

FLORIDA

R. Craig Wood
B.O. Smith Research Professor
University of Florida

Mary L. Chambers
Alachua County School Board
Gainesville, Florida

Sarah Mendonca
Ph.D. Candidate
University of Florida

Keith F. Birkett
Alachua County School Board
Gainesville, Florida

I. GENERAL BACKGROUND

State

Funding for Florida public education from both state and local sources has increased in real dollar terms since the initiation of the Florida Education Finance Program (FEFP) in 1973–74. Funding received from the state fluctuates annually depending on available revenues and state needs.

The FEFP, which can be defined as a highly modified foundation plan, is characterized by a relatively high percentage of state aid largely driven by a weighted per-pupil formula. In providing equalization of educational opportunity, the FEFP recognizes: (1) varying local property tax bases, (2) varying program cost factors, (3) district cost differentials, and (4) differences in per-student cost for equivalent educational programs due to sparsity and dispersion of population.

The FEFP bases financial support for public education on the number of students participating in a particular educational program. The FEFP funds are primarily generated by multiplying the number of full-time equivalent students (FTEs) in each of the educational programs by cost factors to obtain weighted FTEs. Weighted FTEs are then multiplied by a base student allocation and by a district cost differential in the major calculation to determine the state and local FEFP

funds (FLA. STAT. § 236.081). Program cost factors are determined by the Legislature and represent relative cost differences among the FEFP programs.

State funds for public school support are provided primarily through the FEFP. In addition, more specific educational needs are financed through categorical funding, special allocations, and the Florida Lottery. The major source of revenue for state support of public schools is the state sales tax.

Local

Florida has 67 independent school districts that are coterminous with county boundaries, each of which participates in the FEFP. Each district must provide evidence of its effort to maintain an adequate school program throughout the district and must meet at least the following requirements:

Maintain adequate and accurate records, including a system of internal accounts for individual schools, and file with the Department of Education, in correct and proper form, on or before the date due, each annual or periodic report which is required by State Board of Education Rules.

Operate all schools for a term of at least 180 actual teaching days or the equivalent on an hourly basis. Upon written application, the State Board may prescribe procedures for altering this requirement.

Provide written contracts for all instructional personnel and require not less than 196 days of service for all members of the instructional staff.

Expend funds for salaries in accordance with a salary schedule or schedules adopted by the School Board in accordance with the provisions of the laws and rules of the State Board.

Observe all requirements of the State Board relating to the preparation, adoption, and execution of budgets for the district school system.

Levy the required local effort millage rate on the taxable value for school purposes of the district.

Maintain an ongoing systematic evaluation of the educational program needs of the district and develop a comprehensive annual and long-range plan for meeting the needs.

Base salaries for instructional personnel on performance demonstrated under FLA. STAT. § 231.99 (1997 enactment).

Local revenue utilized to support public schools is derived almost exclusively from ad valorem property taxes. In fact, no local nonproperty taxes are levied specifically for the support of schools. A few school districts receive local county sales tax revenues. All local school districts are required by statute to apply a specified millage rate to the aggregate assessed non-exempt property value as the required local effort provision of the FEFP.

Funding Summary 1998–99

Total State School Aid (All Programs)		\$ 8,036.4 million
Grants in Aid	8,036.4 million	
Teacher Retirement Contributions	0 million	
FICA	0 million	
Total Local School Revenue		\$ 3,895.4 million
Property Tax	3,895.4 million	
Other local source tax revenue	0 million	
Local source non-tax revenue	0 million	
Total Combined State and Local School Revenue		\$ 11,931.8 million
State Financed Property Tax Credits		
Attributable to School Taxes		N/A

II. LOCAL SCHOOL REVENUE

Property Tax

The property tax is the major source of local revenue for public schools. In 1998–99, required local effort property taxes generated approximately \$3.9 billion. Based upon the 1998 certified tax roll, the Commissioner of Education computed and certified the required local effort millage rate for each school district. In

calculating the FEFP for the current fiscal year, each district's deduction for required local effort was the certified millage on 95% of the nonexempt assessed valuation of the district. In the event that the millage rate produced more than 90% of a district's total entitlement, the district's rate was adjusted to produce 90%.

The amount of revenue produced by applying the average computed required local effort millage rate of 6.509 mills to the tax roll was adjusted by an equalization factor for each district. The millage rate resulting from application of the equalization factor was added to each district's required local effort millage as additional required local effort for equalization. All real estate and tangible personal property are assessed at just value. Farm land, when used for *bona fide* agricultural activities, is valued solely based upon agricultural usage. The county property appraiser is responsible for determining the value of all property within the county.

School boards may set discretionary tax levies for capital outlay and maintenance and for current operations.

Income Tax

The state constitution does not allow local districts to collect an income tax or an income tax surcharge.

Other Sources of Local Tax Revenue

School boards are authorized to levy a sales surtax of up to 0.5% for capital outlay purposes if approval is obtained by referendum. This surtax may take effect on the first day of any month, but may not take effect until at least 60 days after the date of approval by the electors. The resolution providing for imposition of the surtax is to set forth a plan for use of the proceeds for construction, reconstruction, or improvement of school facilities and campuses which have a useful life expectancy of five or more years. The plan shall address any land acquisition, land improvement, design, and engineering costs related thereto. Additionally, the plan shall include the costs of retrofitting and providing for technology implementation, including hardware and software, for the various sites within the school district.

