



The School Board of Indian River County, Florida

RESOLUTION

NO: 2020-09

A RESOLUTION OF THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA, ORDERING AND PROVIDING FOR THE HOLDING OF A REFERENDUM ELECTION TO DETERMINE IF THE ELECTORS OF THE SCHOOL DISTRICT OF INDIAN RIVER COUNTY, FLORIDA, AUTHORIZE THE SCHOOL BOARD TO CONTINUE THE ANNUAL LEVY OF THE 0.50 MILL FOR FOUR (4) YEARS FOR ESSENTIAL OPERATING NEEDS; PROVIDING FOR NOTICE OF THE REFERENDUM ELECTION; PROVIDING FOR PLACES OF VOTING, INSPECTORS, AND CLERKS; PROVIDING FOR AN OFFICIAL BALLOT; PROVIDING FOR ABSENTEE VOTING; PROVIDING FOR EARLY VOTING; PROVIDING FOR PRINTING OF BALLOTS; PROVIDING FOR THE REFERENDUM ELECTION PROCEDURE; PROVIDING FOR SEVERABILITY; PROVIDING A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE

BE IT RESOLVED by The School Board of Indian River County, Florida ("School Board"), acting as the governing body of the School District of Indian River County, Florida ("School District"), as follows:

SECTION 1. AUTHORITY FOR RESOLUTION. This Resolution is adopted pursuant to Section 1011.73(2), Florida Statutes, and other applicable provisions of law.

SECTION 2. FINDINGS. The School Board hereby finds and determines as follows:

A. The State of Florida has increased educational funding along with increased restrictions on how funding is to be used since the 2007-2008 fiscal year.

B. All School Boards in the State of Florida, including this School Board, have experienced funding restrictions while operating expenses continue to rise.

C. This legislative session the Legislature passed HB 5007 which increased the employer rates for the Florida Retirement System effective July 1, 2020. The Florida Education Finance Program (FEFP) funding formula does not include a specific revenue source to cover

these costs, which are estimated to be \$232M for all school districts. The estimated cost for the School District is \$1.4M.

D. This legislative session the Legislature passed HB 7067 increasing the number of new Family Empowerment Scholarships allowed each year to 1 percent of the Unweighted FTE students in the FEFP. This is an increase of 29,000 scholarships above the current cap of 18,000. For 2019-2020, \$103,529,750 was transferred from the School District budget to pay for these scholarships. Statewide the cost for 2020-2021 could exceed \$300M.

E. The School District has experienced operating budget shortfalls impacting the instructional requirements of our students, compromising the physical and psychological safety of our students, and hampering the ability to recruit, retain, and incentivize high-quality teachers and staff to create the highest skilled workforce on the Treasure Coast.

F. The School District's educational funding per House Bill 5001 for the 2020-2021 fiscal year will increase by \$4,572,420. However, this additional funding is not sufficient to cover the School District's financial requirements of: \$3,001,107 for 2020-2021 Teacher Salary Increase Allocation, \$3,164,057 for 2013-2014 Teacher Salary Allocation that is permanently included in the School District's salary accounts, \$149,317 for additional Mental Health Services, \$1,400,000 for the 2020-2021 Florida Retirement System increase and \$3,900,000 for the Florida Retirement System increases from 2012-2013 to 2019-2020. Total financial requirement of \$9,849,796 compared to increased funding of \$4,572,420 or a loss of \$5,277,376.

G. The School District's funding for student transportation from the FEFP formula for the last four years has been approximately \$3.5M compared to actual expenditures of approximately \$5.4M, or a deficit of \$1.9M.

H. The School District's funding for instructional materials has remained flat for the last four year at \$1.4M. However, when compared to the "Benchmark" funding of \$1.8M in 2007-2008, funding for instructional materials has decreased \$454K or 25%. Statewide, funding has decreased \$35M or 13% compared to 2007-2008.

I. The School District's funding for 2020-2021 compared to the "highest funding" before the "Great Recession for 2007-2008" reflects an increase in funding of \$11,845,974 along with increased financial requirements totaling \$12,686,252, or a loss of \$840,278.

J. In August 2016, the electorate of Indian River County approved via ballot referendum an Essential Operating Needs Millage of **0.50 mills** for fiscal years **2017/2018, 2018/2019, 2019/2020, and 2020/2021**. This voter approved millage referendum generates approximately \$11 million per fiscal year for the School District of Indian River County. However, the authority granted for the voter approved millage expires at the end of fiscal **2020/2021**.

