

**FLORIDA SCHOOL LABOR RELATIONS SERVICE  
FINAL CONFERENCE REPORT ON THE GENERAL APPROPRIATIONS ACT  
FISCAL YEAR 2019-2020 K-12 PUBLIC EDUCATION**

Senate Bill (SB) 2500 has emerged from the conference committee process as the final conference report on the General Appropriations Act (GAA) for the Fiscal Year (FY) 2019-2020. The bill is 448 pages long, but only portions of the bill apply to K-12 public education. Even among the items important to K-12 public education, many have had no changes in their proviso language and therefore comments on those items will make note of the appropriations amount and that there were no changes in the proviso language. This would tell the district that prior year requirements for spending the appropriation would still apply. In the table below, SA means Specific Appropriation, which is the line item number. The FEFP is the Florida Education Finance Program.

SA	Appropriation and Relevant Proviso Language	Amount
1	Provides Lottery dollars for debt service payments for the 1997 Classrooms First bond issues. The bonds are nearing the end of their term. There is no new proviso language of importance.	\$82,328,303
2	Provides Lottery dollars for debt service payments for the Class Size Reduction bond issues. There is no new proviso language of importance.	\$133,387,970
4	Funds Bright Future's Scholarships. Provides Lottery dollars for Bright Futures Scholarships. The awards and proviso are the same as 2018-2019.	\$595,143,167
6	Provides Lottery funds for the FEFP. There is no new proviso language. This is in addition to other revenue sources.	\$353,358,911
7	Provides Lottery funds for the FEFP for Class Size Reduction. The funds per student for Pre-K-3 is \$1,314.06; for grades 4-8 is \$896.32 and for grades 9-12 is \$898.49. This is in addition to other revenue sources.	\$103,776,356
8	Provides Lottery dollars for the Lottery and School Recognition Program in the FEFP. There are no significant changes in proviso language.	\$134,582,877
9	Provides Lottery funds for District Workforce Development programs. There are no significant changes in proviso language. This is in addition to other revenue sources.	\$81,353,010
18	Fixed Capital Outlay from PECO funds for maintenance, repair, renovation, and remodeling. This appropriation provides 100% of the funding required by law for charter school capital outlay. No districts will be required to share revenue from the local 1.5 mill discretionary capital outlay levy with charter schools and the state will continue to fully pay that cost. There is no PECO maintenance capital outlay funding for district operated schools in the GAA.	\$158,209,945
22	Fixed Capital Outlay: Special Facility Construction Account provides: Liberty County: 3 <sup>rd</sup> and final year: \$ 6,060,895 Jackson County: 3 <sup>rd</sup> and final year: \$19,059,807 Gilchrist: 2 <sup>nd</sup> and final year: \$7,205,344	\$32,326,046
32	Adults with Disabilities: Provides continuation funding for specific programs for Adults with Disabilities. It includes \$225,000 for Leon Adults with Disabilities Program.	\$7,346,567
86	School Readiness Services: Provides funding for the School Readiness Program and is allocated to the early learning coalitions including: Alachua: \$11,548,748; Charlotte, DeSoto, Highlands, Hardee: \$10,174,341; Escambia: \$16,200,732; Hendry, Glades, Collier, Lee: \$23,566,101; Hillsborough: \$50,849,605; Lake: \$8,117,929; Leon, Gadsden, et. al.: \$19,386,136; Manatee: \$10,585,968; Marion: \$11,068,807; Orange: \$43,320,473; Osceola: \$7,536,138; Pinellas: \$34,601,941; Santa Rosa: \$4,392,601.	GR: \$144,555,335 Block Grant: \$521,709,466 Federal Grants: \$500,000 Welfare Trust Fund: \$94,112,427