Surtax revenues may also be used for the purpose of servicing bond indebtedness to finance authorized projects and any interest which accrues thereto may be held

in trust to finance such projects. Neither the proceeds of the surtax nor any interest accrued thereto shall be used for operational expenses.

Any school district imposing the surtax must implement a freeze on noncapital local school property taxes at the millage rate imposed in the year prior to the implementation of the surtax, for a period of at least three years from the date of imposition of the surtax. This provision does not apply to existing debt service or required state taxes. The Department of Revenue distributes the surtax revenue to the school board imposing the tax (FLA. STAT. § 212.055(7)).

A portion of state motor vehicle license tag proceeds is dedicated to school bond debt service or capital outlay.

In addition to the board-set levies, qualified electors may vote an additional millage levy for operations and capital outlay purposes for a period not to exceed two years. Tax levies for debt service are in addition to the levies for current operation but are limited by State Board of Education Rule to 6 mills and 20 years duration except with specific State Board approval. Qualified electors may vote for a local bond issue to be retired by a millage levy. State Board of Education Rules prohibit school districts from issuing school bonds in excess of 10% of the nonexempt assessed valuation of the district without specific State Board approval (FLA. STAT. § 236.31 - 236.42, Rule 6A-1.037, FLA. ADM. Code).

Tax Credits and Exemptions

The state constitution provides for a homestead exemption of \$25,000 on the assessed value of residential property. Fla. Const. Art. VII Pursuant to state statutes, federal, state, public school, church, and park properties are not included on the tax rolls.

III. TAX AND SPENDING LIMITS

The Constitution of the state of Florida limits ad valorem taxes for all school purposes, exclusive of taxes levied for the payment of debt service on bonds and taxes levied for operations and capital outlay purposes for periods not to exceed two years when authorized by vote, to 10 mills (FLA. Const., Art. VII). The state Constitution prohibits a state income tax.

The Legislature annually prescribes the aggregate required local effort for all school districts collectively as an item in the General Appropriations. (See the

description of the calculation in The Florida Education Finance Program (FEFP), Local Share) (FLA. STAT. § 236.081)). In addition to the required local effort millage levy, each school board may levy a nonvoted current operating discretionary millage. The Legislature shall prescribe annually in the appropriations act the maximum amount of millage the district may levy. The millage rate prescribed shall exceed zero mills but shall not exceed the lesser of 1.6 mills or 25% of the required local effort. Each school board may levy up to two mills to fund capital projects (FLA. STAT. § 236.25).

School districts are limited by the state Constitution in that they are authorized to make expenditures for educational purposes only. Florida Statute ♣ 237.34 sets forth minimum school level expenditure requirements where FEFP revenue is generated as follows:

- | | |
|--|-----|
| 1. Kindergarten and grades 1, 2, and 3 | 90% |
| 2. Grades 4, 5, 6, 7, and 8 | 80% |
| 3. Grades 9, 10, 11, and 12 | 80% |
| 4. Special programs for exceptional students | 80% |
| Special vocational-technical, at-risk programs,
and any “new” programs approved
by the Legislature | 80% |

School districts are limited to short time borrowing by issuing notes for anticipation until the receipt of current funds (FLA. STAT. § 237.151).

School districts may borrow for a period of 1 year, which may be extended for up to 4 additional years, to purchase school buses, land, equipment for educational purposes, new or alterations to educational facilities, and adjustments of insurance on educational property on a 5-year plan. The amount borrowed may not exceed one-fourth of district ad valorem tax revenue for operations for the preceding year (FLA. STAT. § 237.161).

School districts may incur an obligation to alleviate a major emergency at an existing school to prevent additional damage or to eliminate safety hazards (FLA. STAT. § 237.162).

IV. STATE/PROVINCIAL EARMARKED TAX REVENUE

Each fiscal year, at least 38% of the gross revenue from the sale of lottery tickets and other earned revenues, less authorized fees, shall be deposited into the

Educational Enhancement Trust Fund. Funds in the Educational Enhancement Trust Fund shall be used to benefit public schools, state community colleges and state universities. Public schools received the following appropriations in 1998–99 from the Educational Enhancement Trust Fund (FLA. STAT. § 24.121).

Classrooms First and 1997 Capital Outlay Bond Program	\$180 million
Florida’s Bright Futures Scholarship Program	\$120 million
District Discretionary Lottery Funds	\$184 million
School Recognition/Merit Schools	\$ 5.4 million
Pre-School Programs	\$106.9 million

V. BASIC SUPPORT PROGRAM

The Florida Education Finance Program

Funding in 1998–99: \$5,843.8 million.

Percentage of Total State Aid: 72.7%.

Nature of Program: Foundation. The Florida Education Finance Program (FEFP), authorized in FLA. STAT. § 236.081, is a highly modified foundation plan.

Allocation Units: Pupils. Expressed as full-time equivalent (FTE) pupils based on average daily membership.