K. The School District needs sufficient revenues to maintain and improve its high-quality public schools.

L. Section 1011.73(2), Florida Statutes, provides electoral authorization of ad valorem millage for four (4) years for operating purposes pursuant to a voter referendum.

M. Section 1011.71(9), Florida Statutes, authorizes a School District to levy, by local referendum, the continuation of additional millage for school operational purposes up to an amount that, when combined with the non-voted millage levy, does not exceed the 10-mill limit established under the Florida Constitution.

N. The School Board has determined it is in the best interest of the students in Indian River County to submit to the voters the question of continuing the ad valorem millage of a 0.50 mill for four (4) years for essential operating needs to provide high-quality educational opportunities for all students, recruit and retain high-quality educators, create technology-rich classrooms, and expand supports for school safety and mental health.

O. The School Board has determined that it is in the best interest of the students in Indian River County to share the revenue generated by the 0.50 essential operating needs millage with the charter schools in Indian River County on a pro rata basis, established initially by the recalibrated unweighted full time equivalent (FTE) projection for each charter school and adjusted based upon the recalibrated October and February student survey counts of unweighted full-time equivalent (FTE) students, for each charter school to be used as described in the preceding paragraph.

SECTION 3. ESSENTIAL OPERATING MILLAGE. Subject to approval by the electors of the School District at a referendum held as provided in Section 1011.73(2), Florida Statutes, a 0.50 mill shall continue to be levied within Indian River County for essential operating needs of the School District, as defined in the preceding Section, for the 2021/2022, 2022/2023, 2023/2024 and 2024/2025 fiscal years, in an effort to preserve essential operations of the School District.

SECTION 4. REFERENDUM ELECTION ORDERED. The Board of County Commissioners of Indian River County, Florida is hereby directed to call an election in conjunction with the primary election of August 18, 2020, at which the electors within the School District may vote on the continuation of an ad valorem millage of 0.50 mill for four (4) years as authorized in §1011.73(2), Florida Statutes.

SECTION 5. NOTICE OF REFERENDUM ELECTION. In accordance with §100.342, Florida Statutes, the Superintendent is hereby authorized and directed to place a notice of the referendum election in a newspaper of general circulation published in the School District. The publication shall be made at least 30 days prior to the referendum election and shall be made at least twice, once in the fifth week and once in the third week prior to the week in which the referendum is to be held. The notice of referendum shall be in substantially the form provided in the attached Exhibit A. This Resolution shall be published as a part of such notice.

SECTION 6. PLACES OF VOTING; INSPECTORS AND CLERKS. The polls will be open at the voting places on the date of the referendum election. All qualified electors residing within the School District shall be entitled and permitted to vote at the referendum election on the proposition provided in this Resolution. The places, manner and procedures of

voting and the inspectors and clerks of the referendum election shall be those designated by the Supervisor of Elections of Indian River County in accordance with law.

SECTION 7. OFFICIAL BALLOT. The ballots to be used in the referendum election shall be in substantially the following form:

**The School District of Indian River County, Florida
Continue Essential Operating Needs Referendum Election**

Shall the School District continue to levy a 0.50 ad valorem millage for essential operating needs to provide high-quality educational opportunities for all students, recruit and retain high-quality educators, create technology-rich classrooms, and expand supports for school safety and mental health beginning July 1, 2021, and ending four fiscal years later, which replaces the existing voter approved 0.50 ad valorem millage that expires June 30, 2021, with annual reporting to the citizenry?

_____ YES FOR APPROVAL

_____ NO FOR REJECTION

SECTION 8. ABSENTEE VOTING. The Supervisor of Elections shall make adequate provision in accordance with law and procedures lawfully enacted by the Supervisor for voting by absentee voters. The form of ballots to be used in the referendum election by and for absentee voters shall be the same as used in the polling places for the referendum election.

SECTION 9. EARLY VOTING. The Supervisor of Elections shall make provision in accordance with the established procedures of that office for participation by the voters in early voting. The form of ballots to be used in the referendum election for early voting shall be the same as used in the polling places for the election.

SECTION 10. PRINTING OF BALLOTS. The Supervisor of Elections of Indian River County shall print on plain white paper a sufficient number of the ballots for use of absentee electors and early voters entitled to cast ballots in the referendum election; to have printed sample ballots and deliver the sample ballots to the inspectors and clerks on or before the date and time for opening of the polls for the referendum election; and to make appropriate arrangements for the conduct of the election at the polling places specified.