SA	Appropriation and Relevant Proviso Language	Amount
89	Voluntary Pre-K Services: is allocated as follows: Alachua: \$4,345,340; Charlotte, DeSoto, Highlands, Hardee: \$4,470,018; Escambia: \$4,816,178; Hendry, Glades, Collier, Lee: \$19,411,013; Hillsborough: \$31,133,744; Lake: \$6,031,294; Leon, Gadsden, et. al.: \$6,368.854; Manatee: \$6,583,345; Marion: \$5,686,010; Martin, Okeechobee, Indian River: \$6,319,942; Orange: \$31,342,850; Osceola: \$8,408,080; Pinellas: \$15,479,615; Santa Rosa: \$2,689,054. Proviso provides \$2,437 for the school year BSA, and \$2,080 for the Summer School BSA.	\$402,280,371
93	Provides for the FEFP. Additional funding for the FEFP comes from the Lottery in SA 6 and the RLE. SA 93 includes proviso language that directs the use of many categorical funds. This explanation will only address those categorical funds that are new to the FEFP or that have undergone a significant change in the amount of the appropriations provided. All of the categorical funds are addressed in the FEFP workpapers and most of them are compared on the statewide spreadsheet that accompanies this report.	GR: \$8,762,965 PSSTF: \$88,338,902
93	The Best and Brightest Teacher and Principal Program: From the funds in SA 93 \$284,500,000 is provided for the Best and Brightest Teacher and Principal programs pursuant to sections 1012.731 and 1012.732, Florida Statutes, to be allocated as provided in section 1011.62 Florida Statutes, which prescribes that each school district shall receive an allocation based on the district's proportionate share of FEFP base funding and that the Legislature may specify a minimum allocation for districts in the General Appropriations Act. The proviso language specifies that a one-time recruitment award shall be an amount up to \$4,000. The retention award shall be \$2,500 for highly effective teachers, \$1,000 for effective teachers, and \$5,000 for the principal award. It also provides that all districts shall be provided a \$100,000 minimum allocation. Not in the proviso, but in CS SB 7070 is provision for a recognition award. A recognition award, as provided in s. 1012.731(3)(c) from the remaining balance of the appropriation after the payment of all other awards authorized under ss. 1012.731 and 1012.732. CS SB 7070 should be consulted.	
93	There are no changes to proviso language and appropriations for DJJ programs, the District Cost Differential, and the Sparsity Supplement.	
93	The Required Local Effort is set at \$7,855,919,131, which is the revenue provided by the application of the rolled back rate to the RLE millage rate from FY 2018-2019.	
93	The maximum non-voted discretionary operating millage is .748 mills.	
93	Program Cost Factors are set: They are 1.120 for K-3 basic; 1.000 for 4-8 basic; 1.005 for 9-12 basic; 3.637 for ESE Program Support Level 4; 5.587 for ESE Program Support Level 5; 1.181 for ESOL, and 1.005 for Grades 9-12 Career Education.	
93	ESE Guaranteed Allocation: From the funds in SA 6 and 93, \$1,079,590,794 is provided to school districts as an Exceptional Student Education (ESE) Allocation. There is one change in proviso for 2019-2020. The change states. "Included in the allocation for the 2019-2020 appropriation is a re-baseline adjustment that shall not be recalculated during the fiscal year. This resulted in an additional increase in the amount of the allocation of about \$9 million above the amount needed to pay for a workload adjustment.	

