



FLORIDA DEPARTMENT OF
EDUCATION
fldoe.org

Policy and Budget Update

November 7, 2018



Hurricane Michael

- **Hurricane Michael Information**
- The Florida Department of Education (FDOE) is focused on restoring critical education-related infrastructure, monitoring for unmet needs and assisting districts and state colleges in securing necessary supplies.
- <http://www.fldoe.org/hurricaneinfo/index.shtml>

Hurricane Michael

FDOE Website Topics

- **School District Closures**
- **Florida College System Closures**
- **Hurricane-Related Documents**
- [Revisions to Full-Time Equivalent \(FTE\) Student Reporting \(PDF\)](#)
- [Guidance to School Districts Affected by Hurricane Michael – Student Services \(PDF\)](#)
- <http://www.fldoe.org/core/fileparse.php/18532/urlt/best-brightest-extension.pdf> (PDF)
- **Shelter Information**



FLORIDA DEPARTMENT OF
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Florida State Board of Education 2019-20 Proposed Education Budget Request

September 14, 2018

2019-20 Education Legislative Budget Request Priorities

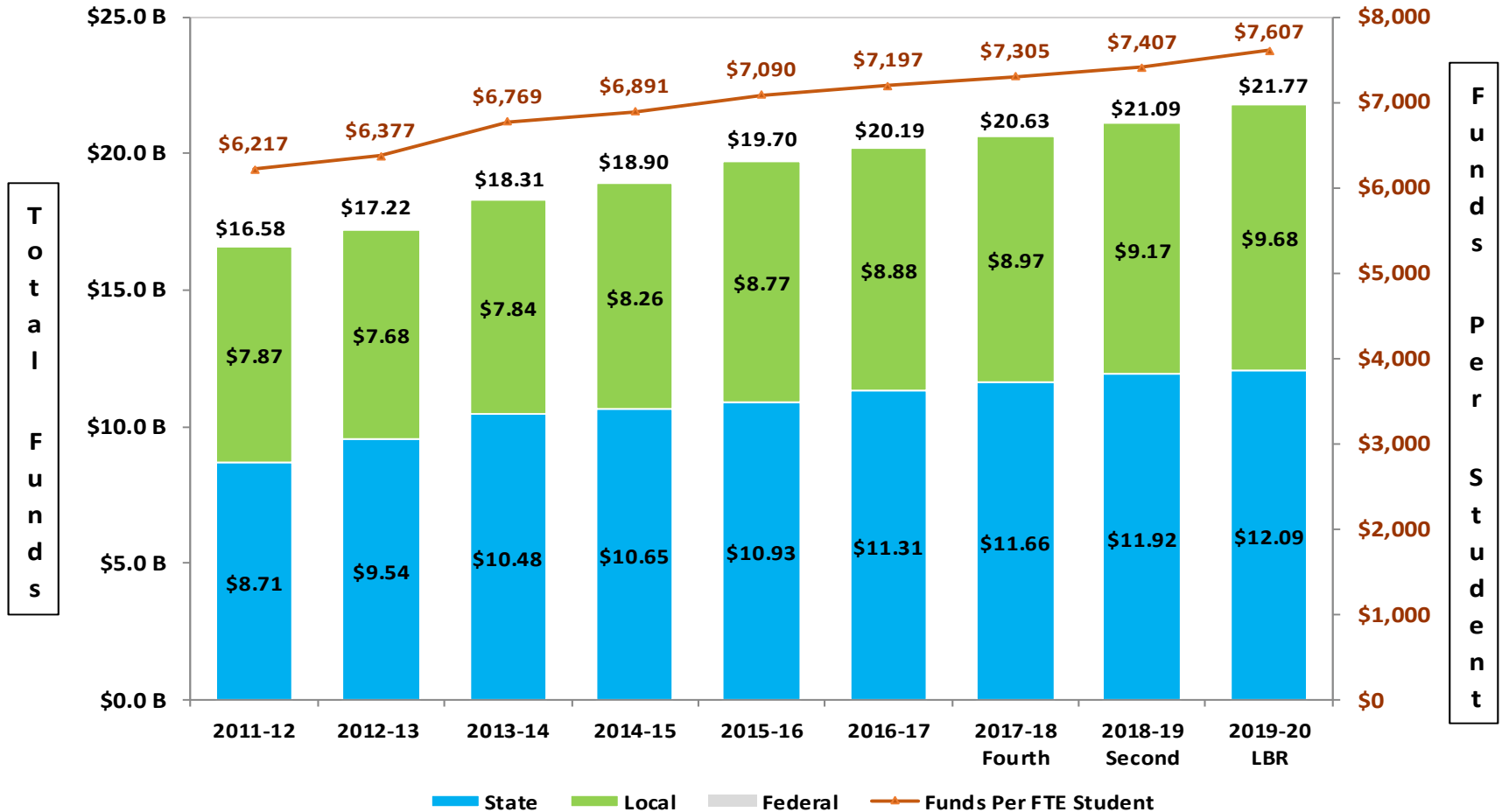
| | 2018-19 Appropriation | 2019-20 Legislative Budget Request | Increase/ (Decrease) |
|-----------------------------------|----------------------------------|---|---------------------------------|
| Total Operating Budget | \$ 17,745,938,496 | \$ 18,113,501,495 | \$ 367,562,999 |
| Total Fixed Capital Outlay | \$ 1,886,816,125 | \$ 1,851,655,997 | \$ (35,160,128) |
| Grand Total | \$ 19,632,754,621 | \$ 19,965,157,492 | \$ 332,402,871 |

