

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 1204

SPONSOR: Senator Horne

SUBJECT: Task Force on Public School Funding

DATE: April 14, 2000 REVISED: 04/19/00 \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>O'Farrell</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Favorable/1 amend</u>
2.	_____	_____	<u>RC</u>	<u>Withdrawn</u>
3.	<u>McKee</u>	<u>Hadi</u>	<u>FP</u>	<u>Fav/1 amendment</u>
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

## I. Summary:

The bill will create a 17 member task force, the Task Force on Public School Funding, to examine the Florida Education Finance Program (FEFP). Task force membership includes 15 business and community leaders plus the Lieutenant Governor and the Commissioner of Education, who are ex-officio voting members. The Governor, President of the Senate, and Speaker of the House of Representatives each appoint five of the citizen members of the task force. The chairman of the task force is to be appointed by the Governor, and the group will begin its work at an organizational meeting to be held no later than September 1, 2000. The task force has authority to: appoint an executive director, hire staff, contract with consultants, and apply for and accept funds and services from public and private sources. Several enumerated aspects of school funding are to be considered, including: the funding of schools based on the academic performance of students, the relationship between state and local funding, and the ability to maintain equity in the allocation of funds among school districts and schools. Upon completion of its work, which must include at least one public hearing in each of the Department of Education's five service areas, the task force will make recommendations on public school funding to the Governor and the Legislature by February 1, 2002.

The task force would be assigned to the Office of Legislative Services for administrative purposes. The sum of \$800,000 would appropriated from the General Revenue Fund to the Office of Legislative Services to cover the expenses of the task force.

The bill would repeal s. 236.081, F.S., which includes the FEFP, effective June 30, 2003, subject to prior review by the task force.

## II. Present Situation:

The Florida Education Finance Program (FEFP) is the system Florida currently uses to fund its public schools. Enacted by the Legislature in 1973, the FEFP reflects many of the

recommendations made in the 1973 Report of the Citizen's Commission on Education which, in turn, had been significantly influenced by the findings and recommendations of the National Educational Finance Project. Prior to 1973, Florida schools were funded through a system called the Minimum Foundation Program (MFP). Several states used the foundation program model (a revolutionary step forward in its time), which required local taxing effort by districts and provided a state guaranteed a minimum level of funding for schools. Using a formula based on prior year student attendance, and allocating dollars on the basis of classroom units, the MFP was slow to respond to changing school conditions and it did little to mitigate the effects of property wealth differences between the districts. The time for change was apparent. The FEFP was fashioned using the recommendations of the citizens' commission and many of the innovations of the national school funding studies. Its guiding principals, included: the funding formula would calculate dollar allocations on a current year basis, the costs of academic services for students would replace the classroom as the basic unit for calculating district funding, and the formula would neutralize the effects of local property wealth and provide greater funding equity. An interesting side note, when first proposed, the FEFP was touted for its streamlined simplicity that would relieve the school funding process from the paperwork overburden of the Minimum Foundation Program.

The FEFP has undergone numerous legislative modifications in its 27 years; however, the intent of the state public school funding system has remained the same. As expressed in s. 236.012, F.S., the intent is:

To guarantee each student in the Florida public educational system the availability of programs and services appropriate to his or her educational needs which are substantially equal to those available to any similar student notwithstanding geographic differences and varying local economic factors.

At the present time the FEFP is a formula-based allocation system that provides a uniform, state-wide program for funding public schools. The program incorporates the following fundamental elements that continue reflect its original guiding principals:

- 1. Equalized funding among school districts.** This is achieved in several ways: enforcement of state-wide standards for assessing the value of property subject to taxes levied for school purposes, adjustment of assessment levels in comparison to the state average to assure fair taxation of all property owners in each district, and neutralizing the variations in tax-paying ability among the districts by using state funds in combination with local revenue to provide the same level of funding for each student regardless of the school district in which he or she may live.
- 2. Student-based funding.** The formula provides funding that reflects the costs of meeting the special learning needs of some students in addition to providing a base amount for all students.
- 3. District cost differential.** Geographic differences in school district buying power are addressed through an FEFP adjustment using a modified consumer price index that represents the cost of an identical market basket of goods and services priced in each of the school districts at the same time annually.

4. **Sparsity supplement.** A formula is used to determine the amount of supplemental funds to be awarded to school districts with high schools too small, in terms of student enrollment, to offer a full range of courses.

