

FRIDAY UPDATE

December 5, 2015

GOVERNOR SCOTT'S EDUCATION BUDGET

Governor Scott released details of his proposed 2016-17 state budget this week. It is much less than last year's budget increase. For your information, I have attached his entire budget summary, not just the education section. I have also attached a 7-page education district-by-district funding summary.

One of his major proposals is a greater than \$1 billion tax cut package. Included in this tax cut recommendation is:

- Eliminating the income tax on manufacturing and retail business: \$770 million annually.
- Eliminating the tax on manufacturing machinery and equipment: \$76.9 million annually.
- Cutting the tax on commercial leases: \$339 million over the next two years.
- Extending the tax exemption on college textbooks: \$46 million.
- Extending the sales tax holiday on both the 10-day back-to-school items and on the 9-day disaster preparedness items: \$46 million.

The K-12 budget proposes a lower increase in total dollars and dollars per student than we were appropriated last year. The total statewide increase is \$507 million or 2.57% per student. One issue that was raised by both House and Senate Committees this week is the dependence on local property taxes to fund the education budget.

The state funding increased state revenue contribution is only \$80 million. The local funding increase through property taxes is \$427 million. The millage rate Gov. Scott recommends is the same as last year, but as tax rolls are higher, the revenue increases. The Governor's staff contends that this is not a tax increase but legislative committee members appeared to disagree. This is not a new discussion but because the ratio of local dollars to state dollars is so great, the disparity became more evident.

The Pinellas County Schools recommended total increase is \$13.8 million; last year's increase was \$23.1 million. The state estimates that Pinellas will grow by about 158 students.

Other statewide K-12 funding proposals:

- Funding an estimated 26 thousand new students.
- Restoration of funding to the Adults with Disabilities Program that was deleted from last year's budget.

- Funding for the Safe Schools Categorical is increased by \$10 million. However, by increasing the minimum amount provided to small districts (\$250,000, up from \$62,000), Pinellas and many other districts actually receive a decrease in funding.
- Funding the extra hour of instruction for the low 300 elementary schools in reading: \$86.8 million.
- Increasing the Digital learning Allocation from \$60 to \$80 million.
- Providing \$20 million for a Technical Center Rapid Response Grant Program.
- Capital outlay: \$75 million for charter schools and another \$75 million for “traditional” public schools. Last year, each were funded at \$50 million.
- Reserves \$30 million for an anticipated increase in the employer contribution to the Florida Retirement System.

In committee meetings this week, the Governor’s budget was questioned aggressively, from the affordability of the tax cuts to the over reliance on property taxes to fund the K-12 system. Legislative priorities, especially in the Senate, will conflict with much of the Governor’s proposals. The House has been more welcoming to the Governor’s proposals the last several years.

Because the 2016 Legislative Session begins in January and not March this year, the revenue and student estimates may not be as accurate as usual. We will monitor the revenue and FTE estimates as the session progresses.

On Monday, I will send an update on substantive legislation that has received some attention during the per-session committee weeks.