K-12 Public Schools

2019-20 Florida Education Finance Program (FEFP)

| | 2018-19 FEFP Second Calculation | 2019-20 Legislative Budget Request | Increase | % Increase |
|---------------------------------------|--|---|-----------------|-----------------------|
| Unweighted FTE (UFTE) Students | 2,847,829.52 | 2,861,509.69 | 13,680.17 | 0.48% |
| State and Local Funds | \$ 21,093,968,372 | \$ 21,767,589,063 | 673,620,691 | 3.19% |
| Funds Per UFTE Student | \$ 7,407.03 | \$ 7,607.03 | 200.00 | 2.70% |

Florida Education Finance Program (FEFP) – Total Funding



K-12 Public Schools

2019-20 Highlights for

Florida Education Finance Program (FEFP)

- **Funding per student \$7,607.03 (\$200.00 increase over current year)**
- **\$101.3 million total increase in funds to support an additional 13,680.17 students**
- **\$100 million increase in Safe Schools Allocation for a total of \$262.0 million**
- **\$75.3 million increase for Student Transportation for a total of \$518.3 million**
- **\$10 million increase in the Mental Health Assistance Allocation for a total of \$79.2 million**

K-12 Public Schools 2019-20 Other Initiatives

- **\$ 67.5 million for The Coach Aaron Feis Guardian Program**
- **\$ 24.0 million for Teacher Professional Development**
- **\$ 10.0 million for English Language Learner Scholarships**
- **\$ 2.0 million for Security Funding for Jewish Day Schools**

K-12 Public Schools 2019-20 Overview

| | 2018-19 Appropriation | 2019-20 Legislative Budget Request |
|---|----------------------------------|---|
| K-12 Program - FEFP | 11,927,286,014 | \$ 12,090,605,879 |
| K-12 Program - Non-FEFP | 734,644,868 | \$ 732,447,961 |
| K-12 Program - Federal Grants | 1,814,629,022 | \$ 1,881,785,085 |
| Educational Media & Technology Services | 10,090,677 | \$ 9,938,677 |
| Total | 14,486,650,581 | \$ 14,714,777,602 |

Career and Adult Education 2019-20 Overview

Workforce – Total Recommendation \$504.9 million

- **\$376.5 million for Workforce Development, an increase of \$10.1 million**
- **\$6.5 million for Performance Based Incentives, an increase of \$2 million**
- **\$50.1 million for Adult Basic Education, an increase of \$8.6 million**
- **\$71.6 million for Vocational Formula Funding, an increase of \$4.4 million**

Florida College System 2019-20 Overview

Florida Colleges – Total Recommendation \$1.29 billion

- \$14 million for Industry Certifications, an increase of \$4 million
- Continuation of \$60 million for Performance Funding
- New Initiative for \$10 million for Safe and Secure Campuses and Mental Health Counseling Services
- \$26 million for Workforce Training Needs
- \$150,000 for Open Educational Resources

Other Education 2019-20 Overview

Student Financial Assistance – Total Recommendation \$858.1 million

- **\$529.4 million for Florida’s Bright Futures Scholarship Program, an increase of \$9.7 million**
- **\$19.5 million for the Benacquisto Scholarship Program, an increase of \$2.5 million**
- **\$283.6 million for Student Financial Aid, an increase of \$4.6 million**

Private Colleges and Universities – Total Recommendation \$167.4 million

Fixed Capital Outlay 2019-20 Overview

Fixed Capital Outlay – Total Recommendation \$1.9 billion

- **\$293.2 million for Maintenance Repair, Renovation and Remodeling**
 - **\$ 50.0 million for Public Schools**
 - **\$155.5 million for Charter Schools**
 - **\$ 35.7 million for the Florida College System**
- **\$150.0 million for the Educational Facilities Security Grant**
- **\$32.3 million for Special Facility Construction**
 - **\$ 6.1 million for Liberty (3rd of 3 years)**
 - **\$19.1 million for Jackson (3rd of 3 years)**
 - **\$ 7.2 million for Gilchrist (2nd of 3 years)**
- **\$39.8 million for Florida College System Projects**
- **\$ 1.2 billion for Debt Service payments on capital bonds**

2019-20 Education Operating and Fixed Capital Outlay Summary

| | 2018-19 Appropriation | 2019-20 Legislative Budget Request |
|--|--------------------------|--|
| K-12 | \$ 14,476,559,904 | \$ 14,704,838,925 |
| Career & Adult Education | \$ 483,137,484 | \$ 504,948,077 |
| Florida Colleges | \$ 1,228,541,003 | \$ 1,288,663,265 |
| Private Colleges & Universities | \$ 169,095,325 | \$ 167,373,543 |
| Student Financial Aid | \$ 841,225,298 | \$ 858,077,855 |
| State Board of Education | \$ 254,969,219 | \$ 275,977,571 |
| Vocational Rehabilitation | \$ 224,118,252 | \$ 245,998,622 |
| Blind Services | \$ 58,201,334 | \$ 57,684,960 |
| Educational Media & Technology Services | \$ 10,090,677 | \$ 9,938,677 |
| Total Operating | \$ 17,745,938,496 | \$ 18,113,501,495 |
| Fixed Capital Outlay | \$ 1,886,816,125 | \$ 1,851,655,997 |
| Total Operating and Fixed Capital Outlay | \$ 19,632,754,621 | \$ 19,965,157,492 |
| | | |
| Change from 2018-19 to 2019-20 | | \$ 332,402,871 |

