



Miami-Dade County Public Schools

giving our students the world

Superintendent of Schools

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February 17, 2017

The Honorable David Simmons
220 Crown Oak Centre Drive
Longwood, FL 32750

Dear Senator Simmons:

We are extremely concerned about the financial implications of SB 376 on Miami-Dade County Public Schools (M-DCPS). Our school district will be seriously impacted by a redirection of funds from a capital revenue source, which already has been significantly diminished due to a previous 0.50 legislative millage reduction to operating revenue. A continued redirection of capital millage revenues will compromise M-DCPS' ability to sustain debt service payments due to class size reduction compliance and school maintenance.

The initial financial impact of SB 376 on our school district is estimated at \$80 million. M-DCPS will be forced to shift operating dollars from educational programs to meet debt service payments and to provide safe learning environments for all students. Our school district's estimated revenue for 2016-2017 from the 1.5 mills for capital revenue is \$427 million. Approximately 60 percent of this, or \$250 million, is needed for debt service payments. The estimated distribution to charter schools in year one of SB 376 implementation is approximately \$83 million. This leaves our district just \$94 million to address maintenance needs for 45 million square feet of facilities at more than 420 sites.

Serious financial consequences of SB 376 language include:

- **Liquidity Concerns:** The bill would require districts to provide charter school capital outlay payments starting in July, which is prior to when M-DCPS receives all ad valorem tax revenues. This creates a cash flow concern.
- **Credit Rating:** Credit rating agencies will likely determine that reduction of capital funding for school districts may prove difficult for them to pay down debt service. Currently, most Certificate of Participation (COP) debt financing programs in Florida have very strong credit ratings due in part to the history of a stable funding source. The proposed legislation may potentially weaken the credit of COP's while increasing interest expenses for school districts.

- **Evaluation of Need:** A formulaic allocation of funding directly to charter schools ignores “need.” Most charter schools operate in newer facilities and, therefore, do not have the same capital needs as our aging facilities that are taxpayer-owned. In addition, many charter schools lease facilities. This legislation would force school districts to provide public funding for non-public assets at the expense of public facilities.
- **Impact to Educational Programs:** Instructional programs will be at serious risk when debt payments are no longer sustained by capital revenue. These programs will need to be subsidized or largely absorbed by the Operating Budget or General Fund.

While M-DCPS embraces public choice and charter schools, we are extremely concerned about the impact of SB 376 on our schools. We respectfully suggest that other state resources be secured, such as a broadening of the PECO base for charter schools, or that there be further concept exploration of state-guaranteed loans to facilitate access to more economic financial markets for charter schools, as is done in other states.

If you need additional information or have any questions, please contact me at 305 995-1430, or Ms. Iraida Mendez-Cartaya, Associate Superintendent, Office of Intergovernmental Affairs, Grants Administration, and Community Engagement, at 305 995-1497.

Sincerely,



Alberto M. Carvalho
Superintendent of Schools

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cc: School Board Members
School Board Attorney
Superintendent's Cabinet