
CERRA CONSULTING GROUP, INC.

Memorandum

To: FASP Board of Directors

From: John Cerra, FASP Governmental Consultant

Date: May 31, 2011

Re: 2011 FINAL Session Update



The 2011 Legislative Session will be remembered for unprecedented cuts to public education and attacks upon public employees. The outcomes of these cuts and attacks will be felt long after the 2011-2012 fiscal year, but they may have already created a political backlash reverberating all the way to the Governor's office.

In signing the budget late last week, the Governor claimed over \$615 million in line item vetoes, and he urged the Legislature to reconvene as soon as possible to redirect some of that funding into public education. The irony is that the Legislature provided hundreds of millions of additional funding for the public schools than was recommended by the Governor in his budget proposal. As a result, this redirection of funding is highly unlikely, but the request did not happen by accident. A message was sent by the voters in Jacksonville during their mayoral campaign when the overwhelmingly Republican city voted for a Democrat to lead them. The Governor got the message and was working to blunt the impact through his action on the budget.

Major issues addressed by the Legislature included:

- Balancing the budget through massive cuts;
- Reducing the Florida Retirement System benefits and shifting the costs of the system toward public employees;
- Passing a Teacher Quality Bill similar to SB 6 that was vetoed in 2010; and,
- Expansion of the McKay Voucher Program to include students who do not have an IEP.

Public School Funding

Overall funding for the public schools was cut by \$542 per student or 7.96%. This is the largest cut to the public schools in the modern history of Florida. The cut levels stated above are understated for districts that levied a local .25 mill in property taxes in 2010-2011 and then did not pass a referendum allowing that tax to continue in 2011-2012.

These statewide cuts will create serious local budget deficits that will require drastic cuts even to instructional services in most school districts.

Mitigating the local impact to programs, instruction, and student services will be a significant rate savings that districts will see as a result of changes to the Florida Retirement System (FRS). These changes will reduce the overall impact of the cuts to school district budgets by about 2/3rds of the overall cut; however, these savings are achieved at the cost of valuable benefits and a shift of some the cost of the current retirement system to the employees. The impacts of the FRS changes are summarized below, but it is important to note that the reductions in future benefits represent an even greater real dollar loss to employees than the cost shifting of the payments to fund the system.

FRS Retirement Issues

Major changes were made to the Florida Retirement System as the Legislature passed SB 2100. These changes have the impact of protecting current retirees and those already in DROP while shifting major costs and benefit reductions to existing employees. First time FRS participants after July 1 will see even more drastic retirement plan changes, which will further reduce the value of their future retirement package.

The summary of basic impacts is below:

- 1) Those who have retired prior to July 1, 2011 or who are already in DROP will not see any changes to their benefits.
- 2) Those in DROP will not have to contribute the 3% to the cost of benefits that other employees will have to contribute after July 1, 2011.
- 3) Current employees who are not in DROP will have to pay 3% of their salaries to support their benefits, and they will not receive a cost of living adjustment (COLA) for years of service credited after July 1, 2011, while the years of service they have banked prior to July 1, 2011 will continue to receive a 3% COLA at retirement.
- 4) Employees who enter DROP after July 1, 2011 will only earn 1.3% on their DROP accounts instead of the current 6.5%.
- 5) New employees who enter the defined benefit program will face longer vesting periods (8 years instead of 5 years), a change in the “high 5” to a “high 8” system for calculating average final compensation, and a prolonged definition of normal retirement date (33 years or age 65 instead of 30 years or age 62).
- 6) Language in the bill suggests that the COLA could be reinstated for all employees prospectively after July 1, 2016 if the Legislature is able to fund reinstatement at that time. This seems extremely unlikely to happen.

The overall impact of the changes is to reduce the cost of the retirement system for the districts by \$859 million (over 6% of payroll) while shifting 3% of the cost to employees. The impact of reduced benefits is actually bigger than the impact of the cost shift to employees. The “savings” for school districts will offset some of the impact to district programs, but even with these changes, additional cuts will still be necessary in virtually every school district.

Prohibition on Asking About Firearms/Health Care Professionals – FAILED

SB 432 - Relating to Privacy of Firearm Owners

Sponsor - Evers

The bill would have provided that a licensed medical care practitioner or health care facility could not record information regarding firearm ownership in a patient's medical record. The legislation provided an exception for relevance of the information to the patient's medical care or safety or the safety of others. This bill failed to pass during the 2011 Session, but it is considered likely that some version of this bill will be re-filed in 2012.

McKay Voucher Expansion- PASSED

HB 1329 - Relating to John M. McKay Scholarships for Students with Disabilities Program

Sponsor - Bileca

The Bill amends the John M. McKay Voucher Program. The legislation makes private school vouchers available to students who have a 504 accommodation plan issued under federal law. The bill also allows a parent to request and to receive a John McKay scholarship for his or her child to enroll in and to attend private school if the student has a 504 accommodation plan. The bill also provides that students with certain temporary 504 accommodation plans are ineligible for a scholarship and provides that parents may choose to enroll students in public school in an adjacent district under certain conditions.

Universal Voucher Program - FAILED

SB 1550 - Relating to Education Savings Account Program

Sponsor -- Negron

This bill creates the Education Savings Account Program. The language specifies criteria for students who are eligible to participate in the program and identifies certain students who may not participate in the program. The bill provides that a parent may direct a financial institution trustee of his or her child's account to use the funds for specified costs of attending a private school or participating in a dual enrollment program or to make a contribution to the child's college savings plan or a payment to a contract under the Stanley G. Tate Florida Prepaid College Program.

Performance Evaluations / Performance Pay Bill - PASSED

SB 736 - Relating to Education Personnel

Sponsor(s) - Wise CoSponsors: Gaetz (D), Hays, Lynn CS Sponsors: Education PreK-12 Budget

Bill creates the "Student Success Act." The act revises provisions relating to the evaluation of instructional personnel and school administrators. The bill requires the Department of Education to approve each school district's instructional personnel and school administrator evaluation systems and the Commissioner of Education to approve or to select and the State Board of Education to adopt formulas for school districts to use in measuring student learning growth. The bill requires school districts to administer assessments for each course offered in the district. The bill's EFFECTIVE DATE: March 24, 2011 except as otherwise provided within the bill.

Looking Forward:

As the summer comes closer, many school districts will address cuts by considering staffing levels. FASP is working on a way to advocate within districts to promote school psychologists as essential to high quality education. The web page is:

<http://www.fasp.org/Advocacy/Advocacy.html>.

Next year's legislative session already has some ready-made challenges including the expectation of additional budget shortfalls; the completion of redistricting; proposals for additional retirement reductions and cost shifts; and, shifts in budget planning because of the political fall-out from this year's cuts to public education. Because of the requirement to complete redistricting, the Session will begin in January instead of March, but most experienced advocates believe that nearly six months of Sessions, extensions, and Special Sessions are likely based upon the history from the most recent three previous redistricting years.

As always, both Bob Cerra and I are extremely proud to represent FASP. During this tumultuous session, we were very impressed by the support received from FASP members and leaders for FASP's advocacy efforts. We would like to thank FASP's members for being interested and involved in the legislative process, and we encourage each of you to devote yourselves to electing politicians who will protect and enhance public education. If there are any questions or concerns, please contact John Cerra at cerraj@comcast.net.