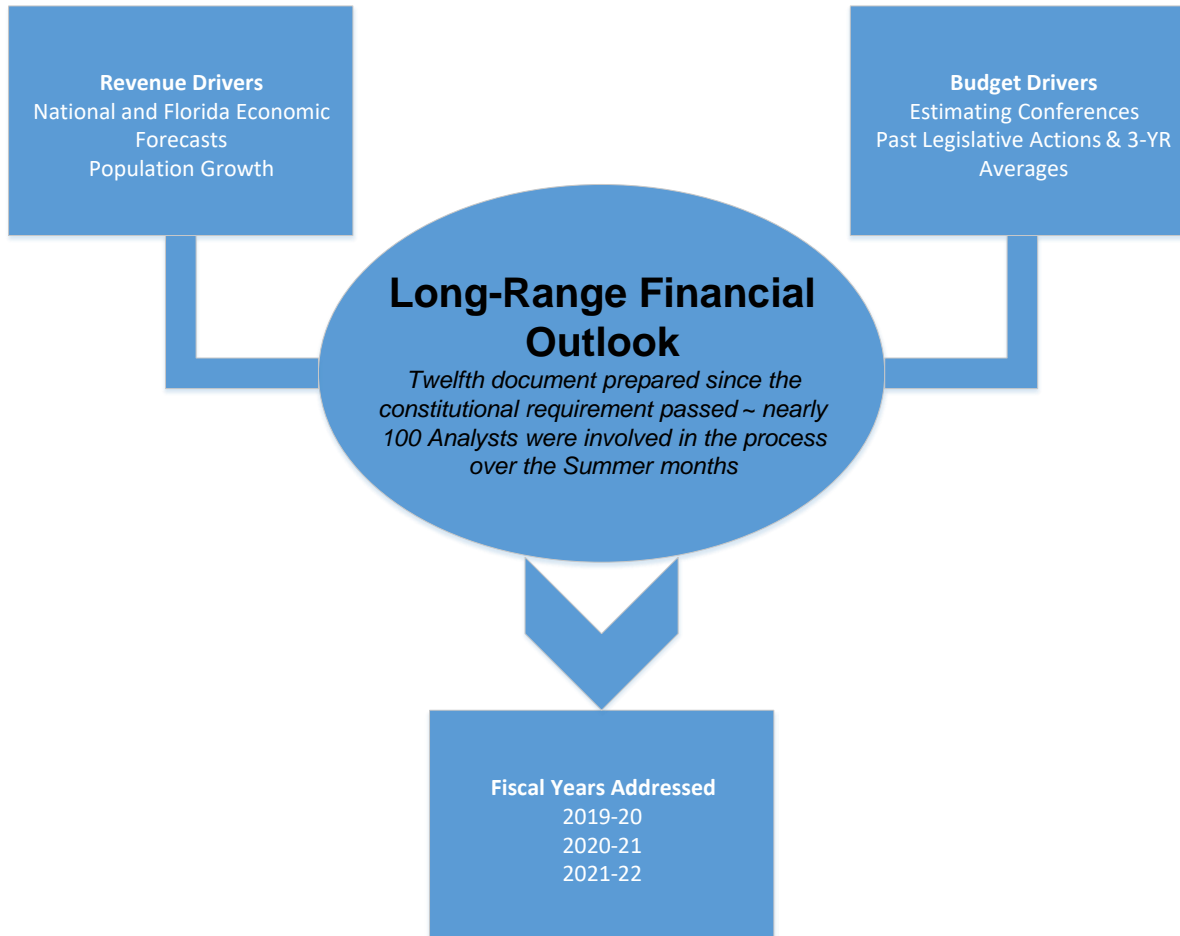
Florida: Long-Range Financial Outlook

September 14, 2018

Presented by:



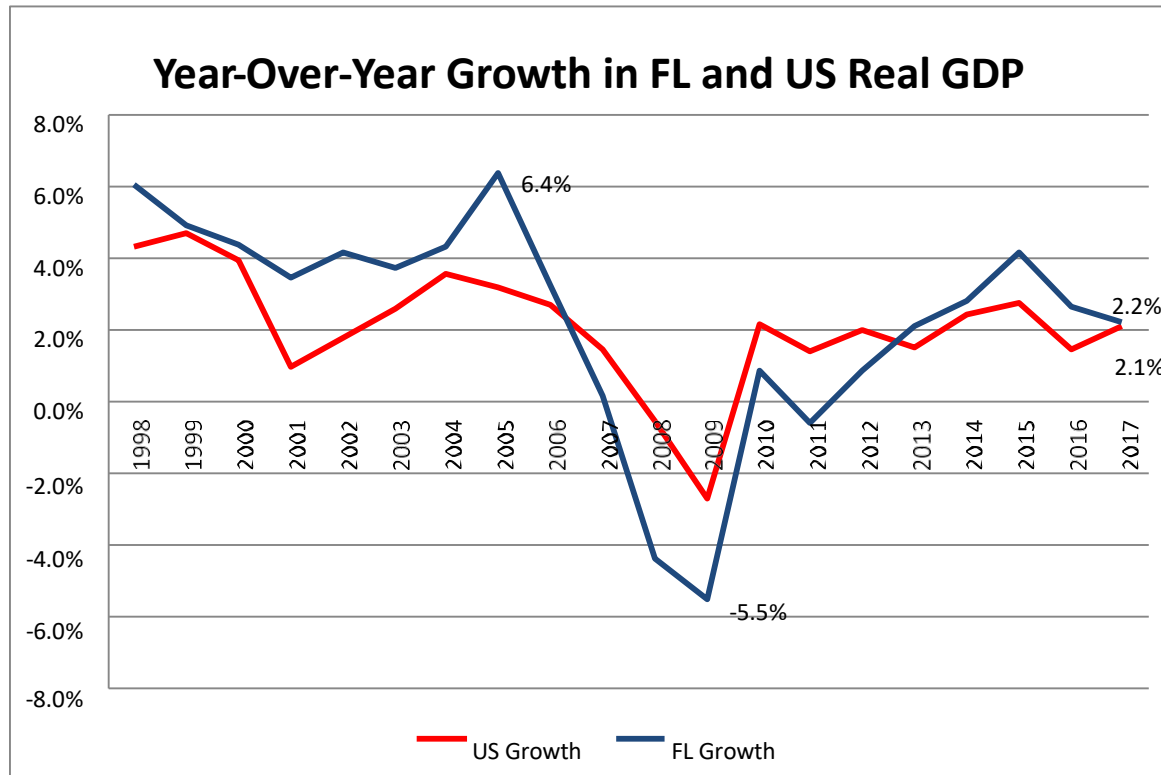
The Florida Legislature
Office of Economic and
Demographic Research
850.487.1402
<http://edr.state.fl.us>