SA	Appropriation and Relevant Proviso Language	Amount
93	There are no changes in the proviso or appropriations for the extra FTE for small county ESE programs, and the declining enrollment allocation.	
93	Safe Schools Allocation: \$180,000,000 is provided for Safe Schools activities. (an increase of about \$18 million) The funds shall be allocated as follows: \$250,000 shall be distributed to each district, and the remaining balance shall be allocated pursuant to section 1011.62 (15), Florida Statutes. The new statutory language distributes the balance of the funds as follows: one third of the funds beyond the base is distributed based on the Florida Crime Index, and two thirds based on the UFTE enrollment in each district.	
93	There are no significant changes in the proviso language or appropriations for the Supplemental Academic Intervention Allocation.	
93	From the funds in Specific Appropriations 6 and 93, \$45,473,810 is provided pursuant to section 1011.62, Florida Statutes, for a Turnaround School Supplemental Services Allocation at a per FTE funding amount for eligible schools of \$500. This is a new categorical program in the FEFP. The schools will be identified based on current year school grades and enrollment and adjusted based on school grades from FY 2018-2019 and enrollment in 2019-2020. The School Board must approve a plan for each school by August 1, and the district must submit the plan to the Commissioner of Education by September 1 each year.	
93	There are no substantive changes in proviso language or appropriations amounts beyond workload funding for the Reading, Instructional Materials, Transportation, Teacher Supply, Federally Connected Student Supplement, and the Virtual Education Contribution allocations.	
93	From the funds in Specific Appropriations 6 and 93, \$20,000,000 is provided for the Digital Classrooms allocation as provided in section 1011.62(12), Florida Statutes. The minimum amount to be allocated to each district is \$250,000 or \$300 per FTE, whichever is less. Twenty percent of the funds provided may be used for professional development, including in-state conference attendance or online coursework, to enhance the use of technology for digital instructional strategies. There was a major reduction in funding for the Digital Classrooms Allocation of \$50,000,000. During the presentation of the Final Conference Report to the Florida House of Representatives, the House Pre-K-12 Education Appropriations Subcommittee Chair stated that this \$50 million was moved to the funding base and was used to help increase the Base Student Allocation. Therefore, if the district needs to continue to fund Digital Classrooms it will have to use the flexible funds that the Chair also said was the source of possible teacher pay raises.	
93	From the funds in Specific Appropriations 6 and 93, \$54,190,616 is provided for a Funding Compression allocation for school districts and developmental research schools whose total funds per FTE in the prior fiscal year were less than the statewide average. Funds shall be allocated based on the requirements contained in section 1011.62, Florida Statutes, and for the 2019-2020 allocation, 25 percent of the difference between the district's prior year funds per FTE and the state average shall be used to determine the allocation. A district's allocation shall not be greater than \$100 per FTE. Language in SB 2502, the implementing bill, extends this item until June 30, 2020. There are no provisions in any bill to permanently modify Florida Statutes to incorporate this allocation.	

SA	Appropriation and Relevant Proviso Language	Amount
93	From the funds in Specific Appropriations 6 and 93 there is \$75,000,000 for the Mental Health Services. There are no significant changes in proviso language. There were changes in the law concerning Mental Health Services in SB 7070 that significantly increased the district's responsibility to provide services to students. The increase in funding of \$5,762,714 was not coordinated with the increase in duties and responsibilities in SB 7070 and may not pay for the costs of the increased services required in the bill.	
94	Funds in Specific Appropriations 7 and 94 are provided to implement the requirements of sections 1003.03 and 1011.685, Florida Statutes. The class size reduction allocation factor for grades prekindergarten to grade 3 shall be \$1,314.06, for grades 4 to 8 shall be \$896.32, and for grades 9 to 12 shall be \$898.49. The class size reduction allocation shall be recalculated based on enrollment through the October 2019 FTE survey except as provided in section 1003.03(4), Florida Statutes. If the total class size reduction allocation is greater than the appropriation in Specific Appropriations 7 and 94, funds shall be prorated to the level of the appropriation based on each district's calculated amount. The Commissioner of Education may withhold disbursement of these funds until a district is in compliance with reporting information required for class size reduction implementation.	GR: \$11,684,127,516 PSSTF: \$174,500,000

#### K-12 NON-FEFP PROJECTS OF GENERAL INTEREST ANALYSIS

SA	Item	Amount
95	Coach Aaron Feis Guardian Program: Training for certification of school guardians	\$500,000
95A	Hurricane Michael Relief: Provides additional operating funds for districts that experienced a reduction of enrollment due to Hurricane Michael. Appropriations were for: Bay: \$12,435,318; Calhoun: \$245,836; Franklin: \$169,325; Gadsden: \$243,080; Gulf: \$350,845; Holmes: \$157,315; Jackson: \$309,593; Liberty: \$100,000; Washington: \$169,265	\$14,180,577
97	Assistance to Low Performing Schools	\$4,000,000
98	Take Stock in Children	\$6,125,000
101	Florida Diagnostic and Learning Resources Centers: There are no major changes in proviso language or the allocation of funds to the centers.	\$2,700,000
102	School District Foundation Matching Grants: Funds in Specific Appropriation 102 are provided as challenge grants to public school district education foundations for programs that serve low-performing students, technical career education, literacy initiatives, Science, Technology, Engineering, Math (STEM) Education initiatives, increased teacher quality and/or increased graduation rates as provided in section 1011.765, Florida Statutes. The amount of each grant shall be equal to the private contribution made to a qualifying public school district education foundation. In-kind contributions shall not be considered for matching purposes. Administrative costs for the program shall not exceed five percent. Before any funds may be disbursed to any public school district education foundation, the public school district foundation must certify by the public school that the private cash has been received.	\$5,000,000