SECTION 11. REFERENDUM ELECTION PROCEDURE. The Supervisor of Elections of Indian River County shall hold, administer, and conduct the referendum election in the manner prescribed by law for holding elections in the School District. Returns shall show the number of qualified electors who voted at the referendum election on the proposition and the number of votes cast respectively for and against approval of the proposition. The returns shall be canvassed in accordance with law.

SECTION 12. SEVERABILITY. In the event that any word, phrase, clause, sentence, or paragraph of this Resolution shall be held invalid by any court of competent jurisdiction, such holding shall not affect any other word, clause, phrase, sentence, or paragraph.

SECTION 13. REPEALING CLAUSE. All Resolutions in conflict or inconsistent with this Resolution are repealed insofar as there is conflict or inconsistency.

SECTION 14. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

ADOPTED at a duly noticed public meeting of The School Board of Indian River County, Florida, the 28th day of April 2020, with a quorum present and voting.

THE SCHOOL BOARD OF INDIAN RIVER COUNTY, FLORIDA

By: _____
Laura Zorc, Chairman

ATTEST:

David Moore, Ed.D., Superintendent

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

**Suzanne D'Agresta, Esquire
School Board Attorney**

EXHIBIT A

NOTICE OF REFERENDUM ELECTION IN THE SCHOOL DISTRICT OF INDIAN RIVER COUNTY, FLORIDA, ON AUGUST 18, 2020

NOTICE IS HEREBY GIVEN THAT A REFERENDUM ELECTION will be held on August 18, 2020, in the School District of Indian River County, Florida, for the purpose of determining whether or not the electors in the School District approve to continue the levy of 0.5 mill for essential operating needs of the School District for 2021/2022, 2022/2023, 2023/2024 and 2024/2025 fiscal years; all as more specifically described and provided in a Resolution of the School Board of Indian River County, Florida, adopted April 28, 2020, and published below.

The polls will be open at the voting places on the date of the referendum election and absentee voting and early voting will be available for the referendum election, all as provided in the Resolution published below.

All qualified electors residing within the School District shall be entitled, qualified, and permitted to vote at the referendum election.

[INSERT RESOLUTION ONCE ADOPTED]

**School Board of Indian River County
Critical Millage Justification
Fiscal Historical Summary
April 14, 2020**

Background

Article IX, section 1 of the Florida Constitution establishes the State of Florida's commitment to funding kindergarten through grade 12 education, as follows: "The education of children is a fundamental value of the people of the State of Florida. It is, therefore, a paramount duty of the State to make adequate provisions for the education of all children residing within its borders. Adequate provisions shall be made by law for a uniform, efficient, safe, secure and high-quality system of free public schools to allow students to obtain a high-quality education."

In 1973, the Florida Legislature enacted the Florida Education Finance Program (FEFP) and established the State policy on equalized funding to guarantee to each student in the Florida public education system the availability of programs and services appropriate to his or her educational needs that are substantially equal to those available to any similar student notwithstanding geographic differences and varying local economic factors.

To equalize educational opportunities, the FEFP formula recognizes:

- (1) varying local property tax bases;
- (2) varying education program costs;
- (3) varying costs of living; and
- (4) varying costs for equivalent educational programs due to sparsity and dispersion of the student population.

The FEFP is the primary mechanism for funding the operating costs of Florida school districts. A key feature of the FEFP is that it bases financial support for education upon the individual student participating in an educational program rather than upon the number of teachers or classrooms. FEFP funds are primarily generated by multiplying the number of full-time equivalent (FTE) students in each of the funded education programs by cost factors to obtain weighted FTE students. Weighted FTE students are then multiplied by a base student allocation and by a district cost differential to determine the base funding from State and Local FEFP funds. Program cost factors are determined by the Florida Legislature and represent relative cost differences among the FEFP programs. In addition to the base funding allocation, two major allocations funding sources within the FEFP are the Supplemental Academic Instruction Allocation and Exceptional Student Education (ESE) Guaranteed Allocation.

The accompanying table contains selected line items from the Florida Education Finance Program (FEFP). The items were selected because they contain the bulk of the recurring State and Local funds provided in the FEFP and give the best insight into the district's General Fund revenue.

The revenue provided in the First Calculation of FY 2007-2008 and the Third Calculation of FY 2019-2020 were compared to the revenue projected in the House Bill 5001 First Calculation of FY 2020-2021. The State and Local recurring revenue in the FEFP First Calculation of FY 2007-2008 were the highest levels, benchmark funding before the "Great Recession".

Since the First Calculation of FY 2007-2008 inflation as measured by the Consumer Price Index (*CPI-All Urban Consumers (CPI-U) U.S. City Average*) has reduced the purchasing power of the

district dollar by 25.16% (*April 2007 compared to February 2020*). For example, an item priced at \$1.00 in 2007 would be priced at \$1.25 in February 2020.