Population Growth Slowing Slightly...

- Population growth is the state's primary engine of economic growth, fueling both employment and income growth.
- Between 2010 and 2030, Florida's population is forecast to grow by over 5.4 million persons, about 54% of them will be aged 60 or older.
- Over the next four years, Florida's population growth is expected to remain at or above 1.4%, averaging 1.45% between 2018 and 2022. Most of Florida's population growth through 2030 will be from net migration (98.0%).
- Nationally, average annual growth will be about 0.67% between 2017 and 2030.
- The future will be different than the past; Florida's long-term annual growth rate between 1970 and 1995 was over 3%.
- Florida is currently the third most populous state, behind California and Texas.

Economy Has Continued Growth...

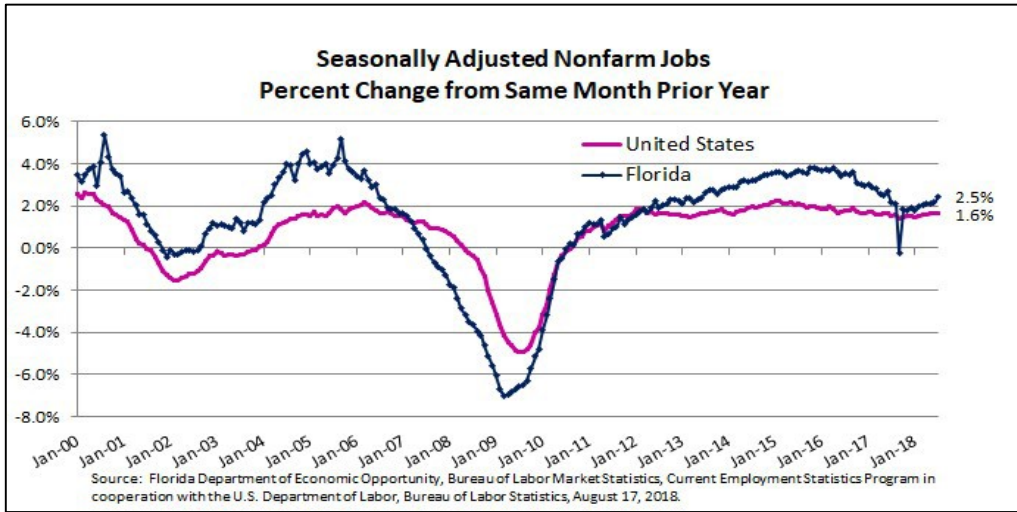


For the first quarter of the 2018 calendar year, Florida posted growth of 2.5%, surpassing the national average of 1.8% and ranking the state 11th in the country for real growth.

In the latest revised data for State Gross Domestic Product (GDP), Florida had real growth of 4.2% in 2015, placing it above the national average of 2.7%. For the 2016 calendar year, Florida's growth slowed to 2.6%; however, this was still well above the national average of 1.5%.

For the 2017 calendar year, Florida's real growth further slowed to 2.2% over the prior year—coming in only slightly above the national average of 2.1% and ranking Florida 17th among states for growth.

Current Employment Conditions...



July Nonfarm Jobs (YOY)

US 1.6%
 FL 2.5%
 YR: 210,600 jobs
 Above Peak: 749,400 jobs
 [Prior Employment Peak passed
 in May 2015]

July Unemployment Rate

US 3.9%

FL 3.7%

(382,500 people)

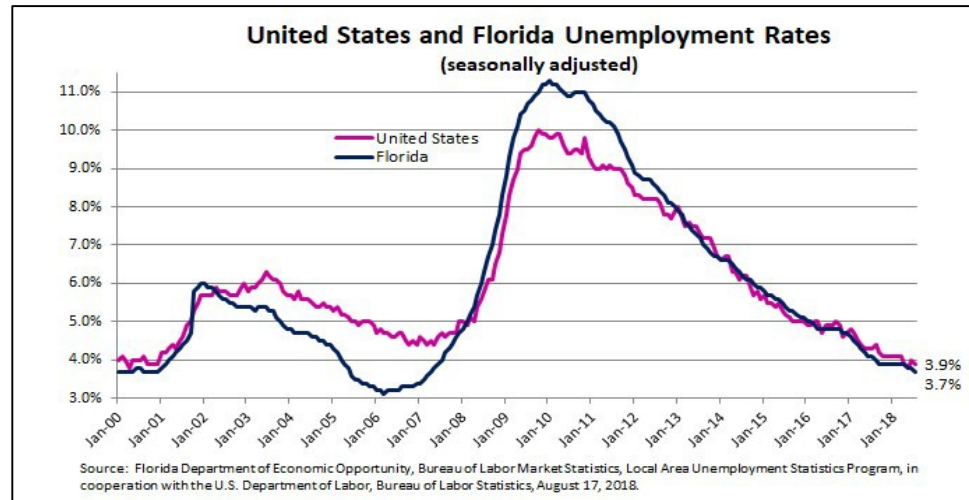
The Revenue Estimating Conference now assumes Florida is below the “full employment” unemployment rate (about 4 percent).