S.A.	Item	Amount
103	Educator Professional Liability Insurance	\$850,000
104	Teacher Death Benefits	\$36,321
107	Regional Consortium Services	\$1,750,000
108	Special Categories: Teacher Professional Development from General Revenue. This is a comprehensive appropriation that funds several state initiatives. Below are selected items that have the greatest general interest.	\$24,339,426 The amounts below are drawn from this sum.
108	Administrative Professional Development as provided in section 1012.985 Florida Statutes	\$7,000,000
108	Computer Science Certification	\$10,000,000
108	Mental Health Awareness and Assistance: Restored Non-Recurring Revenue	\$5,500,000
108	FADSS Superintendent Training total funding	\$570,000
109	SA 109 provides \$5,990,000 for Strategic Statewide Initiatives of various types. Of interest is funding for the Florida Safe Schools Assessment Tool: which is used at all public school sites at \$640,000.	\$640,000
110	The funds provided in Specific Appropriation 110 for Gardiner Scholarships are for scholarship awards as provided in section 1002.385, Florida Statutes. The Gardiner vouchers were increased \$19,565,004 from \$128,336,000 to \$147,901,004.	\$147,901,004 an increase of \$19,565,004
111	From the funds in Specific Appropriation 111 for Reading Scholarships, an amount of \$500 per student is provided for each scholarship award as provided in section 1002.411, Florida Statutes.	\$7,600,000
112	Provides a reduction in the appropriation for Schools of Hope from \$140,000,000 to \$40,000,000. \$45,473,810 of the reduction was transferred to the FEFP to fund the Turnaround Schools Supplemental Services Allocation. The remainder of the reduction, \$54,526,190, was returned to General Revenue and perhaps used to support the rest of the K-12 appropriation.	\$40,000,000
112A	From the funds in Specific Appropriation 112A, \$7,180,571 in recurring funds are provided to the Department of Education to support the planning and implementation of community school programs pursuant to section 1003.64, Florida Statutes. An additional \$255,000 is provided for Community Partnership Schools- Orange Park High School. This appropriation provides the revenue to fund the Community Schools Grants authorized in SB 7070.	\$7,435,571
116A	From the funds provided in Specific Appropriation 116A, \$50,000,000 is provided for the School Hardening Grant program to improve the physical security of school buildings based on the security risk assessment required by section 1006.1493, Florida Statutes. Funds may only be used for capital purchases. Funds shall be assigned initially based on each district's capital outlay FTE and charter school FTE. No district shall be assigned less than \$50,000. Funds shall be provided based on district application, which must be submitted to the Department of Education by December 1, 2019.	\$50,000,000
123	Provides funds for performance based incentives for district Workforce Development Programs. The proviso language concerning the incentives is the same as 2018-2019, except for a requirement in this year's language for an OPPAGA study to determine if the industry certifications supported by the item are aligned with the workforce needs of employers.	\$6,500,000

