

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
OFFICE OF THE SUPERINTENDENT

September 11, 2012

Tuesday, 5:30 p.m.

MINUTES OF SPECIAL MEETING

The School Board of Broward County, Florida, met in special session at 5:36 p.m., Tuesday, September 11, 2012, in the Board Room of the Kathleen C. Wright Administrative Center, 600 Southeast Third Avenue, Fort Lauderdale, Florida. Present were: Chair Ann Murray; Vice Chair Laurie Rich Levinson; Members Robin Bartleman, (Maureen S. Dinnen was absent), Patricia Good, (Donna P. Korn was absent), (Katherine M. Leach was absent), Nora Rupert, Benjamin J. Williams; Superintendent Robert W. Runcie, 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 Mr. Williams and carried, the Agenda was approved and declared closed. Ms. Dinnen, Mrs. Korn and Mrs. Leach were absent. Mrs. Good had not yet assumed her seat on the dais. (5-0 vote)

Purpose of Meeting To Act on the Millage Levy and Final Budget for Fiscal Year 2012-2013.

Introduction by Chair

Welcoming the audience to the second public hearing on the Broward County School District's final 2012-13 budget, Ms. Murray stated that the purpose of this hearing is to receive public input regarding the Superintendent's proposed budget and proposed millage rate. Ms. Murray stated that this is not the first meeting that the Board has had relative to this budget. Numerous workshops have been held to review background information, study the budget, ask questions, and receive responses.

Explaining the procedure to be followed for this hearing, Ms. Murray stated that individuals wishing to speak about the final budget are required to sign in as a speaker. At the end of the presentation speakers will be called to the floor and will be given three minutes to address the Board. Speakers are asked to address the issue at hand and refrain from the use of inappropriate language or behavior. Ms. Murray asked that everyone model the district's eight character traits: cooperation, responsibility, citizenship, kindness, respect, honesty, self-control, and tolerance.

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

Statement by Superintendent

Welcoming everyone to the public hearing, the Superintendent acknowledged the presence of Mr. John Tarka, Administrator, Broward Teachers Union.

Mr. Runcie informed that the budget process in the district is a year-round procedure and involves input from the Board, community, parents, schools and district staff. The budget being presented today has taken their recommendations into consideration.

The district has allocated over \$10 million towards reinstating elementary school art, music, physical education, and media specialist positions, and \$37 million has been allocated to schools to assist with meeting the class size mandate. To accomplish these goals, high schools transitioned to a uniform schedule and district department budgets were reduced. Though there continues to be many unmet needs in the district, the Superintendent said he feels the budget as presented makes effective use of the limited resources available to the school system.

Superintendent Runcie was of the opinion, as he has met with teachers, students and principals at schools, that the county and the nation needs to make education a priority and shift resources into education. It needs to be spent wisely and a serious reallocation is needed to ensure that all the needs of students are being met.

Mr. Runcie announced that the Broward County School District has once again received the Distinguished Budget Presentation award from the Government Finance Officers Association and the Association of School Business Officials International. It was noted that these awards are the highest form of recognition for governmental budgeting.

The Superintendent stated that Mrs. Rebecca McMahan, Director, Budget, will present the highlights of the 2012-2013 district budget.

Presentation – 2012-2013 District Budget Highlights

Mrs. McMahan presented highlights of the budget, through slide presentation, as shown in the Final District Budget:

Millage and Taxes:

- Comparison of Millage and Rolled Back Rate (Chart)
- Comparison of Millage Rates (Chart)
- Comparison of Gross Taxable Value (Chart)
- Comparison of Budget (All Funds) (Chart)
- Comparison of Homeowner's Property Taxes

General Fund:

- 2012-2013 Projected Appropriations (Chart)
- 2012-2013 Projected Appropriation Per Unweighted FTE (Chart)
- 2012-2013 General Fund School Staff (Chart)
- 2012-2013 General Fund Department Staff (Chart)
- 2012-2013 Administrative Staff Compared to Total Staff (Chart)

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Mrs. McMahan thanked School Board members, Superintendent Runcie, and staff for working diligently in preparing the budget. Mrs. McMahan stated that students will benefit from the hard work of staff.