Highest Monthly Rate

11.3% (January 2010)

Lowest Monthly Rate

3.1% (March 2006)



Only One Part of the Housing Market is Back to Normal...

- Existing Home market is back to normal for both volume and sales.
 - Existing home sales volume in the 2014, 2015, 2016 and 2017 calendar years exceeded the 2005 peak year. This year (2018) looks on course to do the same. While Florida's existing home price gains have roughly tracked national gains over the last three years, the state's median home price for single family homes has generally stayed upwardly steady as the national median peaks and dips. The state's median price in June was 93.1% of the national median price, but exceeded the state's prior peak (June 2006) for the first time.
 -
- Homeownership rate is below normal.
 - The 2016 percentage of 64.3 was well below the long-term average for Florida (66.3%). Final data for 2017 shows a further decline to 64.1%. This rate is below the lowest homeownership rate previously recorded in Florida (64.4 in 1989) during the 34-year history of the series. However, preliminary data for the first half of the 2018 calendar year is showing improvement.
- Diverted homeowners and shifting preferences among Millennials have caused residential rental vacancies to tighten strongly in Florida, beginning in the 2015 calendar year and running through the second quarter of 2018; rental price pressure continues to build.

Economy Recovering...

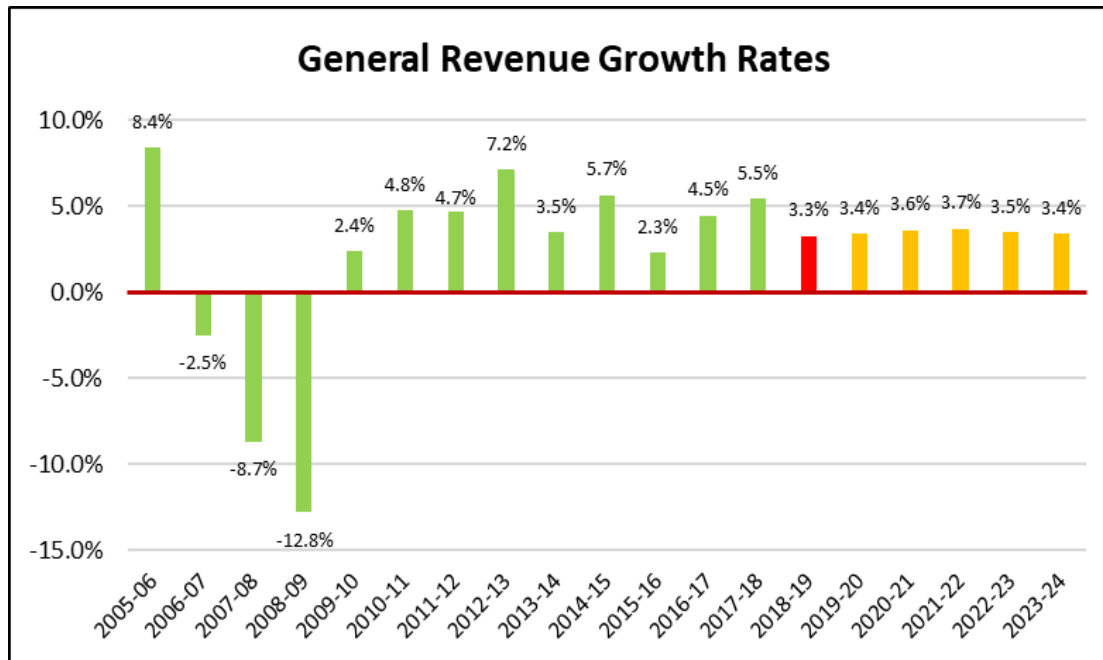
Florida growth rates are generally returning to more typical levels and continue to show progress. The drags—particularly construction—are more persistent than past events, but the strength in tourism is compensating for this. In the various forecasts, normalcy was largely achieved by the end of FY 2016-17. Overall...

- The recovery in the national economy is near completion on all fronts. While most areas of commercial and consumer credit have significantly strengthened – residential credit for home purchases still remains somewhat difficult for consumers to access with a weighted average credit score of 726 and a LTV of 80 percent on all closed loans in June. Seventy percent of all home purchase lending in June had credit scores that were 700 or above. Student loans and auto debts appear to be affecting the ability to qualify for residential credit. Even so, the percent of all home sales that are financed is approaching 60 percent in Florida (May 2018).
- By the close of the 2017-18 fiscal year, most measures of the Florida economy had returned to or surpassed their prior peaks.
 - All personal income metrics, over one-half of the employment measures, and the total tourism and domestic visitor counts had exceeded their prior peaks.
 - Other measures were posting solid year-over-year improvements, even if they were not yet back to peak performance levels.
 - Private nonresidential construction expenditures first passed their prior peak in FY 2016-17, but none of the key residential construction measures pass their prior peaks until FY 2023-24.

