The Florida Senate

Interim Project Report 2000-08 *August 1999*

Committee on Budget Senator Locke Burt, Chairman

TEN YEAR HISTORY OF THE FEFP

SUMMARY

A review of changes made to the Florida Education Finance Program (FEFP) funding formula during the last ten years confirms the popular perception that the formula has changed steadily. Contrary to popular perception, its calculation has actually grown simpler. There were five formula components and nine categorical appropriations that were part of the 1990-91 calculation of total potential FEFP funds that were discontinued in subsequent years. Most of the components in the current funding formula are specified in statute and have been in use each of the past ten years; the most recently added formula component is the disparity compression adjustment, which was added in 1996-97. However, it also remains true that the formula is organic; it changes annually in ways that are both minor and major. The declining enrollment adjustment is the only formula component that has not changed at all during the past ten years. Many of the formula components that have appeared and disappeared reflect significant legislative policy initiatives. For example, the Legislature has, through incentives incorporated in formula components, encouraged school districts to extend the length of the school day, reduce class size, increase the number of students who successfully complete the college placement test, increase enrollment in more difficult math and science classes, and reduce the number of students who drop out of school. Other components have been added to the formula to mitigate the influence of local property wealth on districts' funding levels. The discretionary equalization and disparity compression adjustments are examples of these efforts. Other formula adjustments, such as adjustments to the district cost differential and the sparsity supplement, reflect the legislative desire to balance the interests of large and small, urban and rural, districts.

The base student allocation (BSA) is the principal element – the backbone – of the funding formula. It is the basic amount of support the Legislature guarantees for each student annually in the General Appropriations Act. It has increased $618.99 during the past ten years. Obscured in the annual debate about the effectiveness and fairness of other formula components, such as the district cost differential and program cost factors, is the fact that *no other formula element has influenced district funding to a degree that rivals the effect of the base student allocation*. Every district benefits to an equal degree when the Legislature increases funding for the FEFP by increasing the BSA. It is the simplest, and most effective, way to ensure funding adequacy and fairness.

To understand which districts have been funding "winners" and "losers" during the past ten years, it is necessary only to identify the formula components and categorical appropriations that are *not* allocated based solely on student enrollment. By definition, funding variation in the formula results when allocations are made based on factors other than weighted student enrollment. The five components that have most contributed to funding variation in the past ten years are the district cost differential, discretionary local effort, the sparsity supplement, student transportation categorical funding, and the disparity compression adjustment. Districts that have been funding "winners" during the past ten years are those districts that have received significantly greater-than-average allocations from these components. Monroe County, for example, is the district that has received the greatest cumulative funding increase during the past ten years. That is because Monroe County has a high cost of living and has received a much greater-than-average benefit from the district cost differential. In addition, Monroe County is a property wealthy district that benefits greatly from discretionary local effort.

Liberty, Gulf and Glades counties are also among the top five funding "winners" for the past ten years. All three districts have been funding "winners" because they have received a much greater than average benefit from the sparsity supplement. Liberty County's cumulative funding increase from sparsity alone during the past ten years has been $339.09 per student.

In contrast, funding "losers" include districts such as Leon, Alachua, Volusia, Brevard and Polk. Funding for those districts has increased steadily over time, but they

have derived no disproportionate benefit from the formula components that create the greatest variation in funding. They do not qualify for sparsity funding. Their property wealth is below the state average and the cost of living in those districts is not significantly high. In sum, districts become funding "losers" not so much because one or more funding components "hurt" them; rather, they are funding "losers" because no formula component significantly "helps" them.