Local Fiscal Capacity: Equalized assessed property valuation.

How the Formula Operates: Funds distributed to each school district through the FEFP are calculated by first multiplying the FTE of each specific educational program by the program cost factor as established by the Legislature. The resultant weighted FTEs are multiplied by the base student allocation (BSA), set at \$3,223.06 by the Legislature for 1998–99. This product is then multiplied by the District Cost Differential (DCD), which accounts for the varying costs of living among the 67 school districts. Supplemental allocations may be added to this figure, depending on district eligibility. These include the Declining Enrollment Supplement, the Sparsity Supplement, Discretionary Tax Equalization, the Safe Schools Allocation, the Remediation Reduction Incentive, the Dropout Prevention Incentive, the Disparity Compression Adjustment, and the Hold Harmless Adjustment. When all eligible supplements are added, the result is the total state and local FEFP dollars.

The required local effort of the district is then subtracted, resulting in the state FEFP dollar figure. Prior year adjustments may then be made, resulting in the net state FEFP dollars to be provided to the district.

The amount of state and local moneys for each school district is determined in the following manner:

The full-time equivalent student membership in each program; multiplied by the cost factor for each program; multiplied by the base student allocation; multiplied by the district cost differential factor; plus the declining enrollment supplement; plus the sparsity supplement, plus the safe schools allocation, plus the discretionary tax equalization, plus the hold harmless adjustment, equals state and local FEFP dollars.

The categorical program funds are added and any special allocations due are provided.

State Share: The state share of the FEFP is determined annually through legislative appropriation. For the 1998–99 fiscal year, the base student allocation was \$3,223.06. The state’s share is the difference between the FEFP dollars and the required local effort.

Local Share: The required local effort in property taxes for calculation of district required local effort millages for the 1998–99 fiscal year was set by the Legislature at \$3,895.4 million in the 1998 General Appropriations Act. Using the certified 1998 tax roll from the Department of Revenue, the Commissioner computed and certified the required local effort millage rate for each district. In calculating the FEFP for the 1998–99 fiscal year, each district’s deduction for the required local effort will be the certified millage on 95% of the nonexempt assessed valuation of the district. In the event that this millage would produce more than 90% of a district’s total FEFP entitlement, the commissioner is directed by statute to adjust the district’s rate so that the district’s required local effort would not exceed 90% of its total funding.

The amount produced by applying the average computed required local effort millage rate of 6.509 to the tax roll certified on July 19, 1998, was adjusted by an equalization factor for each district (FLA. STAT. § 236.081(4)(b)). The millage rate resulting from the application of this equalization factor was added to each district’s required local effort millage rate as an additional required local effort

rate for equalization. The summation of these two rates became each district's total required local effort certified millage rate.

Each school board must levy the required local millage. Based on the 1998 tax roll provided by the Department of Revenue, the Commissioner of Education certified the required millage of each district. Certifications for 65 of the 67 districts varied from 6.356 mills to 7.026 mills due to the use of assessment ratios designed to equalize the effect on the FEFP of differing levels of property appraisal in the counties. A limitation that local required effort cannot exceed 90% of a district's total FEFP entitlement reduced two district's required local effort from 6.608 mills to 5.904 mills and from 6.360 mills to 4.807 mills, respectively.

School boards may set discretionary tax levies for current operations.

The Legislature limited discretionary current operation millage for 1998–99 to no more than 0.510 mills. Districts may make an additional supplemental levy, not to exceed 0.250 mills that will raise an amount not to exceed \$50 per FTE student. The Discretionary Tax Equalization portion of the funding formula provides supplemental assistance to school districts that are unable to generate a minimum of \$50 per weighted FTE from the additional 0.250 mills. Under these circumstances, the state provides the district with enough supplemental funds to generate \$50 per weighted FTE.

In addition to the board-set levy, qualified electors may vote an additional millage levy for operation and capital outlay purposes for a period not to exceed two years. Tax levies for debt service are in addition to the levies for current operation but are limited by State Board of Education rule to 6 mills and 20 years duration, except with specific State Board approval. Qualified electors may vote for a local bond issue to be retired by a millage levy. State Board of Education rules prohibit school districts from issuing school bonds in excess of 10% of the nonexempt assessed valuation of the district without specific State Board approval. Budget revenue from local taxes and required local effort are based on applying millage levies to 95% of the nonexempt assessed valuation of property.

Weighting Procedures: The FEFP recognizes cost differences based on grade level in addition to programs of instruction. Program cost factors are intended to assure that each program receive funds in relation to its relative cost. Through an annual program cost report, districts report the cost of each program. The cost per FTE of Basic Grades 4–8 was established at the 1.000 base. The Legislature has

adopted a three year averaging methodology in computing program cost factors. This protects districts from rapid changes in program cost factors. Multiplying the FTE for a program by its cost factor produces the weighted FTE (WFTE). Program cost factors established for use in 1998–99 are shown as follows:

Basic Programs	
Kindergarten and Grades 1, 2, and 3	1.057
Grades 4, 5, 6, 7, and 8	1.000
Grades 9, 10, 11, and 12	1.138
Programs for At-Risk Students	
Dropout Prevention and Teenage Parent	1.399
Educational Alternatives, Grades 9–12	1.138
Intensive English/ESOL	1.201
Exceptional Student Programs	
Support Level 1	1.341
Support Level 2	2.072
Support Level 3	3.287
Support Level 4	4.101
Support Level 5	6.860
Vocational Education, Grades 6–12	1.240

Additionally, the Legislature has established the following combination of programs: Group 1, Basic Education, except K–8 Summer School; and Group 2, Exceptional Students, Dropout Prevention, English for Speakers of Other Languages, and 6–12 Vocational.