SA	Item	Amount
124	Adult Basic Education: Flow -through funds from federal grants trust fund.	\$45,365,457
125	SA 125 and SA 9 Provide funds for District Workforce Development Programs. SA 9 provides an additional \$81,353,010. Major distributions include: Alachua: \$530,690; Escambia: \$3,794,637; Hillsborough: \$27,598,434; Lake: \$4,707,846; Leon: \$6,322,703; Manatee: \$9,465,433; Marion: \$3,924,889; Orange: \$31,942,536, Osceola: \$6,663,695; Pinellas: \$27,589,198; Santa Rosa: \$2,179,007. Although the proviso language is substantially similar to that used the prior year, those responsible for the program should review the proviso annually.	\$288,994,970
125A	Pathways to Career Opportunities Grant: Provides \$10,000,000 for grants to high schools, career centers, charter technical centers and Florida College System institutions to establish new apprenticeship or preapprenticeship programs.	\$10,000,000
125B	From the funds in Specific Appropriation 125B, \$1,250,000 in recurring funds are provided to the Department of Education for the development of a two year workforce diploma program to assist adults 22 years of age and older to obtain a high school diploma and develop employability and career technical skills.	\$1,250,000
126	Vocational Formula Funds from Federal Grants and Trust Funds.	\$72,724,046
445	School Health Services: Funds in Specific Appropriation 445 from the General Revenue Fund are provided as state match for Title XXI administrative funding for school health services in Specific Appropriations 483 through 485, 488, and 491. From the funds in Specific Appropriation 445, not less than \$6,000,000 from the General Revenue Fund shall be provided for the Full Services Schools program pursuant to section 402.3026, Florida Statutes.	GR: \$16,909,412 Federal Trust Fund \$1,000,000

**SB 2502**  
**IMPLEMENTING THE GENERAL APPROPRIATIONS ACT**

Annually the Legislature adopts, as a companion to the General Appropriations Act, a bill titled An Act Implementing Appropriations, also commonly referred to as the Implementing Bill. The Implementing Bill makes changes in Florida Statutes to make sure that the provisions of the General Appropriations Act can be executed as intended. The provisions of the Implementing Bill, like the provisions of the GAA expire on June 30, 2020, at the end of the fiscal year for which each was adopted. There are a few items that relate to K-12 public education. Those sections are discussed below.

Section Two of the bill incorporates the FEFP workpapers, commonly referred to as “the runs” into the GAA by reference.

Section Three of the bill provides that Instructional Materials are to be released and expended as required by the relevant proviso language in the GAA. That language has not changed from the prior year.

Section Six provides that the Funding Compression Allocation remains in effect through June 30, 2020.

Section Nine deletes the \$15 million total maximum on the bonus of \$1,000 for each Industry Certification earned by Workforce Education students.

Section Twelve provides that the State Board of Education will act as the Board of Trustees for the Florida Virtual School and will have the authority to appoint an Executive Director and take other actions as provided by law.

Section Thirteen addresses the District Cost Differential in the FEFP. It provides for a study of the District Cost Differential. The exact language of the bill is provided below.

“In order to implement Specific Appropriations 2753 and 2754 of the 2019-2020 General Appropriations Act, the Office of Economic and Demographic Research shall develop a methodology for calculating each school district’s wage level index using appropriate county-level and occupational-level wage data. In developing the methodology, the office shall seek the input from a broad range of stakeholders, including but not limited to, school districts and the Department of Economic Opportunity, to identify the key factors that result in cost differences among counties and their relative magnitude. To the maximum extent feasible, the office shall develop a methodology for calculating each school district’s wage level index that minimizes the effects of temporary disruptions in the data due to adverse events or disturbances. The office shall compare the district-level impact of each school district’s wage level index as calculated by the office versus the Florida Price Level Index used for each school district for the 2019-2020 fiscal year district cost differential and provide a transition plan that minimizes any negative impacts for beginning with the 2020-2021 fiscal year using the wage level index as calculated by the office. The office shall submit the transition plan to the President of the Senate, the Speaker of the House of Representatives, and the Governor by October 1, 2019. The implementation of the transition plan may not occur unless affirmatively enacted by the Legislature. This section expires July 1, 2020.”

## STATEWIDE FEFP BUDGET ANALYSIS

The most important parts of the fiscal year (FY) 2019-2020 General Appropriations Act (GAA) for Florida public school students are the provisions that provide funds for the Florida Education Finance Program (FEFP) and that specify how the revenue is to be spent. Listed below are the most important items in the FEFP as provided by the 2019 regular session of the Florida Legislature. References are made to “potential” funds because the FEFP is calculated five times each year, and changes in property values reported in the Second Calculation, and enrollment and program changes reported in the Third, Fourth, and Fifth Calculations can change the totals highlights below.