BACKGROUND

The Florida Education Finance Program (FEFP) replaced its predecessor, the Minimum Foundation Program (MFP), as the state's public school funding formula in 1973. Its authorization is found in s. 236.081, F.S. However, the lead sentence in that section states, "If the annual allocation from the Florida Education Finance Program to each district for operation of schools is not determined in the annual appropriations act or the substantive bill implementing the annual appropriations act, it shall be determined as follows:…" The Legislature has, in fact, modified the school funding formula each year it has been in existence. It is organic. There are two principal reasons for change affecting the formula's components. First, elements such as the district cost differential (DCD) change annually because they are calculated with data that change annually. Second, the Legislature establishes or modifies major educational policies that affect the funding formula. For example, until 1997-98 program cost factors for exceptional child programs were defined by the handicapping condition of the child (e.g., Specific Learning Disability or Speech, Language and Hearing) and were set, like all other program cost factors, as the three year average of actual district spending for those programs. In 1997-98 the Legislature changed that policy and began funding exceptional child programs based on the cost of services actually provided to each student (Support Level 1 through Support Level 5). As part of that change, the number of cost factors used to fund exceptional child programs was reduced from 15 to 5, and the cost factor values assigned to each of those new programs was based on estimation and extrapolation.

The funding formula accomplishes two principal purposes. First, it calculates the total funding amount to which a district is entitled. Second, it calculates the portion of each district's total funding entitlement that will come from state sources and the portion that each district is expected to generate from its local tax base. Each district's total funding entitlement is principally determined by its student enrollment. For example, the funding entitlement for a district with 20,000 students would be twice as great as the funding entitlement for a district with only 10,000 students. Funding entitlements are adjusted, first, to reflect variation in the cost of providing educational services (program cost factors) and, second, to reflect variation in the cost of purchasing goods and services in the various parts of the state (DCD). Annually in the General Appropriations Act, the Legislature specifies a dollar value that is the basic amount per student to which each district is entitled for operations. This value is known as the base student allocation (BSA). For example, the BSA for 1999-2000 is $3,227.74. The amount calculated by multiplying each district's weighted student enrollment times the BSA and times the DCD is known as the base FEFP funding amount. For 1999-2000, the base FEFP funding amount is $9,280,970,657. That amount is 82% of total potential FEFP funds available to districts from all state and local sources and from both formula and categorical appropriations ($11,268,876,929).

There are numerous calculations made in the school funding formula subsequent to calculation of districts' base funding amount. The sparsity supplement and a funding guarantee are specified in statute. Other components reflect legislative emphasis on specific policy priorities. For example, the remediation reduction incentive and the dropout prevention performance incentive were added to the formula to encourage districts to accomplish specific goals, i.e., a reduction in the number of students who fail to pass the college placement test; increased student enrollment in higher level math and science courses; and a greater number of students served in dropout prevention programs who successfully graduate from high school. The discretionary equalization allocation and the disparity compression adjustment were added to the formula to lessen the influence of local property wealth differences on the overall level of funding available to districts.

The funding formula exists both to ensure a level of funding that is adequate to provide educational services as required by state law and to ensure that funds are allocated among districts fairly. On the one hand, fairness is usually understood to mean that districts with much greater-than-average levels of property wealth should not enjoy a dramatic funding advantage over districts with below-average levels of property wealth. A well established principle of school finance law is that the quality of a child's education ought not depend on the wealth of the district in which he lives. On the other hand, fairness does not mean that there are no funding differences at all between districts. For example, it is also a well established principle of school finance law that variation in the cost of providing educational

services is a legitimate source of funding differences. There is an inevitable tension between these purposes that is reflected in the debate of education policy makers. Fairness is a value judgment made by lawmakers charged with responsibility for making funding decisions.

This project tracks changes that have been made in the state's school funding formula during the past ten years. In addition, it identifies the funding "winners" and "losers" for this period as well as the components of the school funding formula that have allowed some districts to receive a much higher level of funding than other districts. The information provided in this report can be used by policy makers to evaluate the extent to which the current formula is an appropriate balance of interests.

