

**MINUTES OF THE SPECIAL SCHOOL BOARD AUDIT AND BUDGET  
ADVISORY COMMITTEE  
OF MIAMI-DADE COUNTY PUBLIC SCHOOLS  
August 20, 2013**

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A Special School Board Audit and Budget Advisory Committee (ABAC) met on Tuesday, August 20, 2013, in the School Board Administration Building, Conference Room 916, at 1450 N.E. Second Avenue, Miami, Florida.

**Members Present:**

**Voting:**

Mr. Roland Sanchez-Medina, Jr., Esq., Vice Chair  
Dr. Lawrence S. Feldman, School Board Member  
Ms. Kelly Borroto-Garcia  
Ms. Susan Marie Kairalla  
Mr. Mayowa Odusanya, Esq.  
Mr. Jose I. Rasco, CPA  
Mr. Isaac Salver, CPA  
Mr. Frederick F. Thornburg, Esq.

**Members Absent:**

Mr. Jeffrey B. Shapiro, Esq., Chair  
Mr. Rayfield McGhee, Jr., Esq.  
Mr. Benjamin Moskowicz, CFP®

**Non-Voting:**

Dr. Richard H. Hinds, Associate Superintendent/Chief Financial Officer

**Call to Order**

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The ABAC's Vice Chair Mr. Roland Sanchez-Medina acted as Chair, in lieu of ABAC's Chair Mr. Jeffrey B. Shapiro's absence, who could not attend due to prior business commitments. The Vice Chair called the meeting to order at 12:38 p.m. and warmly welcomed everyone in attendance.

**1. Welcome, Introductions and Moment of Reflection**

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Mr. Sanchez-Medina requested everyone in attendance to introduce themselves, which they did. The following persons were present:

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| Ms. Perla Tabares Hantman, School Board Chair     | Mr. John Schuster, Chief Communications Officer      |
| Mr. Wilbert T. Holloway, School Board Member      | Ms. Maria T. Gonzalez, Asst. Chief, School Audits    |
| Dr. Marta Pérez, School Board Member              | Mr. Julio Miranda, Asst. Chief, Investigations       |
| Mr. Alberto M. Carvalho                           | Mr. Trevor L. Williams, Asst. Chief, District Audits |
| Mr. Walter J. Harvey, Esq., School Board Attorney | Ms. Mindy McNichols, Asst. SB Attorney               |
| Mr. José F. Montes de Oca, Chief Auditor          | Mr. Tom Knigge, OIG, Supervisor Special Agent        |
| Mrs. Valtena G. Brown, Chief Operating Officer    | Mr. Luis Baluja, Supervisor                          |
| Ms. Judith Marte, Deputy Chief Financial Officer  | Ms. Bridgette Desroches, Administrative Assistant    |
| Mr. Jaime G. Torrens, Chief Facilities Officer    | Ms. Jackie Fals, Administrative Assistant            |
| Mr. Ron Steiger, Chief Budget Officer             | Ms. Bertha Valcarcel, Administrative Assistant       |
| Ms. Maria E. Delgado, Executive Secretary         | Ms. Elsa Berrios-Montijo, Administrative Assistant   |
| Ms. Silvia Rojas, Treasurer                       | Ms. Lucila I. Gonzalez, Administrative Assistant     |

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Ms. Corina Betancourt, Community Liaison  
Ms. Martha M. Diaz, Executive Director  
Ms. Dulce M. Palacio, Executive Director  
Ms. Raquel Alexander, Administrative Assistant

Mr. Blake F. Juste, Administrative Assistant  
Ms. Monica Troutman, Property Auditor  
Mr. Donovan MaGinley, McGladrey LLP  
Mr. Dan Ricker, Publisher and Editor

There was a moment of reflection.

**2. Presentation of FY 2013-14 Executive Summary Tentative Budget**

The Vice Chair drew the members' attention to the Executive Summary and asked Ms. Judith Marte, Deputy Chief Financial Officer, to make the presentation. Ms. Marte yielded the floor to the Superintendent for opening remarks.

In his opening remarks, the Superintendent expressed some concerns regarding the timing of this special meeting being convened on the second day of schools. He then noted that he is proud of the budget that was presented to the School Board. He stated that the guiding principles that are employed by this administration, and preliminarily approved by the Board, are consistent with the Board's own values and principles. He emphasized that this budget protects teachers and does not represent or provide layoffs of teachers for economic reasons (a policy consistent with what the District has done for the past few years); it provides a categorical raise allocation compensation adjustment for some employees leading with teachers; it protects elective and bilingual programs; it protects classroom spending and in some areas expands classroom spending; it supports students with disabilities; it expands parental choices (rolls out 100 new choice programs, including 49 IPrep Academies opening this year and 28 Cambridge High School Programs); it protects economic liabilities of the District; it continues to reduce the number of individuals in budget allocated central office at all levels; and it enhances school safety spending with the hiring of an additional 18 new school police officers to safeguard schools. He observed that this budget lives up to the promise made to the citizens of Miami-Dade about the liability impact of the General Obligation Bond (GOB) not being greater than \$5 for every \$100,000 in taxable value. The Superintendent remarked that this budget represents good government/policy and continues to advance the District's goals and principles, while simultaneously protecting the interest of the tax payers in the community. He then turned the floor over to Dr. Richard H. Hinds, Associate Superintendent/Chief Financial Officer, for his remarks.