General Revenue Forecast

LR Growth: Averages 6%
Forecast Growth: Averages 3.5%

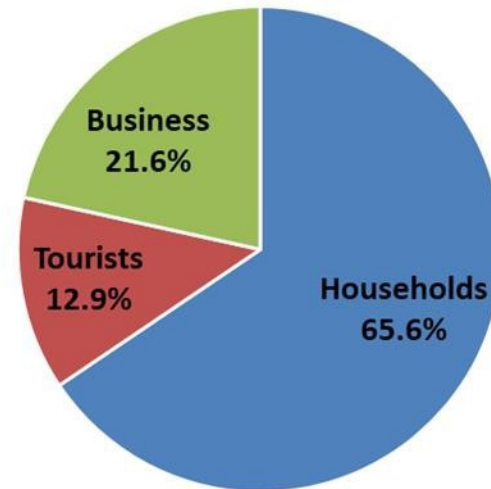
The past had tax increases associated with key revenue sources and stronger population growth.



Florida-Based Downside Risk

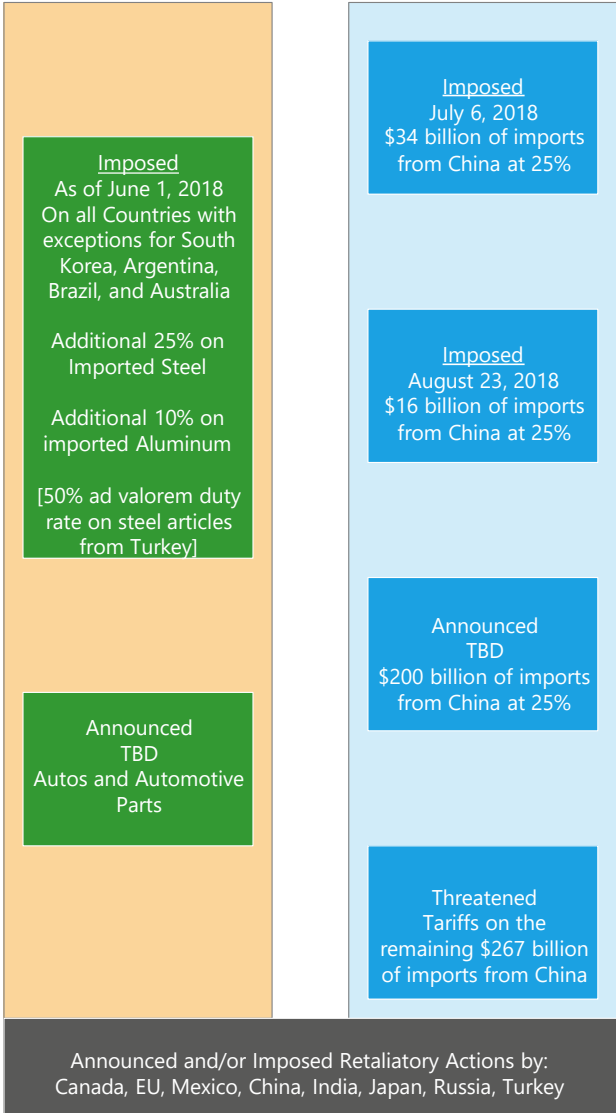
- The most recent sales tax forecast relies heavily on strong tourism growth. It assumes no events that have significant repercussions affecting tourism occur during the forecast window.
 - Currently, tourism-related revenue losses pose the greatest potential risk to the economic outlook.
 - Previous economic studies of disease outbreaks and natural or manmade disasters have shown that tourism demand is very sensitive to such events.

Contributions to General Revenue from Sales Tax (with CST)
Collections in FY 2016-17, By Source



The Legislative Office of Economic and Demographic Research has updated and refined an empirical analysis of the various sources of the state's sales tax collections. In FY 2016-17, sales tax collections provided nearly \$23.0 billion dollars or 76.8% of Florida's total General Revenue collections. Of this amount, an estimated 12.9% (nearly \$2.97 billion) was attributable to purchases made by tourists.

External Uncertainty...



In National
Economic Forecast
Adopted 7/12/18

The Florida Economic forecast is underpinned by the National Economic forecast. The new baseline forecast was adopted with caution due to increasing trade tensions and ongoing developments.

To the extent that they materialize, tariffs act like a tax increase, weakening the purchasing power of households and creating greater business uncertainty regarding the future demand for exports, the effects of increased cost pressures, and the continued operation of global supply chains. Rising trade tensions have also contributed to a sharp appreciation in the dollar, which has already appreciated nearly 8 percent since April 2018.

According to Moody's Analytics and Economy.com, a global trade war is among the biggest downside risks for U.S. growth this year and next. The Federal Open Market Committee also noted in their minutes from the July 31 - August 1 meeting that "all participants pointed to ongoing trade disagreements and proposed trade measures as an important source of uncertainty and risks."