METHODOLOGY

The school funding formula is calculated, first, by the Legislature when it passes the General Appropriations Act. The Department of Education, using actual rather than projected or estimated data, subsequently recalculates the formula four times each year. This report compares first calculation data for the period 1990-91 through 1999-2000 because it most clearly reflects legislative priorities and is not influenced by subsequent unanticipated fluctuations in student enrollments, tax rolls and other factors. Appendix #1 accompanying this report summarizes changes that have been made in the various components that comprise the funding formula and references all issues that have been addressed in legislative proviso following the FEFP line item appropriation. This report summarizes the cumulative funding impact of formula components and categorical appropriations for districts for this ten-year period. Cumulative funding increases are calculated by summing (1) the funding per weighted student provided by formula components and categorical appropriations in the 1990-91 base year and (2) the funding *change* per student provided by each formula component and categorical appropriation in each subsequent year (e.g., 1991-92 funding amount per student – 1990-91 funding amount per student plus that difference for 1992-93 – 1991-92, and so on). The five districts with the greatest funding increase for the past ten years are compared with the five districts with the least funding increase for the same period.

FINDINGS

The only constant in the FEFP formula has been change. The basic architecture of the formula has remained fixed from year to year as it is defined in law. However, the formula has been significantly modified each year. Even the scope of the funding formula is significantly different. In 1990-91 the funding formula was used to allocate funds both for K-12 students and for adult students, and it allocated funds both for the regular 180-day school term and for summer school. In 1999-2000, the formula allocates funds only for K-12 students and only for the regular 180-day school term. Funds for adult students are allocated using a different funding process in a different budget entity (Division of Workforce Development). Funds for summer instruction are provided through a separate appropriation (Class Size Reduction/Supplemental Instruction).

*The declining enrollment adjustment is the only FEFP component that has **not** been modified in the past decade*. Program cost factors, the district cost differential, the sparsity supplement, the quality assurance guarantee and required local effort are defined in statute and have been incorporated in the funding formula each of the past ten years. However, each of those components has been substantially modified. In 1990-91 there were 54 program cost factors; in 1999-2000, there are only 10. In 1991-92, the statutory formula for calculating district cost differential values was modified by establishing a floor value for each district of 1.0 and by grouping districts into regions corresponding to judicial circuits. In 1999-2000, the statutory formula is calculated without modification. In 1990-91, the sparsity supplement was available to districts with 17,000 or fewer students and was funded with a $15,000,000 appropriation. In 1999-2000, the sparsity supplement is available to districts with 20,000 or fewer students and is funded with a $30,000,000 appropriation. The 1990-91 FEFP incorporated a funding guarantee known as an adequacy supplement that guaranteed each district a five percent (5%) funding increase per weighted student. For the next three years, because of a statewide economic downturn that adversely affected the level of state General Revenue funds available for appropriation, the FEFP formula included a funding adjustment that raised or lowered each district's funding entitlement as necessary to achieve a uniform change per student for every district. In the years following 1993-94, the school funding formula returned to a funding guarantee, known as a hold harmless, that ensures a specified percentage increase amount per student for each district. For 1999-2000 the hold harmless guarantees a 1.0% funding increase per student for each district. The required local effort tax rate in 1990-91 was 5.838 mills; in 1999-2000 the required tax rate is 6.089 mills, an approximate difference of only 0.2. However, during the past ten years the tax rate increased annually to a high of 6.725

mills in 1995-96 and decreased each year since. For each of the past ten years, districts' required local effort tax rate has been reduced if the uniform required local tax rate would otherwise generate more than 90% of any district's total potential funds per student. In 1990-91, fees for adults enrolled in vocational programs were also incorporated in the calculation of required local effort. In 1999-2000, adult fees are not included because all funding for adults is provided in the Division of Workforce Development budget using a different funding formula.

Although not defined in statute, discretionary local effort has also been a part of the funding formula for each of the past ten years. In 1990-91, districts were authorized to levy an optional 1.019 mills for operating purposes. In 1999-2000, districts are authorized to levy an additional 0.51 mills for operating purposes. In 1994-95, the Legislature added a second tier to the authorization for discretionary local effort. Beginning that year, districts could levy the lesser of 0.25 mills or whatever millage would generate $50 per student. In 1997-98, the Legislature added a third tier to its discretionary local effort authorization. Beginning that year, districts that would generate 90% or more of their total funding entitlement from required local taxes and that would generate a total potential funding amount per student below the state average could levy an additional optional tax to increase their total potential funding to the state average.