Dr. Hinds provided a brief overview of the Budget and stated that it is comprised of a whole series of estimates such as student enrollment, property taxes yields, state revenues and attrition rate. He stated that the only definite figures available at the moment are the salaries of District employees. He mentioned that the District survived the great recession by utilizing the value-driven-budget, input from parents, advice from District Advisory Council and support from principals. Dr. Hinds then turned over the floor to Ms. Marte for the presentation.

Ms. Marte introduced the FY 2013-14 Executive Summary Tentative Budget and informed the Committee that the final result of the legislative session gave the District an additional revenue of \$134.2 million when compared to the prior year. She explained that there will be four budget updates during the year to reflect state revenue collections. She mentioned that embedded in the legislative increase were mandated new expenditures such as \$62.8 million for raises to selected teachers and employees of \$2,500 each; \$1.7 million for teachers' lead certificates (teacher supplies categorical); \$37 million to the Florida Retirement System

(FRS); \$6 million Virtual FTE (Full-Time Equivalency); and \$38 million in McKay Scholarships. Ms. Marte noted that when considering the required expenditures above, the increase of the state revenue is truly a net decrease of \$11.3 million. She emphasized that when Mr. Carvalho became Superintendent and Dr. Hinds came back to the District, their main priority was that the budget process be open and transparent. She mentioned that input from the following stakeholder involvement are embedded in the Superintendent's Budget recommendation to the Board and explained their functions: Parent Subcommittee on District Budget Priorities (of which, ABAC member Ms. Susan Kairalla is a member); Principals Committee; Superintendent's Business Advisory Council; Cabinet level input; Board Workshops; Audit and Budget Advisory Committee; and Public Hearings. Ms. Marte added that her office also met with the unions, individual constituents and the media to explain the process. Ms. Marte explained that after considering all other revenue changes, the overall change in revenue is \$167 million; while overall changes in State mandated cost is \$195 million resulting in a shortfall of \$28 million. Ms. Marte noted that this administration takes a proactive look in their projections and emphasized that the Budget process begins essentially in September for the following year, with an eye in meeting class size.

In closing, Ms. Marte pointed out that the Superintendent covered the most important points of the GOB and explained that the overall millage decreased and the electorate controlled millage did not increase. She thanked the entire leadership team of the Budget Office for a great job in preparing this budget report.

The Superintendent expressed concerns regarding tax collection, property appraisal and the action of value-adjustment boards at the local level. He stated that the assessment process has become politicized and creates an unpredictable liability for the District, which is outside of its control. He explained that two years ago when the law changed, procedures were also changed to force those appealing to pay 75% of their tax bill, while the appeal process takes place, but appeals can take up to two years to resolve. He mentioned that in Miami-Dade there were 140,000 appeals last year and 70,000 this year. Mr. Carvalho explained that because of this situation, the District creates a tax collection reserve of approximately \$30 million each year and emphasized that for this year the District was \$65 million underbudget for property tax collections. He stated that it is a huge priority for him to look at ways to legislatively mitigate this situation, because M-DCPS is the most impacted county in the state.

Mr. Salver asked the Superintendent what are the three most important issues we should be lobbying for. The Superintendent responded that the District would be lobbying for expedited resolution to appeals (regarding 2 year delay); support for legislative platform in Tallahassee to revert from 96% to 95 % assumption of tax collection; and more accurate appraisals of property.

Mr. Thornburg complimented the School Board, the Superintendent and the Budget Department for a great job on the Budget report and for their positive relationship with the community. He expressed concerns regarding proprietary fund. He suggested that since the District is self-insured for health services, it will be advantageous for the District to explore the possibilities of becoming a member of the United Benefit Advisors that offers the services of the Medical Reserve Calculator, which provides instantaneous computations to determine exposure.

On behalf of the Parent Subcommittee and Principals Committee, Ms. Kairalla recognized Ms. Marte and her staff for their willingness to work together with the committees for the benefit of students and teachers. Ms. Kairalla asked that these accolades be reflected in the minutes.

Mr. Mayowa asked about the status of the implementation of the pending award of the Magnet Schools Assistance Program (MSAP) grant on page 1-16 in the introduction section of the report. The Superintendent responded that it is a programmatic undertaking where the information is not readily available, but he will follow-up with the information via email.

The Vice Chair remarked that the Committee was very impressed with the Budget report, and thanked the Superintendent and the Budget Department for a fantastic job.

Dr. Feldman introduced his new appointee to the ABAC Committee, Ms. Kelly Borroto-Garcia.

### **Adjournment**

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There being no further business to come before the Committee and upon motion duly made by Mr. Thornburg and seconded Dr. Feldman, the meeting was adjourned by Mr. Sanchez-Medina at 1:32 p.m.

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