

**EMERGENT DESIGN AND DEVELOPMENT  
LEGISLATIVE REPORT  
September 26, 2008**

Things are relatively quiet in Tallahassee, as the national elections are the main news stories of the day. There are still many Florida Legislators facing election or re-election and this uncertainty results in a slowdown of Tallahassee action. The biggest news continues to be the Supreme Court's removal of the three proposed Constitutional amendments from the ballot and the continued decline in the Florida economy.

**LEGISLATIVE ACTION**

As of September 24<sup>th</sup>, 28 relief bills have been filed in the Florida Senate. These are bills by which individual citizens can appeal to the Legislature seeking monetary relief (usually for actions of a governmental agency, which are held harmless past a certain monetary amount).

There are not any regular bills filed in either the House or Senate at this time. This is not unusual in an election year. We still expect many bills to be filed dealing with education for the 2009 Session.

We will continue to monitor and report to you as soon as filing begins. We are also waiting for the appointments of committee chairs and members.

**ENROLLMENT**

The 10 day enrollment figures for Florida School Districts reported 36,574 less students than anticipated. (1.37%)

The decline was fairly evenly distributed across the state. Duval County reported the largest loss in anticipated enrollment with a loss of 4,148 students. Reported losses among the large school districts were as follows; Miami-Dade (-1,684), Broward (-2,439), Hillsborough (-2,249), Orange (-1,933), Palm Beach (-1,493), and Pinellas (-2,076).

Three counties reported an enrollment growth of more than 200 students. Pasco County lead the gainers with a 1,598 student increase, followed by Flagler county (+262) and Sumter County (+239). Other counties reporting small increases were; Baker, Calhoun, Franklin, Glades, Lafayette, Martin, Okeechobee, Suwannee, and Union.

Many districts are expected to show student enrollment increases by the 30 day count. We will report the new numbers as soon as they are received.

## **BUDGETARY CONCERNS**

I want to share some information concerning the current Education Budget and the projections for the future. This will help us establish the scene surrounding the 2009-2010 budget. There are no quick and easy solutions to the declining budget especially when expenses are escalating and revenue is declining. These are random facts, not to be taken as all inclusive or to add up to a specific total. They are more to help explain a very huge problem, the funding of our Education budget.

1. The 2008-09 fiscal year overall State budget has already been cut by \$1.8 billion. (This has resulted in revenues for 08-09 being less than revenues in 07-08.)
2. General revenue for the current year has been projected to reflect a deficit of \$1.5 billion. By law, this shortfall must be resolved prior to the end of this fiscal year – June 30, 2009. (We have been told that this shortfall will be covered by using non-recurring funds.) If so, while that is good news for this year, it will mean that these dollars won't be available for future needs – i.e., these funds will not be available to cover shortfalls in the 2009-10 budget.
3. Lottery dollars are declining, with a deficit in projected revenue of \$48 million. Tobacco Settlement Trust Fund dollars are not expected to grow. Additional dollars from these funds will not be available, if needed for next year's budget.
4. Slot machine dollars have not lived up to expectations and the projected revenue from this source is down by \$750 million over the next three years.
5. Almost \$300 million is needed over the next two years to meet the class size Constitutional requirements. This is an updated figure which accounts for districts that have already met the requirement. There is some early discussion of revisiting the class size issue by the Senate. I don't believe that there is any Legislative solution available to overrule a Constitutional Amendment.
6. In Education, the normal increase costs associated with workload and enrollment are projected to require an additional \$232 million over the next two years. Major expense items such as gasoline, electricity, and textbooks, coupled with expected inflation, could add expenses of up to \$600 million a year.
7. If millage rates remain unchanged, ad valorem revenues for Education could increase by \$725 million by 2011-12.
8. The bottom line is that budget prognosticators expect that the maximum available General Revenue for the State in 2009-10 will be \$24.7 billion. The State will require \$28.2 billion to operate. This leaves a potential shortfall of \$3.5 billion.

9. Article 9, Section 1 of the Florida Constitution states, “It is the paramount duty of the State to make adequate provision for the education of all children residing within its borders.”
10. The Constitution also requires that the Legislature must balance the budget before it can be approved. Either reductions must be made or new sources of revenue must be found in order to balance this potential shortfall.
11. If an increased revenue scenario is chosen, the questions become:
  - Do you chose to increase taxes? (An additional one cent sales tax would generate \$3.78 million) or
  - What items do you tax that are currently exempt? The list of tax exemptions is huge and appears untouchable. I don’t think anyone will propose an income tax and if proposed, it wouldn’t pass.

I’m sure that we will receive a great deal of conflicting information involving revenue and costs, between now and May. However, we can be assured that this Legislative Session will be both challenging and very interesting.