Program Group 2 is “capped” in that a district will receive prorated funding for any weighted FTE in that group exceeding the amounts established for that district in those program combinations (groups). These caps are established based on each district’s estimate of FTE in each FEFP program. District estimates are reviewed and approved by a state enrollment estimating conference. The district-estimated FTE in each program is multiplied by the program’s cost factor and the resulting weighted FTE (WFTE) aggregated by program group in the group cap.

High schools that have no less than 28 students and no more than 100 students in grades 9–12 and that are no closer than 28 miles to the nearest high school, and whose students score no less than the higher of the district or the state average on both parts of the High School Competency Test, may use a weight of 2.75 for all FTE in grades 9–12. Such schools are to serve students primarily in Basic

Programs and may include At-Risk Student programs. The district must levy the maximum discretionary operating levy.

A value of .24 FTE shall be reported for each score of 3.0 or higher achieved on each College Board Advanced Placement examination by a student in a district-taught Advanced Placement class of the prior year. A value of .24 FTE is to be calculated for each student enrolled in an International Baccalaureate course that receives a score of 4.0 or higher on a subject examination. A value of .3 FTE is to be calculated for each student who receives an International Baccalaureate diploma. This bonus FTE is to be added to the Basic, Grades 9–12 program. A value of .24 FTE or the actual calculated FTE, whichever is closer to actual district cost, shall be reported for each score of 3.0 or higher achieved on each College Board Advanced Placement examination by a student in a public college-taught Advanced Placement class of the prior year. A student in a public college-taught Advanced Placement class shall not earn any current year full-time equivalent student membership for the class.

Adjustments for Special Factors: Several adjustments and supplemental allocations are included in the FEFP formula. These include the following:

District Cost Differential (DCD). The district cost differential utilized to adjust each district's FEFP allocation is based upon an average of the previous three years of the Florida Price Level Index and is determined by the Executive Office of the Governor. This averaging tends to reduce the immediate impact of sudden changes in the economy and thus in the index. These three year averages are adjusted as per statute (FLA. STAT. § 236.081(2)). In 1998–99, the district cost differentials ranged from .9103 to 1.0751.

Declining Enrollment Supplement. (\$722,810 in 1998–1999.) Districts with a decrease in unweighted FTE from the prior year are provided with this supplemental allocation to lessen the impact of this decline in enrollment. The declining enrollment allocation for 1998–99 was determined by comparing the unweighted FTE in 1998–99 to the unweighted FTE of the prior year. In those districts where there is a decline in unweighted FTE, 50% of the decline is multiplied by the prior year's calculated FEFP per unweighted FTE funding and is added to the allocation of the district. For this purpose, the calculated FEFP was computed by multiplying the weighted FTE by the base student allocation and then by the district cost differential. There was a provision that 85% of any decline in FTE membership resulting from transfer of programs from a school

district to another institution shall not be counted in calculating the district's declining enrollment entitlement.

Sparsity Supplement. (\$30 million in 1998–1999.) This allocation is provided to districts with fewer than three senior high school centers and an unweighted FTE of 20,000 or less FTE as discussed herein. The formula accounts for the increased expenses of smaller districts through a statutory formula in which the variable factor is a sparsity index. This index is computed by dividing the FTE of the district by the number of permanent senior high school centers (not to exceed three). As determined by the Legislature, participation is limited to districts of 20,000 or fewer FTE. Each eligible district's allocation is subject to an adjustment for relative wealth of the district. This adjustment is based on the per FTE value of the maximum discretionary levy in the district relative to the state average. If the district value per FTE exceeds the state average, then the sparsity entitlement is negatively adjusted by an amount equal to the district's FTE multiplied by the per FTE amount which the district's maximum discretionary value per FTE exceeds the state average.

Safe Schools Allocation. (\$50.4 million in 1998–99.) These funds are designated for Safe Schools activities and are distributed as follows: 67% of these funds are allocated based upon indicators from the Florida Crime Index, and the remaining 33% are based upon each district's share of the state's total weighted student enrollment. These funds can be spent on after-school programs, enhancement of the learning environment, or alternative school programs for adjudicated youth.

Remediation Reduction Incentive. (\$30 million in 1998–1999.) This appropriation provided an incentive for school districts to raise students' placement test scores, thus reducing the amount of remediation necessary for these students, and to increase enrollment in higher-level mathematics and English courses.