Total State Reserves Are Solid...

| Outlook Year | Baseline Fiscal Year | Unallocated General Revenue | Budget Stabilization Fund | Lawton Chiles Endowment Fund | Total Reserves | GR Summer Revenue Estimate* | % of GR Estimate |
|--------------|----------------------|-----------------------------|---------------------------|------------------------------|----------------|-----------------------------|------------------|
| 2011 | 2011-12 | 1,357.5 | 493.6 | 696.2 | 2,547.3 | 23,795.1 | 10.7% |
| 2012 | 2012-13 | 1,577.7 | 708.1 | 426.1 | 2,711.9 | 24,631.6 | 11.0% |
| 2013 | 2013-14 | 1,893.5 | 924.8 | 536.3 | 3,354.6 | 26,184.2 | 12.8% |
| 2014 | 2014-15 | 1,589.0 | 1,139.2 | 629.3 | 3,357.5 | 27,189.4 | 12.3% |
| 2015 | 2015-16 | 1,709.1 | 1,353.7 | 590.2 | 3,653.0 | 28,414.1 | 12.9% |
| 2016 | 2016-17 | 1,414.2 | 1,384.4 | 637.5 | 3,436.1 | 29,732.8 | 11.6% |
| 2017 | 2017-18 | 1,458.5 | 1,416.5 | 713.4 | 3,588.4 | 31,152.8 | 11.5% |
| 2018 | 2018-19 | 1,226.1 | 1,483.0 | 763.1 | 3,472.2 | 32,270.5 | 10.8% |

**The Summer Revenue Estimate for FY 2018-19 includes the official estimated revenues for General Revenue and the annual payment from the BP Settlement Agreement.*

- Unallocated General Revenue, the Budget Stabilization Fund, and the Lawton Chiles Endowment Fund are generally considered to comprise the state's reserves.
- At the time of adoption for each of the previous seven Outlooks, total state reserves have ranged from 10.7% to 12.9% of the General Revenue estimate.
- For the current year, total state reserves are \$3,472.2 million or 10.8% of the General Revenue estimate for FY 2018-19.

Budget Drivers...

- Tier 1 – Includes only Critical Needs, which can generally be thought of as the absolute minimum the state must do absent significant law or structural changes; they present the lowest cost of continuing core government functions within the current policy framework. While the **17** Critical Needs drivers for this year’s Outlook primarily reflect the first purpose (i.e., mandatory increases and adjustments originating from estimating conferences and constitutional or statutory requirements), a separate driver is included that more directly addresses the second purpose of identifying the lowest state cost of providing essential government services. Because the Legislature has had an evolving policy regarding the appropriate split between state and local funds for the public school system, Critical Needs Driver #3 has been included to show the impact of using the Legislature’s longer-term policy of maintaining the millage rate derived from the most recent certified roll for school purposes—in this case July 2018. This allows the Required Local Effort to increase with tax roll growth. However, this assumption is relaxed in the Other High Priority Needs to reflect the specific policy adopted for FY 2018-19.

DOLLAR VALUE OF CRITICAL AND OTHER HIGH PRIORITY NEEDS

| GENERAL REVENUE FUND | Fiscal Year 2019-20 | Fiscal Year 2020-21 | Fiscal Year 2021-22 |
|---|------------------------|------------------------|------------------------|
| Total Tier 1 - Critical Needs | 35.5 | 609.9 | 283.3 |
| Total - Other High Priority Needs | 1,829.7 | 1,701.5 | 1,630.9 |
| Total Tier 2 - Critical and Other High Priority Needs | 1,865.2 | 2,311.4 | 1,914.2 |

- Tier 2 – Other High Priority Needs are added to the Critical Needs. The **30** Other High Priority Needs reflect issues that have been funded in most, if not all, of the recent budget years. Both types of drivers are combined to represent a more complete, yet still conservative, approach to estimating future expenditures. Essentially, the total projected cost for the Critical Needs and Other High Priority Needs shows the impact of continuing the programs and priorities funded in recent years into the three years included in the Outlook.

Putting It Together for the First Year

| OUTLOOK PROJECTION – FISCAL YEAR | | 2019-20 <i>(in millions)</i> | |
|--|-------------------|---------------------------------|-------------------|
| | RECURRING | NON RECURRING | TOTAL |
| AVAILABLE GENERAL REVENUE | \$33,031.1 | \$1,653.9 | \$34,685.0 |
| Base Budget | \$31,809.40 | \$0.0 | \$31,809.40 |
| Transfer to Lawton Chiles Endowment Fund | \$0.0 | \$0.0 | \$0.0 |
| Transfer to Budget Stabilization Fund | \$0.0 | \$89.3 | \$89.3 |
| Critical Needs | (\$87.3) | \$122.8 | \$35.5 |
| Other High Priority Needs | \$1,064.2 | \$765.5 | \$1,829.7 |
| Reserve | \$0.0 | \$1,000.0 | \$1,000.0 |
| TOTAL EXPENDITURES | \$32,786.3 | \$1,977.6 | \$34,763.9 |
| TIER 2 ENDING BALANCE | \$244.8 | (\$323.7) | (\$78.9) |
| Revenue Adjustments | (\$104.8) | \$407.1 | \$302.3 |
| TIER 3 ENDING BALANCE | \$140.0 | \$83.4 | \$223.4 |

Combined, recurring and nonrecurring General Revenue Critical Needs—plus a minimum reserve of \$1.0 billion—are significantly less than the available General Revenue, leaving a surplus of nearly \$1.8 billion. However, when Other High Priority Needs are added, the available General Revenue falls short of the projected total need by \$78.9 million in Tier 2.

After accounting for the revenue adjustments included in Tier 3 of the Outlook, there is enough General Revenue to cover the Critical and Other High Priority Needs, leaving a small projected surplus \$223.4 million for discretionary and new issues—the projected surplus equates to just 0.6 percent of the General Revenue estimate for FY 2019-20.

