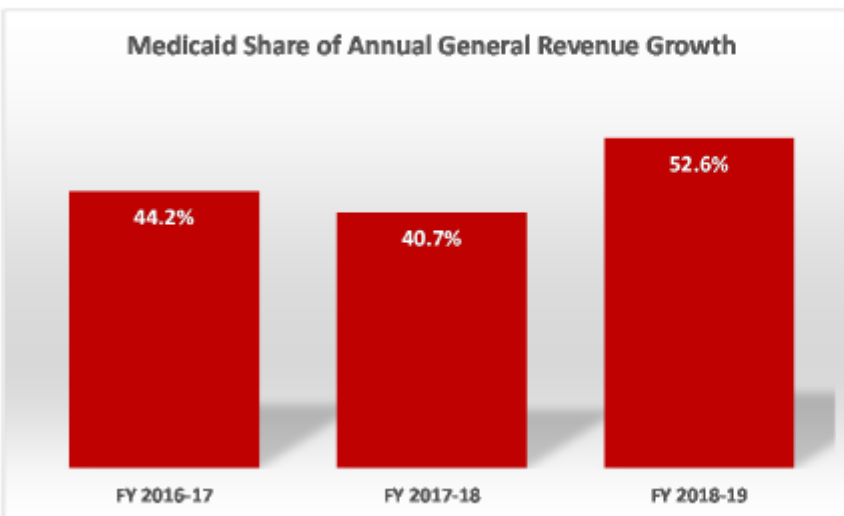
BALANCE FOR LONG-RANGE FINANCIAL OUTLOOK **1,695.8**

A projected remaining balance of \$1.7 billion in nonrecurring dollars is assumed to be available for use in FY 2016-17.

Medicaid is the Largest Driver



The Medicaid Program is the largest driver in all three years of the Outlook, representing 37.1 percent, 36.5 percent, and 37.1 percent of total Critical and Other High Priority Needs. The Medicaid need included in the 2015 Outlook is larger both in total dollar need by year and relative to the other drivers in that year than it was in the 2014 Outlook which showed 14.9 percent, 33.6 percent, and 35.5 percent, respectively.



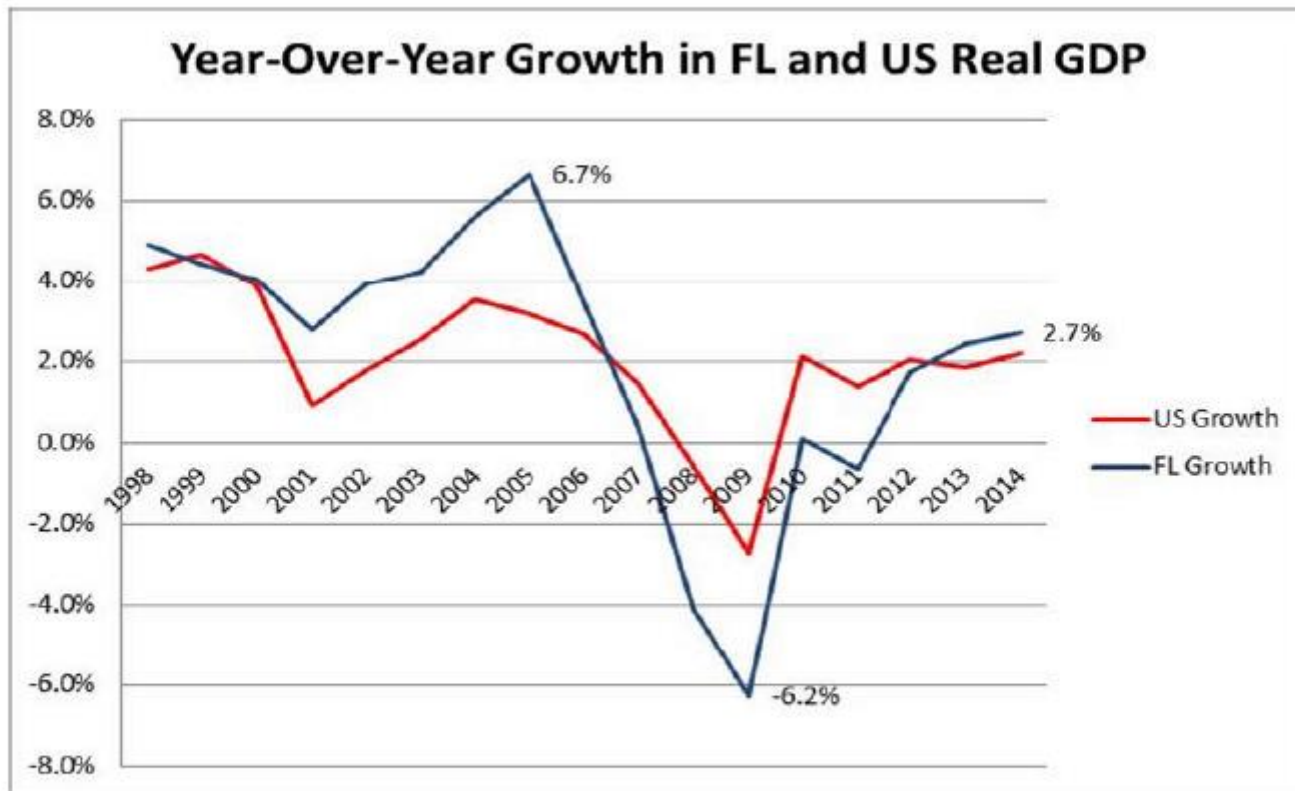
Over the three-year period covered by the Outlook, the additional Medicaid need each year consumes an average of 45.9% of the expected General Revenue growth for that year.