Mr. I. Benjamin Leong, Chief Financial Officer, Office of the Chief Financial Officer, informed that within the tri-county area the district has the lowest millage rate. Remarking that a substantial portion of the millage rate is governed by state law, set by the Legislature, Mr. Leong stated that 88 cents, or every dollar, goes to the schools for expenditures. The total of all department expenditures is 12% because 88 cents goes to the schools, \$4.07 goes to transportation and \$3.02 goes to maintenance. Mr. Leong further stated that the majority of the expenditures go to the school sites.

SUPERINTENDENT'S RECOMMENDATIONS:

1. Resolution Adopting Millage to be Levied (Adopted)

Motion was made by Mrs. Rupert, seconded by Mr. Williams and carried, to adopt Resolution #13-19, approving the millage to be levied for fiscal year 2012-2013. Ms. Dinnen, Mrs. Korn and Mrs. Leach were absent. (6-0 vote)

It is recommended that the School Board adopt Resolution #13-19, approving the millage rates to be levied for the 2012-13 fiscal year. Chapter 200.065 (2) (f) 3 of the Florida Statutes requires that the school district hold a public hearing to adopt a millage rate within 80 days of certification of value, but not earlier than 65 days after certification.

The total annual budget for all funds is \$2,902,447,817.18.

Mrs. Bartleman requested that staff address the Required Local Effort (RLE) increase which occurred as a result of the lawsuit in Miami-Dade County.

Concurring that three years Miami-Dade County filed a lawsuit, Mr. Leong stated that when the budget is adopted on July 1, the district sets the taxable value and sets the millage rate. Over the year, after July 1, the Value Adjustment Board (VAB) hears the appeals from the county taxpayers and adjustments are made to some of the taxable values. This results in the collection of less taxes at the end of the year than what is adopted in the budget. Mr. Leong further stated that as a result of the law enacted by the legislature, the district was allowed to make prior period adjustments to make up the loss of taxes since the state set the dollar amount that must be levied for schools. If an amount is not collected or a less amount is collected, the state allows the district to assess a small portion of the millage to make up the losses of the prior year.

Mr. Leong informed that this is the first time that all three years has been adjusted, which increased the millage by .117, resulting in a slight increase in millage per \$100,003.80. This is not expected next year because it will be 1/3rd the amount of millage that will be adjusted every year.

Mrs. Bartleman inquired about the Homestead Exemption fraud and where these dollars will be reflected as they come in.

Responding that staff has contacted the Property Appraiser's Office, Mr. Leong stated they discovered that some individuals were not suppose to file a tax exemption and by state law, they will recoup those taxes and a fine. Mr. Leong explained that through their efforts the funds will be neutralized; the state law allows budgeting 96% of taxable value but only 94.5% was collected, and the deficiency is approximately \$12 million. Whatever the Property Appraiser's Office collects in fraud will not overcome the \$12 million.

Mr. Leong reiterated that the Value Adjustment Board will adjust this amount down every year and it will depend on the difference that they allow for a prior period adjustment to make up those losses. With these factors, Mr. Leong stated that staff will obtain the fraud amount in order to make a calculation and respond back to the Board.

Mrs. Good noted if a property owner decides to go through this process the Value Adjustment Board is following the process as allocated by law and the appeal process is done through a special magistrate from the court. She stated that the VAB's hands are tied when these assessments are presented to them.

Concurring, Mr. Leong stated there is a legitimate reason that taxes are being assessed in a certain manner, in a manner that may not appear fair to people. Mr. Leong further stated that the school district adopted the higher budget but the district will not be able to collect.

Ms. Murray noted that Mrs. Leach is not present at this meeting due to a death in the family, Mrs. Korn is not present due to family obligations, and Ms. Dinnen is not present due to an illness in the family.

A vote was taken on the item.

2. Resolution Adopting Final Budget (Adopted)

Motion was made by Mrs. Bartleman, seconded by Mrs. Rupert and carried, to Adopt Resolution #13-20, approving the final budget for Fiscal Year 2012-2013. Ms. Dinnen, Mrs. Korn and Mrs. Leach were absent. A roll-call vote was taken: Mrs. Bartleman, Mrs. Good, Mrs. Rich Levinson, Ms. Murray, and Mr. Williams voted "yes." Mrs. Rupert voted "no." (5-1 vote)

It is recommended that the School Board adopt resolution #13-20 approving the final budget for the 2012-13 fiscal year. Chapter 200.065(2)(f)3 of the Florida Statutes requires that the school district hold a public hearing within 80 days of certification of value, but not earlier than 65 days after certification.