Dropout Prevention Incentive. (\$21.7 million in 1998–99.) The 1997 Legislature created a Dropout Prevention/Educational Alternatives performance incentive, which is based upon six performance measures. Each performance measure is weighted, and the six measures are combined to create an overall performance measure which is utilized to prorate the amount of incentive funding received by the district. The six measures for the 1998–99 fiscal year are as follows:

1. The number of students enrolled in educational alternatives programs in 1994–95 who are still in school in 1997–98;

2. The number of students in educational alternatives programs in 1994–95 who have graduated by the end of 1996–97;
3. The number of students in educational alternatives programs in 1994–95 with a score of 3 or above on Florida Writes;
4. The number of students in educational alternatives programs in 1994–95 who passed the math portion of the High School Competency Test (HSCT);
5. The number of students in educational alternatives programs in 1994–95 who passed the communication portion of the High School Competency Test (HSCT);
6. The number of students in educational alternatives programs in 1994–95 who dropped out.

Discretionary Tax Equalization. (\$6.4 million in 1998–1999.) This allocation is intended to assist school districts that levy the discretionary 0.510 mill and an additional 0.250 mill in the event that the additional 0.250 mill raises less than \$50 per FTE student. The state thus provides enough funds for the district to receive \$50 per FTE student if the 0.250 mill is levied.

Hold Harmless Adjustment. (\$3.5 million in 1998–1999.) The hold harmless adjustment provides each district with a guaranteed 1.0% increase in potential funding over prior year funding on a weighted FTE student basis. The calculation includes state FEFP dollars, major categorical funds, discretionary lottery funds, local required effort taxes and fees, and discretionary tax proceeds.

Disparity Compression Adjustment. (56.7 million in 1998–1999.) Each year, beginning in 1996–97, the Legislature has appropriated funds for the purpose of reducing the disparity in funding per student among the 67 school districts. This adjustment provides supplemental funding to the districts with the lowest amount of funding per student. The result is that no school district receives less than the amount of funding that represents one standard deviation below the state average of funding per K–12 FTE student. Furthermore, all school districts below the mean receive proportionate increases in order to bring the amount of funding closer to the mean.

Aid Distribution Schedule: The FEFP is calculated five times for each year's appropriation. These calculations are as follows:

First Calculation. Completed immediately after the annual legislative session. District's allocations for July 10 are distributed on this calculation.

Second Calculation. Made upon receipt of the certified tax roll from the Department of Revenue as provided by statute (F.S. §236.081(4)(1)). District allocations for July 26 through December 10 are distributed based on this calculation.

Third Calculation. Made upon receipt of the district's October FTE surveys reported in November. District allocations for December through March are distributed based upon this calculation. (Districts' July and October FTEs are summed and an annualization is made based on previous year trends of February and June as compared to July and October surveys.)

Fourth Calculation. Made upon receipt of the districts' actual February FTE surveys and estimated June FTE surveys reported in March. District allocations for April 26 through June are distributed based on this calculation.

Final Calculation. Made upon receipt of the districts' actual June FTE surveys, usually reported in July. Prior year adjustments in the following fiscal year are made, based on a comparison of this Final Calculation to the Fourth Calculation. Adjustments are calculated and applied as prior year adjustments at this time.

Participation: All 67 school districts.

VI. TRANSPORTATION

Funding in 1998–99: \$ 384.8 million.

Percentage of Total State Aid: 4.8%.

The following students are eligible for transportation funding: live two miles or more from school, physically disabled or enrolled in a teenage parent program, regardless of the distance to school, transported from one school center to another to participate in special programs (i.e., vocational, dual enrollment, or programs for exceptional students, but not including students in gifted programs); grade level does not exceed grade six but are subjected to hazardous walking conditions; and in a state pre-kindergarten early intervention program, regardless of distance from school.

State Share: The process of computing the state contribution for student transportation is as follows:

1. An entitlement based on February and October data is calculated for students transported, considering a 180–day school year. The average of these two periods is usually greater than the state appropriation. Consequently, the final amount allocated to each school district is prorated.
2. The calculation of the entitlement noted is made by multiplying the students transported for the period by the “allowable per student cost.”
3. The “allowable per student cost” is based on the following formula:

$$A/N + B = \text{allowable per student cost}$$
 where N = the density index of the district, and A and B are constants calculated by the State Department of Education using the concept of least square regression. The total actual expenses (including the cost of bus replacements) is divided by the number of eligible students in each district to determine the actual costs per student. This amount is plotted with the density ratio. The amount at the top of the slope line is A, and the amount at the bottom of the slope line is B (FLA. STAT. § 236.083).
4. The density index noted is calculated as follows:
 Density Index = (number of students transported)/ (eligible bus route mileage).
 Districts with an actual computed density index of less than 1.7 are adjusted upward to 1.7 and those districts with an actual density index greater than 4.7 are adjusted downward not to exceed 4.7. Consequently, the density indices always fall between 1.7 and 4.7.
5. Bus route mileage is computed by adding one-half of round trip route mileage required to transport students to and from school along with 50% of the bus route mileage without students. Funding adjustments are made for students transported during summer school, students transported by passenger cars, and students transported using general purpose transportation systems of local governments.

State statute provides a mechanism for school bus replacement. However, school bus replacements have not been funded by a specific appropriation since 1992–93. The Department of Education coordinates a statewide voluntary pool purchase bid for school buses needed by participating school districts.