Putting It Together for the First Year

OUTLOOK PROJECTION – FISCAL YEAR 2016-17 <i>(in millions)</i>			
	RECURRING	NON RECURRING	TOTAL
AVAILABLE GENERAL REVENUE	\$29,880.6	\$1,664.5	\$31,545.1
<i>Base Budget</i>	\$28,255.0	\$0.0	\$28,255.0
<i>Transfer to Lawton Chiles Endowment Fund</i>	\$0.0	\$0.0	\$0.0
<i>Transfer to Budget Stabilization Fund</i>	\$0.0	\$30.4	\$30.4
<i>Critical Needs</i>	\$615.8	\$49.0	\$664.8
<i>Other High Priority Needs</i>	\$566.7	\$367.5	\$934.2
<i>Reserve</i>	\$0.0	\$1,000.0	\$1,000.0
TOTAL EXPENDITURES	\$29,437.5	\$1,446.9	\$30,884.4
<i>Revenue Adjustments</i>	(\$234.5)	\$209.2	(\$25.3)
ENDING BALANCE	\$208.6	\$426.8	\$635.4

Combined, recurring and nonrecurring General Revenue program needs—with a minimum reserve of \$1 billion—are less than the available General Revenue dollars, meaning there is no budget gap for FY 2016-17. Anticipated expenditures, potential revenue adjustments, and the reserve can be fully funded and the budget will be in balance as constitutionally required.

Economy Had Continued Growth in 2014



In 2014, the pace of Florida's economic growth increased, surpassing the state's revised 2013 growth rate. State Gross Domestic Product (GDP) showed Florida with an improved national ranking of 11th in the nation with a real growth gain of 2.7%, moving Florida above the national average (2.2% in 2014) for the second year in a row.

Public Education Capital Outlay (PECO) Funds

PECO \$ Forecast

2016 Education Legislative Priorities

State Board of Education Meeting

August 26, 2015

Career Education and Job Training

Major Components of the Bill:

- Double the number of available digital tool certificates that can be included on the industry certification funding list to 30
- Amend definitions associated with the federal apprenticeship program and the composition of the State Apprenticeship Advisory Council to align with federal guidelines and regulations
- Require career centers to develop a procedure for appeals of grievances related to financial aid, which is required by the US Department of Education in order to administer federal financial aid

School Choice

Major Components of the Bill:

- Charter schools that receive two consecutive school grades of “F” must be closed unless they meet one of two exceptions or are granted a waiver from the State Board of Education
- Allows a charter school to provide enrollment prioritization to students who are currently attending or zoned for a public school that has received a grade of “F” or three consecutive grades of “D”
- Currently, a high-performing charter school can replicate once every three years. This change will remove that limit if the replicated schools serve high-needs areas or needs identified by the district

