

Approved in Open Board Meeting October 6, 2015
THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
OFFICE OF THE SUPERINTENDENT

July 28, 2015
Tuesday, 5:30 p.m.

MINUTES OF SPECIAL MEETING
1st Public Hearing - Proposed Millage Levy and Tentative Budget for 2015-2016

The School Board of Broward County, Florida, met in special session at 7:27 p.m., Tuesday, July 28, 2015, in the Board Room of the Kathleen C. Wright Administrative Center, 600 Southeast Third Avenue, Fort Lauderdale, Florida. Present were: Donna P. Korn, Chair; Dr. Rosalind Osgood, Vice Chair; Members Robin Bartleman, Heather P. Brinkworth (via teleconference), Abby M. Freedman, Patricia Good, Laurie Rich Levinson, Ann Murray, Nora Rupert; Robert W. Runcie, Superintendent; and J. Paul Carland, II, Esq.

Call to Order The call to order was followed by the Pledge of Allegiance to the Flag of the United States of America.

Close Agenda Upon motion by Mrs. Rupert, seconded by Mrs. Good and carried, the Agenda was approved and declared closed. Mrs. Brinkworth was absent for the vote. (8-0 vote)

Purpose of Meeting For The School Board of Broward County, Florida to Act on the Proposed Millage Levy and Tentative Budget for the Fiscal Year 2015-2016, and any other items the Board deems necessary.

Introduction by Chair

Welcoming the audience to the first public hearing on the Broward County School District's tentative 2015-2016 budget, the Chair indicated the purpose of this hearing was to keep the public and the School Board fully informed as to whether the District was using sound policies and practices that met the needs of students and warranted public confidence in the District's operations. The law requires the public to be given the opportunity to provide input into the millage rates and budget. Ms. Korn stated this was the first of two public hearings for the millage rates and budget.

After explaining the procedure to be followed for this hearing, Ms. Korn stated at the end of the presentation speakers would be called to the floor and would be given three minutes to address the Board.

Ms. Korn thanked the audience for their support of Broward County Public Schools and for attending this meeting.

Statement by Superintendent

Mr. Runcie stated the state increased K-12 funding and Broward County's share was approximately \$76 million; however, the actual increase was approximately \$56 million when student growth was excluded from the increase.

Over the past several years, Broward County has been one of the lowest administrative-cost districts in Florida. In addition, Broward County school district had the lowest tax rate among the South Florida school districts. The tax rate decreased from last year and most residential taxpayers will pay less school taxes this year. The first General Obligation Bond (GOB) was issued in June 2015. Even with the general issuance of the GOB, residential taxpayers will still pay less in school taxes this year. Mr. Runcie gave an example that a single-family home, with a taxable value of \$200,000 adjusted from the Save Our Home increase, would decrease \$20 less in school taxes for the homeowner.

Ms. Korn asked staff to address that the \$56 million increase from the state was actually less.

Presentation – 2015-2016 Tentative District Budget

Mr. I. Benjamin Leong, Chief Financial Officer, stated per state statute, the Florida Department of Education (DOE) was not obligated to give the District the budget information, such as the millage rate, or the prior year tax adjustment. In July 2015, the tax adjustment was \$10 million less than last year. Due to this adjustment, the \$56 million increase actually equated to \$46 million.

Oleg Gorokhovskiy, Director, Budget, announced the information being presented was available to the public in the District Budget book, which was available online through eAgenda, the Budget department's website, as well as hard copies that were brought to this meeting. Mr. Gorokhovskiy presented highlights of the proposed budget, through a PowerPoint presentation, as shown in the Tentative District Budget book:

Millage and Taxes:

- Comparison of Millage Rates (page 4)
- Comparison of Millage and Rolled Back Rates (page 5)
- Comparison of Gross Taxable Value (page 6)
- Comparison of School Board Proceeds (page 7)
- Comparison of Homeowner's Property Taxes (page 8)
- Comparison of Budgeted Revenue Sources - All Funds (page 14)

General Fund:

- 2015-2016 Estimated Revenue and Appropriations (page 18)

Superintendent's Recommendations:

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1. Resolution Adopting Tentative Millage Rates

(Adopted)

Motion by Mrs. Good, seconded by Mrs. Rupert and carried, to adopt Resolution #16-01, approving tentative millage rates for Fiscal Year 2015-2016. (9-0 vote)

It is recommended that the School Board adopt Resolution #16-01 approving the tentative millage rates for the 2015-16 fiscal year.