Since the FY 2007-2008 FEFP First Calculation the district has experienced an increase in total recurring FEFP state and local funding \$11,845,974. However, if the total funds from 2007-08 had increased based on the changes in CPI-U cited above, the total revenue in FY 2020-21 would have increased by \$32,020,716 compared to \$11,845,974, or \$20,174,742 additional funding.

Since the First Calculation of FY 2007-08 the Legislature has increased funding **AND** added the following required expenditures from the recurring state and local revenue based on House Bill 5001.

Net funding increase of \$11,845,974, less the following additional funding requirements of \$9,236,252 results in net funding to the district of \$2,609,722 before the impact of FRS. After the FRS impact, net funding for the district is **negative \$840,278**. See attached summary table.

1. Teacher Salary Increase Allocation 2020-21: \$3,001,107 additional mandatory teacher allocation that will become permanently included in future salary schedules.
2. Teacher Salary Allocation 2013-14: \$3,164,057 was provided for a mandatory teacher salary allocation that was subsequently permanently included in the district salary account and was rolled into base funding and is a recurring expenditure.
3. Class Size Reduction: \$1,584,784. The funds were required to pay for the full implementation of the Constitutional requirement.
4. Mental Health Services: \$668,781. The funds accompany increased requirements for schools to provide mental health services that will exceed appropriation.
5. Safe Schools: \$666,141. The increased funding came with increased responsibilities that exceeded funding.
6. Digital Classrooms: \$104,295. The funds for this categorical requirement have been reduced \$670,802 or 87% since 2016-17 and there has been no decrease in the growth for digital classrooms and technology.
7. Reading Allocation: \$36,449. The funds accompany increased requirements for schools to provide services that will exceed the appropriation.
8. Teacher Supply Allocation: \$10,638. Small increase for Teachers supplies for classrooms.
- 9. Total requirements of \$9,236,252.**
10. Net funding impact to the district, \$2,609,722, *before impact of FRS*.
11. Less FRS increases from 2006-07 to 2019-20 of \$2,050,000 plus proposed increase for 2020-21 of \$1,400,000 for a total of 3,450,000.
- 12. Net to district after new requirement and FRS impact: negative (\$840,278) since 2007-08 or 14 years.**

Florida Retirement System (FRS) rates for regular class will increase from 8.47% to 10.00% or approximately 1.53% for 2020-21. Based on current salaries the projected increase cost to the district \$1.4M.

In 2011-12, FRS rates were amended, and employees were required to contribution 3% of their salary to their retirement account. This amendment reduced the district FRS rates from 10.77% to 4.91%. However, since 2011-12, the district FRS rate has increased every year and cost the district approximately \$3.9M.

If we only compare the 2020-2021 House Budget 5001 to the 2019-2020 Third FEFP Calculation, the net funding increase to the district is \$22K before the impact of FRS. Once we consider the FRS impact for 2020-21 of \$1.4M and the FRS increases from prior years of 2012-13 to 2019-20 of \$3.9M, the net increase becomes a **net decrease funding of \$5.3M**. See attached summary table.

Net funding increase of \$4,572,420, less the following additional funding requirements:

1. Teacher Salary Increase Allocation 2020-21: \$3,001,107 additional mandatory teacher allocation that will become permanently included in future salary schedules.
2. Teacher Salary Allocation 2013-2014: \$3,164,057 was provided for a mandatory teacher salary allocation that was subsequently permanently included in the district salary account and was rolled into base funding.
3. Best and Brightest Allocation: \$1,764,649. The bonus was discontinued, and previously appropriated revenue was used to offset the cost of the new Teacher Salary Allocation.
4. Mental Health Services: \$149,317. The funds accompany increased requirements for schools to provide mental health services that will exceed the appropriation.
- 5. Total Requirements of \$4,549,796.**
6. Net funding impact to the district, \$22,624, *before impact of FRS*.
7. Less FRS increases from 2012-13 to 2019-20: \$3.9M plus proposed increase for 2020-21 in the amount of \$1,400,000 for a total of \$5,300,000.
- 8. Net to district after new requirement and FRS impact: negative (\$5,277,376).**

In addition to the changes in FEFP funding changes detailed above, the district also generates **capital funding**. In FY 2007-2008, the district generated approximately \$36M in local discretionary **capital** improvement funds from the 2.0 mills authorized by the Legislature. In FY 2020-2021 it is projected that the district will be able to generate approximately \$31M in local discretionary **capital** improvement revenue from the 1.5 mill levy authorized by the Legislature, a decrease of approximately \$5M compared to the original 2.0 mills levy in 2007-2008. Over the past 14 years the reduction in the local discretionary capital millage from the high of 2.0 mills to the current level of 1.50 mills has resulted in a loss capital revenue of approximately \$100M to the district.