Local Share: All costs related to student transportation in a given district that are not covered by transportation funding from the state, nor by federal aid for transportation, are borne by the local district.

Extent of Participation: All 67 districts.

VII. SPECIAL EDUCATION

Funding in 1998–99: Included in FEFP.

Percentage of Total State Aid: N/A.

Description: The number of students in any of the various special education programs is multiplied by a program cost factor as determined by a matrix of services. This matrix assigns a cost factor to each program depending upon the level of service provided. Each special education program is classified into one of five service level categories. Individual students are scored using the matrix of services and are assigned to one of these five levels of service. The number of students in each district that fall into each of these categories determines the amount of funding for special education that is received by the district. The special education cost factors for 1998–99 were as follows:

Exceptional Programs		
251	Support Level 1	1.341
252	Support Level 2	2.072
253	Support Level 3	3.287
254	Support Level 4	4.101
255	Support Level 5	6.860

State and local shares: Because special education programs are funded by combined state and local funds through the FEFP, no distinction is made between state and local shares of special education program costs.

Extent of participation: All 67 school districts.

VIII. COMPENSATORY EDUCATION

No state aid provided.

IX. GIFTED AND TALENTED EDUCATION

Included in Basic Support Program under exceptional students.

X. BILINGUAL EDUCATION

Funding in 1998–99: Included in Basic Support Program.

Percentage of Total School Aid: N/A.

Description: Bilingual education is one of the programs for at-risk students. The number of students enrolled in English for Speakers of Other Languages (ESOL) is multiplied by the program cost factor for bilingual education. The product of the calculation is a “weighted full-time equivalent” factor and is multiplied by the base student allocation (\$3,223.06). The cost factor for bilingual programs is 1.201.

Extent of Participation: Not reported.

XI. EARLY CHILDHOOD EDUCATION

Funding in 1998–99: \$108.9 million.

Percentage of Total State Aid: 1.4%.

Description: Children who have attained the age of three years on or before September 1 of the school year are eligible for admission to pre-kindergarten early intervention programs.

State and Local Shares: No distinction is made between state and local shares.

Extent of Participation: All 67 school districts.

XII. OTHER CATEGORICAL PROGRAMS

Description: Categorical and special allocations are added to the FEFP funding formula allocation and are distributed among the eligible school districts using a formula basis. The allocation is designed to assist in the development and maintenance of activities giving direct support to the FEFP. The categorical and special programs funded by the 1998 Legislature include:

Categorical Programs:

School Lunch Match/ Breakfast Supplement

Funding in 1998–1999: \$20.2 million.

Percentage of Total State Aid: less than 1%.

Description: Supplements federal funds for students participating in the federal school lunch program.

Extent of Participation: Not reported.

Instructional Materials

Funding in 1998–1999: \$183.9 million.

Percentage of Total State Aid: 2.3%.

Description: Allocated for the purchase of instructional materials. Of this amount, \$12,000,000 is designated for library media materials, and \$3.2 million is designated for science lab materials and supplies.

Extent of Participation: Not reported.

Class Size Reduction

Funding in 1998–1999: \$100.0 million.

Percentage of Total State Aid: 1.2%.

Description: This allocation is provided to school districts for the purpose of reducing class size for kindergarten and grades 1–3. The first priority, as established in the Appropriations Act, is to reduce class size to a ratio of 16 students to one full-time equivalent teacher in critically performing schools for the aforementioned grade levels.

Extent of Participation: Not reported.

Public School Choice Incentive Program

Funding in 1998–1999: \$5.0 million.

Percentage of Total State Aid: less than 1%.

Description: The 1998 Legislature appropriated \$5 million to the Department of Education for the purpose of developing a competitive process to support school districts that choose to implement a controlled open enrollment plan.

Extent of Participation: Not reported.

Workforce Development

Funding in 1998–99: \$417.6 million.

Percentage of Total State Aid: 5.2%.

Description: Workforce Development programs include adult general education programs, vocational certificate programs, applied technology diploma programs, vocational degree programs, apprenticeship programs, and continuing education programs. The distribution of funds for 1998–99 were identified with a specific appropriation for each school district.

Extent of Participation: Not reported.

Adult handicap education

Funding in 1998–99: \$18.7 million.

Percentage of Total State Aid: less than 1%.

Description: Funds appropriated must be used for the delivery of services to adult students with disabilities who are enrolled in either vocational or adult general education programs and for whom at least one of the following conditions is met: each such student's expected time to completion exceeds twice that of a program for nondisabled students, or each student's individual education plan does not include competitive employment.

Extent of Participation: Not reported.

XIII. TEACHER RETIREMENT AND BENEFITS

Funding in 1998–99: N/A.

Percentage of Total State Aid: N/A.

Description and State and Local Shares: The Florida Retirement System for school district employees is fully funded at 100% by employer contributions. Districts pay 100% of the employer share. Contributions for regular employees and are set at a rate of 16.45% of members' gross compensation, which includes 0.94% of each member's gross salary for a health insurance subsidy contribution to be deposited in the Retiree Health Insurance Subsidy Fund.