The Bottom Line

Multi-Tier Comparison

GENERAL REVENUE FUNDS AVAILABLE PROJECTION (\$ MILLIONS)

| | Fiscal Year 2019-20 | | | Fiscal Year 2020-21 | | | Fiscal Year 2021-22 | | |
|---|---------------------|---------------|-----------|---------------------|---------------|-----------|---------------------|---------------|-----------|
| | Recurring | non-recurring | Total | Recurring | non-recurring | Total | Recurring | non-recurring | Total |
| Ending Balance Tier 1...Critical Needs | \$1,309.0 | \$441.8 | \$1,750.8 | \$2,049.2 | \$1,998.6 | \$4,047.8 | \$3,165.3 | \$4,013.6 | \$7,178.9 |
| Ending Balance Tier 2...Critical Needs & Other High Priorities | \$244.8 | (\$323.7) | (\$78.9) | (\$0.4) | (\$468.3) | (\$468.7) | \$116.0 | (\$665.4) | (\$549.4) |
| Ending Balance Tier 3...All Needs Plus Revenue Adjustments | \$140.0 | \$83.4 | \$223.4 | (\$210.0) | \$162.2 | (\$47.8) | (\$198.4) | (\$258.3) | (\$456.7) |

- The Outlook results show negative ending balances in all three years in Tier 2 and in the two outer years in Tier 3.
- While the negatives in Tier 2 are related to the high level of projected nonrecurring expenditures, a recurring problem is clearly present in Tier 3.
- The projected bottom line for FY 2019-20 is positive in all respects; however, the projections show recurring expenditures in the two outer years that outstrip the available recurring funds, indicating that **a structural imbalance is still occurring**—albeit improved since last year’s Outlook.
- This difference between Tiers is caused by the introduction of the recurring portion of the revenue adjustments contained in Tier 3. On the other hand, the switch to a positive result in the first year (FY 2019-20) is brought about by the use of one-time trust fund transfers that are also only allowed in Tier 3 (assumed to be \$392.5 million each year).

Cautions...

1. Shoring Up Current Projections is Critical

For example, the Outlook's results for all three years depend greatly on meeting the Indian Gaming revenue estimates, which average slightly less than \$343 million per year over the Outlook period. If this assumption fails, the current results in both Tier 2 and Tier 3 will significantly deteriorate.

2. There are a variety of options available to clear the negative ending balances that exist in all three years in Tier 2 and in the two outer years in Tier 3, but they need to be deployed carefully.

Because the root causes driving the negatives differ between the two Tiers, the selection of the most appropriate fiscal strategy will depend on a series of policy decisions starting with which Tier to use as the base. Among the many variables that need to be considered is the timing of the corrective action. While a fiscal strategy is required no later than FY 2020-21 to address the projected gap between revenues and expenditures in Tier 3, less disruptive courses of action—as well as the results in Tier 2—argue for at least some level of deployment beginning in FY 2019-20. Otherwise, there is the potential to increase funding for programs in Year 1 that would not survive Year 2.

3. The true size of the structural imbalance is dependent on a number of factors and decisions that could differ from the assumptions made in the Outlook.

For example, the magnitude of the structural imbalance will be dependent on the specific policy the Legislature adopts for Required Local Effort (RLE) over the next three years. As demonstrated by the difference in results between the 2017 Outlook and this year, the future recurring needs for Pre K-12 Education are very sensitive to the assumptions made regarding RLE. Further, funding for this policy area is a significant component of Florida's overall General Revenue budget. Large swings between Outlooks may continue until a consistent policy on the funding split between state and local dollars is in place.

HB 1279 - School District Accountability

CH. 2018-5, L.F.

Executive Summary:

- The bill relates to school district fiscal accountability.
- Revises the duties of the Auditor General, Office of the Inspector General, school district superintendents, Ethics Commission and DOE to increase fiscal transparency of educational spending.
- The bill contains specific requirements to increase fiscal accountability, including provisions to require school districts to promptly correct audit findings and reduce expenditures in response to a decrease in revenue.
- Section 13 creates s. 1011.051(2)(b), Florida Statutes (F.S.), effective July 1, 2018.
- The remaining provisions of the bill are effective July 1, 2019.

SB 7026 - Public Safety

CH. 2018-3, L.F.

Executive Summary:

The bill comprehensively addresses the crisis of gun violence, including but not limited to, gun violence on school campuses. The law addresses this crisis by promoting school safety and enhanced coordination between education and law enforcement entities at the state and local level.

SB 7026 - Public Safety

CH. 2018-3, L.F.

- **Office of Safe Schools**
- Guardian Program
- Community Action Treatment Teams
- School Safety Awareness Program
- Public Safety Commission
- Educational Multiagency Services
- Safe School Officers
- **Florida Safe Schools Assessment Tool**
- **Education and Training for Youth**
- **Mental Health Awareness and Assistance**
- Marjory Stoneman Douglas HS Memorial
- Safe Schools Allocation
- **Active Shooter Training**
- **FCO Cost for Physical Security of School Buildings**
- **Acquisition of Centralized Data Repository and Analytics Resource**

Note: Bold topics represent DOE responsibilities

HB 7055 - Education

CH. 2018-6, L.F.

Executive Summary:

The bill expands state school choice scholarship programs and streamlines accountability for participating private schools; provides flexibilities to school districts; modifies charter school requirements; specifies assessment, instructional, and classroom requirements; modifies other education provisions; and provides appropriations.

Details about new school district requirements as a result of the law were sent to Superintendents Finance Officers in DPS memo 2018-48 on May 11, 2018. The document is available at the site below:

<https://info.fldoe.org/docushare/dsweb/Get/Document-8261/dps-2018-48.pdf>



www.FLDOE.org