For 2020-21 the district will receive a **Hold Harmless Funding Compression Allocation** in the amount of \$1M for the decrease in the District Cost Differential (DCD). For 2020-21 the district's

DCD will be reduced from 1.0022 to 1.0006 or .0016 or a 0.16%. For impact comparison, the Base School Allocation for 2020-21, based on House Bill 5001 increased \$40.00 compared to the 3rd FEFP calculation. Once we factor in the DCD of the prior year the district would have received an increase of \$49.50 per FTE. However, with the reduction in the DCD the district will receive \$33.18 or \$16.33/FTE less. This allocation will be a one-time allocation for 2020-21.

District Cost Differential (DCD)

Section 1011.62(2), F.S., requires the Commissioner to annually compute District Cost Differentials (DCDs) by adding each district's Florida Price Level Index for the most recent three years and dividing the sum by three. The result is multiplied by 80% and divided by 100, and 20% is added to the product to obtain the DCD. This serves to limit the factor's adjustment to 80 percent of the index (i.e., the approximate percentage of district salary costs to total operating costs). The three-year averaging reduces the immediate impact on districts of fluctuations in the index.

The district will also have to fund an additional item that was not appropriated in the FEFP calculation. In 2019-20 the district's funding was reduced by \$300,376 for **Florida's Family Empowerment Scholarships**. In the 2019-20 Third FEFP calculation, the funding of all district's was reduced by \$103,529,750. The largest were Broward County Schools at \$11M, Miami-Dade Schools at \$22M, Duval County Schools at \$7M, and Orange County Schools at \$11M. This was a new reduction for all districts and the requirement is expected to double for 2020-21. For 2019-2020, \$103,529,750 was transferred from the School District budget to pay for these scholarships. Statewide the cost for 2020-2021 could exceed \$300M. For Indian River Schools, the district will need to set aside \$600,000 for 2020-21 for this requirement.

Family Empowerment Scholarships are funded at 95 percent of Florida's unweighted full-time equivalent amount (\$7,250 in 2019–20) or a private school's tuition and fees, whichever amount is less. Payments are transferred quarterly from the state's general revenue fund for parents to use at participating private schools. A total 18,000 scholarships were authorized in 2019-20. House Bill 7067 allows for a maximum increase of 1% of the state's public-school enrollment, or an additional 29,000 scholarships for a potential of total 47,000 scholarships.

Historically, expenditures for **student transportation services** has exceeded the FEFP allocation. For the last four years the actual expenditures for transporting students has been approximately \$5.4M. Funding from the FEFP calculation has been approximately \$3.5M or a deficit of \$1.9M. The district has streamlined operations to reduce cost increase efficiency. The district currently operates a fleet of 103 school buses, 63 are liquid propane with another 10 to be added this summer. The district transports students over 100 miles each day on 84 routes or 8,400 daily miles or 1.6M miles a year. There are approximately 85 full time bus drivers.

Instructional Material funding has remained flat for the last four years at \$1.4M. However, when compared to the "Benchmark" funding of \$1.8M in 2007-08, funding for instructional materials has decreased \$454K or 25%. Statewide, funding has decreased \$35M or 13% compared to 2007-08.

Summary

In summary the FEFP funding has not kept pace with inflation, the growing demand for recruiting and retaining highly qualified teachers and staff, expanding transportation services for student choice, increasing mental health services for students and community members, increased vigilance for safe and secure school facilities for students and staff, special programs such as, Family Empowerment Scholarship, the growing demand for digital teaching and technology, and the loss of major capital funding for the district.

The next couple of years will be challenging and complex for the district as we manage to overcome obstacles with reduced discretionary funding, increased restricted or categorical funding, regional and global economic uncertainty, resources to recruit and retain highly qualified teachers and staff, continual professional development to modify behavior and actions to ensure the success of each and every student and employee of Indian River Schools and it's community.

The district sees the following “**High Impact Opportunities**”.

- **Provide high-quality educational opportunities for all students.**
- **Recruit, retain, and incentivize high-quality teachers and staff to create the highest skilled workforce on the Treasure Coast.**
- **Expand support to promote physical and psychological safety for students and staff.**
- **Create 21st Century Learning Environments through the creation of technology-rich classrooms.**