School Choice (continued)

Major Components of the Bill:

- Allows entities that operate a successful network of charter schools that serve disadvantaged students and meet requirements set forth by the State Board to be designated as a high-impact charter networks. As a high-impact charter networks they will receive the following incentives:
 - Immediate access to capital outlay funding
 - Ability to submit a single application to a District to operate multiple charter schools
 - No administrative fee
 - Priority in state's federal Charter Schools Program (CSP) grant

Educator Professional Practices

Major Components of the Bill:

- Reorganize the membership of the Education Practices Commission
- Allow the DOE access to Department of Children and Families child protective findings
- Allow the Commissioner to issue a letter of guidance/caution in lieu of a Probable Cause finding
- Establish a system of public accountability and state approval of school leader preparation programs that align to adopted principal standards
- Eliminate the General Revenue Service Charge on the Educator Certification Trust Fund
- Allow DOE to assist districts with best practices for educator recruitment

Minimum Term Funding

Major Components of the Bill:

- Requires any school that operates for less than the minimum term that is not a double session school to only generate a FTE equivalent to the amount of instructional hours provided
- Allows the department to determine an equitable method of funding for schools operating for less than the required hours under emergency conditions only
- Eliminates language regarding double session schools, so that the number of sessions is no longer an issue, focusing on instructional hours.

Special Facilities Construction Account Amendment Section 1013.64, F.S

Major Components of the Bill:

- Limit funding to a district to only one project during any 3-year period or while any portion of the district's project costs is outstanding
- Consider information from the demographic, revenue, and education estimating conferences pursuant to s.216.136, F.S., in determining critical needs.
- Require that the total project cost -not exceed the cost per student station as provided in subsection s.1013.64 (6), F.S., including costs overruns necessitated by a disaster
- Reduce the Annual Payback portion from the required millage levy from 1.5 mills to 1.0 mill per year.

Other Legislative Session Issues

2016 Regular Session Scheduled to Begin
Tuesday, January 12, 2016

2015-16 Policy and Budget Implementation

2015-16 School Recognition Fund Distribution Section 1008.36, F.S.

Florida Digital Classrooms Allocation and Plans Section 1011.62(12), F.S.

Omniscircular and Green Book Update

- Project Application and Amendment Procedures for Federal and State Programs.
- Revised to include changes resulting from the Uniform Grant Guidance (UGG) – also known as the Super or Omni Circular.
- Final version of the 2015 Green Book was released last week and is available at <http://www.fldoe.org/finance/contracts-grants-procurement/grants-management/project-application-amendment-procedur.shtml>.
- Training (copy of webinar) on revisions is also available at <http://www.fldoe.org/finance/contracts-grants-procurement/grants-management>.

Green Book “To Do” List

- General Assurances, Terms, and Conditions for Participation in Federal and State Programs (Revised)
 - Revised to include UGG requirements.
 - Must be signed by the district superintendent and returned to the DOE Comptroller’s Office by January 15, 2016.
 - Will remain on file and does not need to be re-submitted unless there is a change in the superintendent.
- Risk Analysis for Florida School Districts, State Colleges, State Universities and State Agencies (New)
 - Form DOE 610.
 - Must be completed and submitted to the DOE Bureau of Contracts, Grants, and Procurement by January 15, 2016.
 - Will remain on file and does not need to be re-submitted unless there are substantive changes in responses to the items included in the document.

Government Accounting Standards Board Statements (GASB)

Impact of GASB 68 on Annual Financial Reports

- Long-Range Financial Outlook, 2016-17 through 2018-19, Fall 2015 Report, Adopted by LBC September 15, 2015 – 9/15/2015

http://edr.state.fl.us/Content/long-range-finacial-outlook/3-Year-Plan_Fall-2015_1617-1819.pdf

- Long-Range Financial Outlook, 2016-17 through 2018-19, Fall 2015 Report, Presentation September 15, 2015 – 9/15/2015

http://edr.state.fl.us/Content/presentations/long-range-financial-outlook/3YearPlanLBCPresentationFall2015_9-15-15.pdf

- Finance Officers Legislative Tracking

<http://fldoe.org/about-us/division-of-finance-operations/finance-officers-legislative-tracking.shtml>



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