Lottery funding has also been a part of public school funding for the past ten years. In 1990-91, funds from the Educational Enhancement Trust Fund were appropriated along with General Revenue and Principal State School Trust Funds as part of the FEFP line item appropriation. In subsequent years, lottery funds have been prorated among districts based on their student enrollment and have been appropriated in a separate line item appropriation (District Discretionary Lottery Funds). In part because the Legislature now appropriates lottery funds for capital outlay and student scholarships, the total amount of lottery funds included in the calculation of total potential FEFP funds for operating purposes has declined from a high of $505 million in 1992-93 to $152 million in 1999-2000.

Other components have been included in the school funding formula for a period from one to six years. Safe schools and discretionary equalization components have been included in the funding formula for six years. The total amount allocated for Safe Schools has fluctuated from a low of $50 million in 1996-97 to a high of $70 million in 1995-96 and 1999-2000. Funds were initially prorated based on districts' weighted student enrollment. Since 1994-95 they have been allocated based both on annual FDLE crime data (80% of the total appropriated amount was allocated using these data in 1995-96 and 2/3 of the appropriation has been allocated using these data since 1995-96) and weighted student enrollment. Discretionary tax equalization was introduced to the formula in 1994-95 and the method used to allocate equalization funds has remained unchanged since then. The remediation reduction incentive and the disparity compression adjustment have each been a part of the funding formula for four years, the dropout prevention performance incentive was a part of the formula for two years, and six other components have been a part of the funding formula for only one of the past ten years. Class size reduction was funded as part of the formula in 1995-96 and was funded as a separate line item categorical program for the next three years. The other five components (rapid growth adjustment, extended day, math/science incentive[1], salary enhancement incentive, and additional state allocation[2]) were included in the 1990-91 formula and were not used after that time.

The total appropriation for major FEFP categorical programs has increased from a low of $373 million in 1992-93 to a current year high of $1,222 million. Only two categorical programs, instructional materials and student transportation, have been a part of districts' total potential FEFP funds for each of the past ten years. The appropriation for instructional materials has increased from $74 million in 1990-91 to $192 million in 1999-2000. The appropriation for student transportation has increased from $178 million in 1990-91 to $395 million in 1999-2000. The Legislature has appropriated funds for pre-school programs for each of the past ten years, but the Legislature has not included those funds in the calculation of districts' total potential FEFP funds since 1996-97. Only one other categorical program, educational technology, has been funded for a majority of the past ten years. It has been funded every year beginning in 1993-94 in amounts ranging from $55 million to $79 million. Current funding for that program is $62 million. Grades K-8 summer school was funded for four years before it was absorbed into the current appropriation for class size reduction/supplemental instruction. Class size reduction was funded for three years before being absorbed into the FEFP appropriation. Three programs (full service schools, teacher lead and safe schools categorical program) were funded for only two of the past ten years; all other programs have been funded only once in the past ten years. A major simplification and consolidation of education funding

occurred in 1991-92. In addition to several formula components that were discontinued in that year, funding for nine categorical programs was discontinued (k-3 improvement, compensatory education, student development services, library media materials, writing skills instruction, school bus replacement, school resource officers, additional funds for science labs, and middle childhood education). Two categorical programs are new to the FEFP for the 1999-2000 year; however, in both cases existing appropriations were consolidated to create these new categorical appropriations. Class size reduction/supplemental instruction is the consolidation of the grades k-8 summer school categorical appropriation along with funds provided through the FEFP formula for summer school instruction and dropout prevention. Teacher training was the consolidation of funds provided through the FEFP formula and in the educational technology categorical appropriation for training.