Adoption of the millage rates will generate \$1,149,986,346.

Agenda Items 1 and 2 were motioned together.

Mrs. Good wanted to clarify the additional funding by the state was not being covered in the book at this meeting.

Mr. Leong responded it was not being covered and a workshop would be scheduled to discuss and obtain public input before the second hearing.

Mrs. Good wanted anyone listening or from the audience to understand those additional dollars had not been allocated for anything specific at this time.

No discussion was held on this item.

A vote was taken on Agenda Item 1.

2. Resolution Adopting Tentative Budget

(Adopted)

Motion by Mrs. Good, seconded by Mrs. Rupert and carried, to adopt Resolution #16-02, approving the tentative budget for Fiscal Year 2015-16. Ms. Korn was absent for the vote. (8-0 vote)

Chapters 200 and 1011 of the Florida Statutes required that the school district hold a public hearing to adopt a tentative budget and proposed millage rates not less than 2 days nor more than 5 days after advertising a summary of the tentative budget and the proposed millage rates in the newspaper.

See attached the recapitulation of the 2015-2016 Budget.

The total annual budget for all funds is \$3,444,036,768.

Agenda Items 1 and 2 were motioned together.

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Mrs. Rupert inquired where the District currently ranked for lowest administrative-cost district in the state.

Mr. Gorokhovsky replied, third.

Mrs. Rupert referred to operating expenses on page 15 and asked for feedback on the 2.1% increase.

Mr. Gorokhovsky said that was correct; due to additional revenue the District had to pay more.

On page 18, Mrs. Rupert questioned what last year's figures were for the Purchased Services.

Mr. Gorokhovsky responded last year the figure was \$398.9 million, an increase of approximately \$29 million, of which \$15 million was for the Charter schools' increase. The other \$14 million had \$1.8 million being reimbursed to the state for two failed Charter schools that closed, Obama Academy and Redshoes Charter School. Staff was trying to be pro-active by preparing to pay for it when the states asked for it.

Ms. Korn clarified the two schools were not paying the \$1.8 that they received, but the state required the funds to be returned and that was why it was being deducted from the District. From a taxpayers perspective, they are looking to the Board to see how it can go after the schools to be refunded. Those dollars were supposed to be for this District's budget. Ms. Korn asked legal counsel if there was anything the Board could do, especially since the state did not inform the Board when Charter schools do not pay and the District would have to pay when it was not responsible.

Mr. Carland replied his office would look at what the authority was that the state relies on, in terms to extract that through the District. The only course of action against a Charter schools would be through a contractual relationship with them. In this case, the schools have closed and were no longer receiving any revenues. The collectability picture, while getting a judgment, may be an easier course; however, the collectability looked pretty dim and that would be the only course the District could take.

Mrs. Rich Levinson stated this was what she had eluded to earlier when she inquired about certain Charters where the District was paying their penalty(ies). This was one the Board had heard about and she requested a comprehensive list

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of what had been paid out for those Charter schools. Mrs. Rich Levinson also wanted to know what action had been taken. The Board would need to figure out what to do pertaining to the penalties and any other monies Charter schools owed.

Mr. Runcie remarked that information would be sent to the Board by the end of the week. He said that number had been put together during the legislative session for reforms that would set some rules and guidelines to improve the quality to authorization.

Mrs. Rich Levinson asked what was it that the Charter schools owed money.

Mr. Leong replied there was an audit by the Auditor General's Office that determined the schools did not have proper documentation for the students' attendance. The audit was still ongoing and the Chief Auditor's Office could still appeal it. Once the audit is final, the state takes possession of the money immediately and the District never sees it. The Superintendent was in the process to ascertain what could be done with the DOE and through that process, determine if any withholdings could be suspended.

Mrs. Rich Levinson questioned if there was ever a connection between anything being done legally outside the District and could it be turned over to someone to pursue.