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The recapitulation of this budget is scheduled below:

General Fund	\$1,959,387,262.00
Special Revenue (Food Service)	128,763,134.56
Special Revenue (Other)	173,240,314.00
Special Revenue (Race to the Top)	11,372,125.57
Special Revenue (Miscellaneous)	3,740,765.27
Debt Service	176,694,410.95
Capital Projects	572,520,772.00
Internal Services	<u>108,303,159.83</u>
Sub-Total	3,134,021,944.18
Less Transfers Out	<u>(231,574,127.00)</u>
Total All Funds	\$2,902,447,817.18

Fund Title:

The total annual budget for all funds is \$2,902,447,817.18.

Mrs. Rupert expressed gratitude to staff for meeting with her to discuss her concerns and answer questions that she raised at the first public hearing.

For the record, Mrs. Rupert stated that she will discuss the questions regarding the cost of adding five chart positions; approval of the Organizational Chart cost of \$200,000 and \$600,000; an Excel spreadsheet noting costs/increases in all new positions, and related issues for this budget; the decrease of the Central Services budget, and other areas of concern.

Mrs. Rupert, who referred to the Instructional and Support Staff figure, stated that she reviewed last year's instructional and non-instructional support staff as compared to this year, which appears that the district is down 314 positions. She stated that staff responded that this figure is correct; when compared to the 2nd Public Hearing, projected staffing, departments reduced by 208 positions, and schools by 106 positions, totaling 314 positions.

Mrs. Rupert informed that she inquired about the number of teachers that were hired from last year, and staff responded that there is a net amount of teachers for the 2012-2013 school year of 452. To date, the district has hired 957 teachers but there were 505 non-renewals, leaves, resignations, retirements. Mrs. Rupert stated there is a public perception that the district is adding 900 teachers, and there are 900 additional teachers on top of what the district had before. There is a net of 452 new teachers this year and the district is still down 331 non-instructional.

Mrs. McMahan informed that the net financial impact of the Organizational Chart was \$242,741; the financial impact was made up of three (3) main funding

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sources: the General Fund (\$695,234) Capital Projects (reduction of \$860,460), and Grants (\$407,967) resulting in a net financial impact to the district of \$242,741.

Mrs. McMahan informed that Central Services budget decreased from \$54 million to \$49 million, however, the salaries increased by \$2 million. The increase in salaries is due to the rollover of positions from the organizational structure from other functions, other departments into this function in this fiscal year.

Mrs. McMahan informed that General Administration budget salaries increased by approximately \$7 million; the net increase of the \$7 million was due to department reductions, inflationary items, furloughs, and additional school level funding (Specials). This was not distributed to other functions at the 1st Public Hearing, it was added to General Administration. For the 2nd Public Hearing, the error was corrected and it was redistributed to the proper functions.

Mrs. McMahan informed that Ms. Dinnen had previously requested that the Final Budget Amendments be included along with the 2nd Public Hearing documents, which was presented during her earlier slide presentation at this hearing.

Mr. Leong added that this information is also included in the District Budget book of the 2nd Public Hearing.

Mrs. Rich Levinson, who noted that there have been multiple positions that were not filled, stated that there is not a net increase.

Mrs. McMahan responded that the vacant positions in the budget will result in a net increase to be reduced, between July and the date of hire. She stated that the document presented to the Board was the document that was approved by the Board on the Organizational Chart. Mrs. McMahan explained that positions are budgeted based upon the standard Board-approved calendar but as they are filled, the actual expense is booked.

Mr. Leong, referring to the vacant positions on the Organizational Chart that have not been filled clarified that a standard salary is used and when the position is filled, the higher salary will be substituted. Mr. Leong stated that the difference sometimes between the standard salary and the actual salary could result in savings. Those unfilled positions/ salaries will lapse at the end of the year and the district will accrue. Mr. Leong further stated that the actual cost will have to be recalculated.

Mrs. Rupert inquired about the cost of last year's student transportation budget.

Mrs. McMahan responded that the total budget for transportation in 2011-2012 was \$83.7 million. For next fiscal year, it has been reduced at \$71.4 million.