1. Total potential funds appropriated are \$21,848,530,267 an increase in total funds of \$782,876,763 compared to the total funds in the FY 2018-2019 Fourth Calculation.
2. Total potential new state funds are \$12,450,345,660.
3. Total potential new local funds are \$9,398,184,607.
4. There are 2,847,819.21 recalibrated Unweighted Full Time Equivalent (UFTE) students projected for 2019-2020, an increase of 12,381.26 UFTE from the FY 2018-2019 Fourth Calculation total of 2,385,437.95.
5. There are 3,123,300.51 projected Weighted Full Time Equivalent (WFTE) students, an increase of 30,820.43 WFTE compared to the Fourth Calculation total of 3,092,480.08 WFTE.
6. The average dollars per recalibrated Unweighted Full Time Equivalent student (UFTE) is \$7,672.02, an increase in average dollars per UFTE student of \$242.60.
7. The Base Student Allocation (BSA) the initial value used to calculate the entire FEFP increased from \$4,204.42 to \$4,279.49, an increase of \$75.07 per Weighted Full Time Equivalent (WFTE) student.
8. The Base FEFP funding is projected to be \$13,376,697,100, compared to the Fourth Calculation total of \$13,012,828,126. That is a projected increase of about \$363,868,974.
9. About \$131,893,882 of the increase in base funding is required to pay for the enrollment increase of 30,820.43 WFTE.
10. The increase in base funding, the “flexible funds,” districts have will to pay for the increase in Florida Retirement System (FRS) rates. That will consume \$35,000,000 of the new “flexible funds.”
11. The conference agreement reduced the funds for the Digital Classrooms Allocation by \$50,000,000. During the presentation of the Final Conference Report to the Florida House the Pre-K-12 Education Appropriations Subcommittee Chair stated that this \$50 million was moved to the funding base and was used to help increase the Base Student Allocation. Therefore, if the districts need to continue to fund Digital Classrooms it will have to use the flexible funds that the Chair also said was the source of possible teacher pay raises. It is assumed that most districts would continue to have a need for these funds to maintain the technology and assessment requirements of law and the district’s programs, that districts will find that they consume \$50,000,000 of the new “flexible” funding.



- 12. The availability of revenue to the districts from the increase in “flexible funds” in the Base FEFP of \$363,868,974 will be reduced by \$131,893,882 to pay for WFTE enrollment growth, \$50,000,000 to replace the reduction in funding for the Digital Classrooms Allocation, and \$35,000,000 to pay for the FRS rate increase.
- 13. Those funding requirements will reduce the amount of “flexible” funds to \$146,975,092. This is 1.1%, of the total potential funding for the Base FEFP Funding in the 2019-2020 FEFP.

A reasonable evaluation of the new budget should include an understanding the sources of the new revenue that is supporting the increases in the FEFP. The sources of the revenue increase of \$782,876,763 include the following:

New revenue from the Required Local Effort:	\$142,514,501
New revenue from the .748 discretionary local operating millage:	\$ 81,838,143
State revenue transferred to the FEFP from the Best and Brightest K-12 non-FEFP budget line item:	\$233,950,000
State revenue transferred to the FEFP from the Schools of Hope K-12 non-FEFP budget line item:	\$45,473,810
New state revenue allocated to the FEFP from new state revenue:	\$265,619,429

Several new mandatory expenses were added to the FEFP that will consume a substantial portion of the \$782,876,763 increase in total potential funds provided by the Legislature. These new mandatory expenses included the following items.