Extent of Participation: All 67 school districts.

XIV. TECHNOLOGY

Public School Technology

Funding in 1998–1999: \$80.1 million.

Percentage of Total State Aid: 1%.

Description: Funds are allocated based on each district's share of the state total unweighted student enrollment. This funding includes \$1,000,000 for library automation grants. Public school technology funds may be used to purchase both hardware and software; however, priority is given to students and programs with the highest need and with the oldest equipment.

Extent of Participation: Not reported.

XV. CAPITAL OUTLAY AND DEBT SERVICE

Funding in 1998–99: \$419.0 million.

Percentage of Total State Aid: 5.2%.

Description: State level revenues for capital outlay are provided from taxes on utilities, automobile license tags, and lottery. Lease-purchase arrangements are

permissible. The Public Education Capital Outlay and Debt Service Trust Fund was established to provide the resources for the following types of capital outlay purposes:

Public Education and Capital Outlay (PECO) funds for remodeling, renovation, maintenance, repairs and site improvements for existing facilities. These funds are calculated pursuant to the following basic formula: the building value times the building age over the sum of the years' digits assuming a 50-year building life or 20-year life for relocatable facilities. Each district receives the percentage generated by the formula times the amount appropriated for the purposes described above (FLA. STAT. § 235.435 (1)(a)). At least one-tenth of a school district's annual allocation shall be spent to correct unsafe, unhealthy, or unsanitary conditions in its annual comprehensive safety inspection reports.

A Special Facility Construction Account provides necessary construction funds to school districts which have urgent needs but which lack sufficient resources at present, and cannot reasonably anticipate resources within the period of the next 3 years. A school district may request funding for one specific construction project not to exceed one complete educational plant. No district shall receive funding for more than one approved project in any 3-year period (FLA. STAT. § 235.435 (2)(a)).

School districts shall receive a PECO new construction amount calculated by computing the capital outlay full-time equivalent membership (K-12 students except hospital and homebound part-time students). Funds accruing to a school district from this provision shall be expended on needed projects identified in 5-year educational plant surveys (FLA. STAT. §§ 235.15 and 235 (3)(a)).

Additionally, certain revenues from the licensing of motor vehicles are allocated to school districts for capital outlay funding and debt service (FLA. CONST., art. XII).

A maximum of \$180 million of lottery revenues transferred to the Educational Enhancement Trust Fund beginning in 1997-98 and for 30 years thereafter is reserved as needed to meet requirements of FLA. STAT. § 235.187 (Classrooms First Program) or § 235.2195 (1997 School Capital Outlay Bond Program).

Additional local sources for public school capital outlay are available. The first of these utilizes taxes levied based on voter-approved millage rates. These levies may occur for only two years (FLA. STAT. § 236.31).

The second method allows levies of up to 2 mills without election. Funds obtained through this method may be utilized for new construction and remodeling projects; maintenance, renovation and repair of existing school plants; payments of loans approved pursuant to FLA. STAT. § 237.161 and 237.162; costs directly related to complying with state and federal environmental statutes and regulations; lease-purchase agreements.

School districts are authorized to hold a general election, when approved by the State Board of Education, to issue bonds for the purpose of acquiring, building, enlarging, furnishing or otherwise improving buildings, and school grounds (FLA. STAT. § 236.41).

Special allocations for 1998–99 include \$100.2 million for new construction; \$90.4 million for renovation, repair, and maintenance; and \$48.3 million for special projects.

Extent of Participation: Not reported.

XVI. STANDARDS/ ACCOUNTABILITY MEASURES

School districts in Florida are currently measured by student achievement on the following examinations and assessments:

High School Competency Test (HSCT): A test of communications and math skills that is administered in the 11th grade. Students must pass this test before receiving a diploma. Districts are measured by student achievement on this examination.

Florida Writes Assessment Program (FWAP): An essay test administered to children in grades 4, 8, and 10.

Nationally normed student achievement tests: Six different tests are administered annually within the state to measure student achievement in math and reading.

The Florida Comprehensive Assessment Test (FCAT): A new achievement test to be administered in reading and math to students in grades 4, 5, 8, and 10. (This test has not yet been incorporated as a performance measure for school districts because scoring baselines have not yet been established.)

School districts are also measured by attendance rates, graduation rates, and student dropout rates:

Attendance rate: The standard rate for attendance shall be the percentage of students who are absent for 21 or more days of the 180-day school year. The Legislature specifies a percentage of absentee students for each school district and each type of school (elementary, middle, and high).

Graduation rate and dropout rate: The methods for calculating these rates have yet to be determined by the Department of Education. These methods will take into account differing grade structures and other relevant factors.

Sunshine State Standards: In 1996, the state of Florida adopted the Sunshine State Standards. These standards were developed by the Department of Education working in conjunction with teachers, administrators, parents, business leaders, and other concerned citizens. The Sunshine State Standards outline what students should know and should be able to do at each grade level. The state has also developed an achievement test, the Florida Comprehensive Assessment Test (FCAT), which measures students against these standards. The Legislature is currently considering potential methods of sanctioning schools with consistently low FCAT scores.