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Responding to the differences in the budget, Mrs. McMahan explained that the Board approved \$1.3 million for the Extended Day Reading program for the Lowest 100, that transportation needed to provide that service.

Mr. Leong informed that these funds come from the state categorical, the reading program. The transportation budget last year was \$84 million (\$4 million was added for vehicle maintenance); they reduced \$14 million, so approximately \$80 million should be this year's figure. Mr. Leong further stated that there are 8 low-performing schools added to this year's budget.

Mrs. Good, referring to the savings differential in the Organizational Chart, stated that there could also be an increase because most people when they get promoted receive an increase in salary.

Concurring, Mr. Leong stated that as the year moves on and the positions are not filled, there is a salary lapse at that point in savings. Mr. Leong said that at any given time a review needs to be made of the increase in the Organizational Chart.

Mrs. Good stated that staff previously responded that the Organizational Chart changes also included positions that were filled, task assigned, promotions and other types of positions. Mrs. Good inquired whether these were included in the figure provided to the Board.

Responding affirmatively, Mrs. McMahan stated these were also included in the spreadsheet that was sent to the Board.

Referring to the Central Services budget, Mrs. Rupert inquired whether this referred to net salaries.

Mrs. McMahan responded that this relates to the amount of positions whose codings changed from the last fiscal year to this fiscal year.

Mr. Leong explained that last year his division included the ERP department, considered to be fiscal services, and this year it was moved and coded to 7700, Central Services. When the organization changes and people were moved, this contributed to the \$1.6 million.

The following individuals addressed this item:

Bernie Schultz
Katrina Blanks
George Segna
Jewell Gould
Virgil Cruz
John Tarka
Howard Russell

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Mrs. Bartleman recognized the speakers for their presentations and stated that everyone deserves answers regarding the district's reserves. Remarking that all Board Members want to give teachers a raise, Mrs. Bartleman suggested that a comparison of figures be made and further discussion held on this issue.

Mr. Leong informed that since the 1st Public Hearing on the budget there has been an adjustment, but it is not a substantial difference. The difference between the actual expenditure on the first line item, page 1, account 5000, \$75.7 million is actually about \$80 million (and change) in the final budget.

Mr. Leong stated that in the last few years there has been 3.5% in the Fund Balance, and per state law the district must maintain about 3%. The Fund Balance is not excessive dollars that can be used for salary increases because these are one-time moneys and it is not recurring dollars. Mr. Leong said that in the future, there will be more comparable numbers illustrated in the budget.

Remarking that she expects an in-depth discussion, Mrs. Bartleman stated that based on staff's explanation, money should be shifted from the prior years' budgets and placed into the Fund Balance, which would show the true discrepancy between the original budget versus actual expenditure. Mrs. Bartleman stated that this would help to guide the discussion.

Mrs. Good, referring to the handout regarding the categories of expenditures that BTU is requesting further explanation, specifically the significant increase in General Administration, stated that this relates to the concerns at the 1st Public Hearing regarding the function codes. Mrs. Good noted that this was a \$9 million to \$10 million difference.

Mr. Leong responded that the net increase difference is no longer \$20 million, and it is \$7 million in salaries that was placed into code 7200, reiterating that this was not distributed to other functions and for the 2nd Public Hearing this was corrected.

The following individual re-addressed this item:

John Tarka

Mrs. Rich Levinson requested that all the numbers be reconciled because these are not numbers that were provided to the Board in the past.

Concurring, Mrs. Rupert requested a line-by-line comparison of the previous years' budgets. She stated this makes it easier for the Board to research and it makes it more transparent for the public; they are able to access the same information as the Board.

Following a roll-call vote on the item, Mrs. Bartleman stated that the budget is fluid and there are amendments, changes and calculations throughout the year.

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Concurring, Mr. Leong stated that when the Final Budget is adopted, in October the budget is adjusted according to the FTE enrollment account.

Mrs. Rich Levinson requested an explanation of the statutory requirements regarding the vote on the Final Budget.

Mr. Carland advised that the statute requires the Board to adopt a final budget and it has to be balanced, as was the case at the time of the Tentative Budget approval. The Board has the ability to amend, if necessary, to make any changes that the Board would deem appropriate, but in the final assessment it has to balance and it must pass.

Mrs. Rupert stated that last year several Board Members voted “no” originally on the budget.

Adjournment: This meeting was adjourned at 6:55 p.m.

RT