1. The Best and Brightest Teacher and Principal Bonus Program:	\$284,500,000
2. Turnaround Supplemental Services Allocation:	\$45,473,810
3. Increase in Safe Schools Allocation:	\$18,043,981
4. Increase in Mental Health Assistance Allocation:	\$5,762,714
5. Increase in ESE Guarantee Allocation:	\$12,502,357
6. Increase in Class Size Reduction Allocation:	\$13,480,880
7. Increase in Base FEFP Funding for WFTE Enrollment Growth:	\$131,893,882
8. Increase in Employer FRS Rates:	<u>\$35,000,000</u>
Total Increases in Required Expenses:	<u>\$546,657,624</u>

The FY 2019-2020 FEFP increases total potential funds by \$782,876,763. Of that total, \$546,657,624 are committed to expenditures required by the Legislature. Revenue not encumbered by the Legislature totals \$236,219,139, or 1.1% of the total potential funds.

The districts have an increase of 1.1% of FEFP revenue to pay for any compensation increases and any other cost increases incurred by the district in FY 2019-2020.

The statewide spreadsheet that compares the FY 2019-2020 FEFP to the Fourth Calculation for FY 2018-2019, and to the FY 2007-2008 First Calculation, the pre-recession high. and the FY 2011-2012 First Calculation the lowest FEFP in the recession. It is interesting to notice that, despite what Legislative leaders have reported as record funding, UFTE enrollment has increased 205,498 from 2007-2008 to 2019-2020, but the SAI is \$19.8 million lower, the ESE Allocation is \$54.1 million lower, the Transportation Allocation is \$48.6 million lower, and the Instructional Materials Allocation is \$38 million lower than in 2007-2008.

**FY 2019-2020 FLORIDA RETIREMENT SYSTEM RATE BILL  
SB 7016**

As part of the process of making appropriations for Fiscal Year (FY) 2019-2020 both the Florida House of Representatives and the Florida Senate have taken up and passed SB 7016 to set Florida Retirement System (FRS) rates for FY 2019-2020. The bill was enrolled, sent to the Governor, and the Governor signed the bill on April 15, 2019. The rates established in the bill are now officially the Florida Retirement System rates for fiscal year 2019-2020. The rate changes reflect the recommendations of the actuarial firm that is retained to provide those data. The Staff Analysis estimates that the rate increase will have a statewide cost to school districts of \$35,000,000. The rates for the employee classifications commonly employed by the school district are provided below.

Employee Classification	2018-2019 Base Employer Rate	2018-2019 Unfunded Actuarial Liability Employer Rate	2019-2020 Base Employer Rate	2019-2020 Unfunded Actuarial Liability Employer Rate	2019-2020 Combined Regular and UAL Employer Rate
Regular Class	3.04%	3.50%	3.19%	3.56%	6.75%
Special Risk Class	12.18 %	10.60%	12.53%	11.14%	23.67%
Elected County Officials Class	8.50%	38.48%	8.73%	38.37%	47.10%
Senior Management Class	4.45%	17.89%	4.60%	19.09%	23.69%
DROP Class	4.41%	7.96%	4.68%	8.24%	12.92%

In addition to the employer rates above, the employer must also pay an assessment of 1.66% of each employee's salary to support the Health Insurance Subsidy, and .06% of each employee's salary to support the administrative and educational costs associated with the Florida Retirement System.

Each employee must also pay 3% of his or her salary in addition to the employer rates posted above.

For your reference, below are pasted the most current sections of Florida Statutes related the Health Insurance Subsidy rates and the Administrative and Education expense.

**112.363 Retiree health insurance subsidy.—**

(1) PURPOSE OF SECTION.—The purpose of this section is to provide a monthly subsidy payment to retired members of any state-administered retirement system in order to assist such retired members in paying the costs of health insurance.

(8) CONTRIBUTIONS.—For purposes of funding the insurance subsidy provided by this section:

(i) Beginning July 1, 2015, the employer of each member of a state-administered plan shall contribute 1.66 percent of gross compensation each pay period.

Such contributions shall be submitted to the Department of Management Services and deposited in the Retiree Health Insurance Subsidy Trust Fund.

121.74 Administrative and educational expenses.—In addition to contributions required to fund member accounts under s. 121.71, ... "Effective July 1, 2016, the employer assessment is 0.06 percent of the payroll reported for each class or subclass of membership. The amount assessed shall be transferred... to offset the costs of administering the investment plan and the costs of providing educational services to members of the Florida Retirement System."