Mr. Carland clarified if she meant after the audit was completed and DOE made a determination. He had heard of a district pursuing litigation against a Charter school. It will boil down to a collectability issue.

Mrs. Rich Levinson said she did not mean collective-wise, but rather criminally taking dollars.

Mr. Runcie stated there is a Charter school case the State Attorney General is currently pursuing that the District closed years ago. He said this was wrong and the District would push far as it could, but it did not have any real ability. This should be considered criminal, but the District is limited by state guidelines that allows for a free market for those schools.

Mrs. Rich Levinson expressed this was something that should be shared with media and getting the word out to the public and move the issue.

Mr. Runcie replied the District has done that and the media has done a pretty good job covering the story.

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Leslie Brown, Chief Portfolio Officer, remarked that they have been working with the Attorney General's office and sent them the documentation as to what the school had been doing over the past two years. They are now trying to open as a private school and apply for vouchers.

Dr. Osgood asked why the District had to pay the money back. The District did not take the money; the Charter schools stole the money from the state. When the District tried to obtain the financial reports, and tried writing and documenting, it was unable to get the Charter schools to respond. Those children were exploited and the money was stolen. Now the District was being told to pay the money back to the state, which is unacceptable. If nothing is done about this now, it will only continue over and over again.

Mrs. Bartleman suggested filing a lawsuit against the Charter schools' Board of Directors. It is about the precedence it sets.

Since this would be a legal matter, Ms. Korn proposed the Legal Services Committee review this and advise the Board of its options. There is a loss to the taxpayers and the Board needs to look out for them.

Mr. Carland also said statute was clear that the District would not be responsible for the Charter schools' debt. The FTE holdback was a different story because it was a function of DOE's FTE funding formula. They were performing the function as they do with districts. Unfortunately, they are harming the District by requiring the District to repay those FTE funds.

Mrs. Rupert referred back to the remaining \$12 million.

Mr. Gorokhovsky stated that amount includes a few large items such as, a couple million dollars for casualty and property insurance; increases for work orders at schools, Information Technology (IT) maintenance contracts, fingerprinting, and musical instruments.

On page 21, Mrs. Rupert inquired what was paid for the high school testing sessions for this year.

Mr. Gorokhovsky replied there would be an increase to transport the children due to more high schools participating in the program. In additions, the state increased the Florida Retirement System (FRS).

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Referring to page 25, Mrs. Rupert requested at the second hearing for staff to provide both this year's and last year's information; maybe with a column on each page showing what the District had prior and currently.

Mr. Gorokhovsky said he would provide in a similar manner as the General Fund was presented.

Ms. Korn had to leave the meeting and passed the gavel to the Vice Chair, Dr. Osgood.

Mrs. Rich Levinson referenced page 21 and inquired what the expected increase would be for FRS under the Student Transportation.

Mr. Gorokhovsky responded approximately \$300,000 due to a slight rate increase by the state. He did not have percentage increase with him but would provide it before the end of the meeting.

Mrs. Rich Levinson requested a breakdown of the Student Transportation amount to include what the savings were and what each of the increases were individually, in order to determine how the final number was derived. She was not yet satisfied with whether or not the number was decreasing.

Mrs. Bartleman asked if the Board would be discussing any of the priorities now or later in a workshop.

Mr. Runcie replied the priorities would be discussed in a workshop before the second hearing.

Mrs. Rupert remarked she looked at Miami-Dade's budget and their pupil transportation services were \$73,035,000. She would like staff to determine how Miami-Dade was able to do it, was it effective, and whether the District was performing a better job. There is a big difference between the two counties.

Mr. Runcie responded there are choices made as a district on how to work with its student community. The biggest change in savings for Dade to realize those numbers was substantial change in bell time schedules. This District has come forward to try to do some of those changes and have had to back off a little because there was not a strong appetite to get that accomplished in Broward. Mr. Runcie continued to say there was money left on the table, but it would depend on what the District wanted to do and what kind of investment it wanted to make. The District had optimized its scheduling and routing, as well as technology, and contracts were restructured. The two remaining items left would be to have more efficient buses and to actually change and modify the bell schedule.

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A vote was taken on Agenda Item 2.

Adjournment: This meeting was adjourned at 8:04 p.m.

/dvn