XVII. REWARDS/SANCTIONS

Dropout Prevention Incentive.

(See previous description)

Excellent Teaching Program

Funding in 1998–1999: \$12.0 million.

Percentage of Total State Aid: less than 1%.

Description: This allocation was for bonus payments to classroom teachers who attain certification by the National Board of Professional Teaching Standards. The funds are to be spent upon 90% of the application fee, portfolio development for teachers who are applying, monetary rewards for teachers who attain certification, and additional salary for teachers who agree to mentor other teachers.

Extent of Participation: Not reported.

School Recognition/ Merit Schools

Funding in 1998–1999: \$5.4 million.

Percentage of Total State Aid: less than 1%.

Description: Through this program, the state provides outstanding schools across the state with monetary rewards for high performance. There are two program categories: one which rewards schools that demonstrate sustained performance (student achievement in math, reading, and writing above the state median for two years), and another that rewards schools with improved performance (student achievement that has improved in at least two of the three subject areas). Criteria for this program include test scores, attendance rates, and site visits.

Extent of Participation: Not reported.

Performance Based Incentive Program

Funding in 1998–1999: \$2.0 million.

Percentage of Total State Aid: less than 1%.

Description: Provides incentive funding to school districts with high performance on a variety of indicators, e.g., graduation and attendance rates as well as standardized test scores.

Extent of Participation: Not reported.

XVIII. FUNDING FOR NON-TRADITIONAL PUBLIC SCHOOLS

Charter Schools: Florida passed its first charter school legislation in 1996, and six charter schools were established for the 1996–97 academic year. As of September 1998, Florida had over 76 charter schools operating, and even more charter schools were under development.

The state determines how many charter schools are permitted each year according to a formula based upon the size of each school district. Charter schools are limited to no more than seven in each school district that has 100,000 or more

students; no more than five charter schools in each school district that has 50,000 to 99,999 students; and no more than three charter schools in each school district that has fewer than 50,000 students. However, a school board may seek approval for more charters from the State Board of Education.

Funding for charter schools occurs within the framework of the Florida Education Finance Program. Thus, the schools are funded according to the formula, based upon the number of weighted full-time equivalent in attendance. State funds for charter schools are filtered through the school district.

Transportation arrangements for charter schools vary somewhat by district, but Florida Statutes require the charter school to provide transportation for its students. Transportation may be provided through an agreement or contract with the district school board, a private provider, or with parents. However, the charter school must ensure that transportation is not a barrier to equal access for all students residing within a reasonable distance of the charter school.

Charter schools are limited in ability to charge administrative fees. The total amount of fees charged is limited to 5% of the available funds provided by the FEFP.

The state holds school boards responsible for ensuring that charter schools receive timely and efficient reimbursement for expenses. The district school board may distribute funds to a charter school for up to three months based on the projected full-time equivalent student membership of the charter school.

Charter school construction may be eligible for funding from the Public Education Construction Outlay fund under certain conditions. However, the Commissioner of Education must approve such funding.

XIX. AID TO PRIVATE SCHOOLS

The 1999 Florida Legislature established Opportunity Scholarships for students attending low performing schools (FLA. STAT. § 229.0537). Parents of public school students may request an opportunity scholarship for the child to attend a private school provided:

the student has spent the prior school year at a public school that has been designated 'F' and that school has had two school years in a four-year period of low performance, or the student has been assigned to such a

school for the next school year, and the student has obtained acceptance in a participating private school, and the parent has notified the school district requesting an opportunity scholarship no later than July 1 of the first year in which the student intends to use the scholarship (*Florida Department of Education, Legislative Review 1999*).

XX. RECENT/PENDING LITIGATION

Coalition for Adequacy and Fairness in School Funding v. Chiles, 680 So. 2d 400 (Fla. 1996). Article IX, § 1 of the Florida Constitution provides: “Adequate provision shall be made by law for a uniform system of free public schools and for the establishment, maintenance and operation of institutions of higher learning and other public education programs that the needs of the people may require.” Plaintiffs sought declaratory relief and asked the courts to declare that an adequate education was a fundamental right under the Florida Constitution, and that the state has failed to provide its students that fundamental right by failing to allocate adequate resources for a uniform system of free public schools as provided for in the Florida Constitution.

The State Supreme Court noted that the Florida Constitution only required that a system be provided that gives every student an equal chance to achieve basic educational goals prescribed by the legislature. In addition, the court hesitated to “usurp the exercise of the appropriations power allocated exclusively to the Legislature under our Constitution.” The court in a split decision denied relief as sought by the school districts.

Honore v. Florida State Board of Education, Leon County. No. CV 99-17 (Fla. 2d Cir.1999). This current case constitutes a class action against the state of Florida, alleging the abridgment of a constitutional entitlement to an “adequate” education for all Florida schoolchildren. This suit immediately followed the passage of a constitutional amendment in November of 1998 which declared that education is the “paramount duty of the state” and mandated the provision of a “uniform, efficient, safe, secure, and high quality system of free public schools that allows students to obtain a high quality education.” Plaintiffs seek declaratory, injunctive, and supplemental relief from the State. The case is pending.

XXI. SPECIAL TOPICS

None.