Findings: "Winners" and "Losers"

During the period from 1990-91 to 1999-2000, state average total potential FEFP funds per student has increased from $3,206.95 to $3,917.50, an increase of $710.55. The district with the greatest increase in total potential funds per student during this period is Liberty ($949.39); the district with the least increase is Flagler ($425.97). Because the purpose of this section of the report is to identify the reasons why the formula provided relatively more funds to some districts than to others, the unit of measurement used in this section is cumulative change over time. The funding base for each district is the 1990-91 funding amount per weighted student for each formula component and categorical appropriation. To that base is added each subsequent year's funding change (1991-92 over(under) 1990-91, 1992-93 over(under) 1991-92, etc.). The sum of the funding base and subsequent years' funding change is the cumulative funding change over time.[3] For the ten year period 1990-91/1999-2000 the five districts with the greatest cumulative funding increase are Monroe ($1,217.87), Liberty ($1,012.46), Gulf ($919.07), Dade ($895.07), and Glades ($886.46). Because of the cumulative effect of funding guarantees and components such as the compression adjustment which are intended to mitigate the disequalizing effect of variation in local property wealth, the lowest cumulative funding change ($566.93) is shared by no fewer than twenty one districts.[4] The state average cumulative change is $689.76.

By definition, undesignated funds the Legislature adds to the FEFP will increase the base student allocation and will provide uniform benefit to all districts. During the ten year period included in this review, the base student allocation increased from $2,608.75 to $3,227.74, an increase of $618.99. The difference between the cumulative change for all formula components and categorical appropriations ($689.76) and the cumulative increase for the base student allocation alone ($618.99) is only $70.77. This means that, on the average, all other components and categorical appropriations combined have contributed in a very limited way to the total funding increase districts have received. *No formula component or categorical appropriation provided a funding increase to any district that was as great as the funding increase provided to all districts uniformly by the base student allocation.*

The base student allocation is the only formula component or categorical appropriation that does not create any funding differences among districts. The other components contribute in greater or lesser degree to that variation. The five components that have created the greatest funding differences among districts are (1) the district cost differential, (2) discretionary local effort, (3) the sparsity supplement, (4) student transportation categorical funds and (5) the disparity compression adjustment. The ten year cumulative funding change per student provided by the district cost differential ranged from a low of -$283.72 in Washington County to a high of $269.52 in Monroe County, a difference of $553.23. The ten year cumulative funding change per student provided by discretionary local effort ranged from a low of $35.61 in Union County to a high of $427.92 in Monroe County, a difference of $392.31. The ten year cumulative funding change per student provided by the sparsity supplement ranged from a low of $0.00 to a high of $339.09 in Liberty County. The ten year cumulative funding change per student provided by the student transportation categorical program ranged from a low of $69.31 in Dade County to a high of $309.88 in Wakulla County, a difference of $240.57. The ten year cumulative funding change per student provided by the disparity compression adjustment ranged from a low of $0.00 to a high of $223.60 in Baker County.

Of the remaining formula components and categorical appropriations currently included in districts' total potential FEFP funds, only one other formula component and one categorical appropriation have provided a significantly greater funding increase for some districts than for other districts. The range between the lowest and the highest cumulative funding increase is $209.28 for the declining enrollment adjustment and $171.11 for the class size reduction/supplemental instruction categorical

appropriation. The funding increase range for discretionary equalization is only $30.13, the range for safe schools is $26.81, and the range for discretionary lottery funds is $9.02. Among categorical appropriations, the range for instructional materials is $15.16, the range for educational technology is $2.94, the range for teacher lead is $0.70, and the range for teacher training is $1.60.

5 Districts That Gained Most

Monroe County had the largest cumulative funding increase from 1990-91 to 1999-2000. The components that provided the greatest increase for Monroe County were discretionary local effort and the district cost differential. The cumulative funding increase provided by discretionary local effort was $427.92; $275.73 of that amount exceeded the state average funding increase provided by discretionary local effort. The cumulative funding increase provided by the district cost differential was $269.52; the amount provided above the state average was $270.83 (on average, the district cost differential reduced districts' funding by $1.31).