5. **Local flexibility.** The FEFP provides spending flexibility to local school boards by granting them the discretion to determine the expenditure of most of the revenue available for current operating purposes.

6. **Categorical programs.** The Legislature also appropriates funds for several programs that support the services provided through the FEFP. These categorical funds are customarily allocated through formulae that are specifically designed for the various categories. The categorical dollars may only be used for the purposes specified in law and the General Appropriations Act. Some of the General Categorical Programs funded in this manner include:

A. **Instructional materials.** Funds are provided for textbooks and other instructional materials for students.

B. **Student transportation.** This fund assists with the school district costs of providing transportation services for students.

C. **Safe schools.** As the name implies, this categorical fund provides supplemental dollars to the school districts to provide a safe learning environment for students.

D. **Instructional technology.** Money is allocated to the districts through this fund to provide instructional technology for students.

E. **Supplemental academic instruction.** This is a new categorical program created by the 1999 Legislature as part of the A+ legislation (ch. 99-398, L.O.F.). Money from the program may only be used to fund supplemental academic instruction strategies and services for public school students.

The Florida Education Finance Program is a formula system for allocating funds to school districts based on student enrollment. Over the last few years criticism has begun to grow that the system does not support the newer policy changes directing public schools. Suggestions have been made that the formula needs a general overhaul to make it more consistent with an accountability system driven by student academic performance.

### III. **Effect of Proposed Changes:**

The legislation under consideration creates a task force, the Task Force on Public School Funding, with the specific charge of examining the Florida Education Finance Program. The task force must include the following considerations in its work:

1. Funding public schools on the basis of student academic performance as measured by the state academic achievement standards for all students.

2. The relationship between state and local funding for public schools.
3. Maintaining funding equity in the allocation of dollars among school districts and among schools within the districts.
4. The acquisition and support of technology to assist the instructional process.
5. Funding support for parental choice in the selection of educational services for children.
6. The results and recommendations of public school funding studies that have been conducted by nationally recognized experts, groups, and other states.

The Task Force on Public School Funding is to consist of 17 members. Fifteen of the members are to be selected from among business and community leaders, with five members each appointed by the Governor, President of the Senate, and the Speaker of the House of Representatives. The Lieutenant Governor and the Commissioner of Education are to serve on the task force as ex-officio, voting members. Appointments are to be completed by June 30, 2000, and all appointees will serve for the duration of the task force. Vacancies are to be filled by the appropriate appointing official, and each of these officials may remove an appointee for cause or if the appointee misses three consecutive meetings. The members of the task force will receive no salary; however, they will be reimbursed for travel and per diem costs as provided by law.

The task force is to hold its organizational meeting no later than September 1, 2000. The Governor will appoint the task force chairman, and the group will elect a vice-chair and adopt by-laws or procedures necessary for its efficient operation. The task force must meet at least once a month and may also meet at the call of the chair. At least one public hearing must be held in each of the Department of Education's five planning regions. The task force will be assigned to the Office of Legislative Services for administrative purposes and funding for the group will flow through that office. The work of the task force must be completed and final recommendations submitted to the Governor, President of the Senate, and Speaker of the House of Representatives no later than February 1, 2002.

To assist it in performing its duties the task force must appoint an executive director who, in turn, must employ research and support staff to serve the task force. Task force employees are to be exempt from the Career Service System. Until such time as the staff is hired, Department of Education staff will assist the task force. In addition to employing staff, the task force is authorized to contract for consultant services, and apply for and accept funds, grants, donations, expenses, in-kind services, and other goods and services from any public or private source.

Section 236.081, F.S., the law containing the FEFP, is repealed effective June 30, 2003, subject to recommendations from the funding task force as a result of its work. The act creating the task force also expires on that date.

**IV. Constitutional Issues:**

## A. Municipality/County Mandates Restrictions:

None.

## B. Public Records/Open Meetings Issues:

None.

## C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:**

## A. Tax/Fee Issues:

None.

## B. Private Sector Impact:

None.

## C. Government Sector Impact:

This bill provides an appropriation of \$800,000 from the General Revenue Fund to the Office of Legislative Services to cover the expenses of the Task Force on Public School Funding.

The Senate budget for FY 2000-01 also includes \$800,000 to implement the provisions of this bill.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

#1 by Education Committee:

Changes the repeal date of s. 236.081, F.S., from June 30, 2003, to June 30, 2004.

#1 by Fiscal Policy:

Deletes the \$800,000 appropriation.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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