Liberty County had the second largest cumulative funding increase. The components that provided the greatest increase for Liberty County were the sparsity supplement and the declining enrollment adjustment. The cumulative funding increase provided by the sparsity supplement was $339.09; $329.02 of that amount exceeded the state average funding increase provided by the sparsity supplement. The cumulative funding increase provided by the declining enrollment adjustment was $209.28; $208.40 of that amount exceeded the state average.

Gulf County had the third largest cumulative funding increase. The component that provided the greatest increase for Gulf County was the sparsity supplement. The cumulative funding increase provided by the sparsity supplement was $320.55; $310.48 of that amount exceeded the state average funding increase provided by the sparsity supplement.

Dade County had the fourth largest cumulative funding increase. The components that provided the greatest increase for Dade County were the district cost differential and the class size reduction/supplemental instruction categorical program. The cumulative funding increase provided by the district cost differential was $177.53; that amount exceed the state average by $178.84. The cumulative funding increase provided by class size reduction/supplemental instruction was $312.81; $131.07 of that amount exceeded the state average funding amount provided by the class size reduction/supplemental instruction categorical program. This is not surprising since Dade County received the largest allocation from Grades K-8 summer school funds, which was incorporated into the class size reduction/supplemental instruction categorical appropriation.

Glades County had the fifth largest cumulative funding increase. The component that provided the greatest increase for Glades County was the sparsity supplement. The cumulative funding increase provided by the sparsity supplement was $314.83; $304.76 of that amount exceeded the state average funding increase provided by the sparsity supplement.

5 of the Districts That Gained Least

Leon County - The components that provided the largest funding increases for Leon County were student transportation and discretionary local effort. The cumulative funding increase provided by the student transportation categorical program was $131.56; however, that amount was $5.84 *below* the state average funding increase provided by student transportation funds. Similarly, discretionary local effort provided a cumulative funding increase of $131.23, but that amount was $20.96 *below* the state average amount. *None* of the five components that provided the greatest funding increase for Leon County provided an increase amount above the state average.

Alachua County - The components that provided the largest funding increases for Alachua County were student transportation, class size reduction/supplemental instruction categorical program funds, and discretionary local effort. The cumulative funding increase provided by the student transportation categorical program was $160.88; $23.48 of that amount was *above* the state average funding increase provided by student transportation funds. Class size reduction/supplemental instruction provided a cumulative funding increase of $148.12, but that amount was $33.62 *below* the state average amount. Discretionary local effort provided a cumulative funding increase of $113.61; however, that amount was $38.58 *below* the state average funding increase provided by discretionary local effort.

Volusia County - The components that provided the largest funding increases for Volusia County were also class size reduction/supplemental instruction categorical funds, discretionary local effort and student transportation categorical program funds. Those

components provided cumulative funding increases of $148.09, $136.71 and $128.81, respectively. However, all three of those funding increase amounts were *below* the state average; $33.65 *below* the average for class size reduction/supplemental instruction, $15.48 *below* for discretionary local effort, and $8.56 *below* the average for student transportation funds.

Brevard County - The components that provided the largest funding increases for Brevard County were also class size reduction/supplemental instruction categorical program funds, discretionary local effort and student transportation categorical program funds. Those components provided cumulative funding increases of $149.13, $129.03 and $114.62, respectively. However, all three of those funding increase amounts were *below* the state average amounts; $32.61 *below* the average for class size reduction/supplemental instruction, $23.16 *below* the average for discretionary local effort, and $22.68 *below* the average for student transportation funds.

Polk County - The components that provided the largest funding increases for Polk County were also student transportation categorical funds, class size reduction/supplemental instruction categorical program funds, and discretionary local effort. The cumulative funding increase provided by the student transportation categorical program was $181.88; $44.25 of that amount was *above* the state average funding increase provided by student transportation funds. The class size reduction/supplemental instruction categorical program and discretionary local effort provided cumulative funding increases of $152.28, and $113.90, respectively. However, both of those funding increase amounts were *below* the state average amounts; $29.46 *below* the average for class size reduction/supplemental instruction, and $39.29 *below* the average for discretionary local effort.

RECOMMENDATIONS

The simplest and most effective way to ensure adequacy and fairness in public school funding is to increase funding for the FEFP by increasing the **base student allocation**. This would ensure uniform benefit for every district.

Funding variation is introduced to the formula principally by the district cost differential, the sparsity supplement and discretionary local effort. In school finance literature, funding variation introduced to a funding formula to recognize differences in cost of living is considered a legitimate source of funding variation. It is generally conceded that the methodology used to generate **district cost differential** values used in the FEFP is less than perfect. The Legislature has required periodic reviews of that methodology. To date, no one has identified a method used elsewhere to recognize cost differences that would be a clearly superior method. For this reason, it is recommended that the Legislature continue periodic efforts to review and refine the methodology currently in use. It remains a legislative prerogative to discontinue use of the district cost differential altogether. However, given the magnitude of its funding effect, even that decision would have wide ranging and significant consequences and would generate a new debate about funding fairness.

Discretionary local effort powerfully influences funding differences among districts. Moreover, funding differences due to local property wealth are not considered a legitimate source of variation in school funding. However, the Legislature does not permit any district to levy more than ¾ of one mill at its own discretion. It has been legislative sentiment that such a low tax rate represents a proper balance of the interests of property wealthy and property poor districts. It is recommended that the Legislature recognize the magnitude of funding differences created by even so small a tax rate and resist increasing that level of authorization.

The **sparsity supplement** was added to the FEFP to recognize the effect of diseconomies of scale on the ability of small and sparsely settled districts to provide educational services. Funding for the sparsity supplement has doubled during the past ten years, from $15 million to $30 million. Although even the current $30 million appropriation is modest, indeed, compared to the total appropriation for the FEFP, it nonetheless provides a significantly disproportionate benefit for districts that qualify for sparsity funding. Liberty County, for example, receives $339.09 per student from its 1999-2000 allocation of sparsity funds, which is *more than the funding increase provided to that district by any formula component other than the base student allocation* (the next largest funding increase comes from student transportation categorical funds, which provide $232.35 per student). *That amount is also greater than the funding increase provided to* ***any district*** *by the district cost differential* (Dade County receives the greatest funding increase from the district cost differential - $269.52). *That amount is also greater than the funding increase derived from discretionary local effort by all but two districts* (Monroe receives $427.92 from discretionary local effort; Collier receives

$339.80). Three of the five top funding "winners" during the past ten years enjoy that status because of the sparsity supplement. There are 35 districts that receive sparsity funding. On average, each of these districts receives $170.70 per student from this funding source. In contrast, the average amount districts generate from discretionary local effort is $134.66. The Legislature should carefully consider whether the current disproportionate advantage provided by the sparsity supplement is appropriate. Rather than debate whether the sparsity formula should be "fully funded" according to the statutorily authorized formula, the Legislature should identify a funding amount for the sparsity supplement that would provide a funding benefit for eligible districts that is proportionate to and no greater than the funding benefit provided to any district by other formula components such as the district cost differential and discretionary local effort.

[1]The math/science incentive was incorporated in the remediation reduction incentive allocation calculation beginning in 1996-97.

[2] The additional state allocation was simply a supplemental FEFP appropriation that was allocated among all districts consistent with the calculation of districts' base FEFP funding amount

[3] 1990-91 base student allocation only + subsequent years' funding change per student for each component and program = 1999-2000 total potential funds per student

[4] Alachua, Bay, Bradford, Brevard, Citrus, Clay, Columbia, DeSoto, Duval, Escambia, Hardee, Leon, Madison, Marion, Okaloosa, Okeechobee, Osceola, Pasco, Polk, Santa Rosa and Volusia.

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MEMBER OVERSIGHT
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