

II. Present Situation:

Currently, school districts are funded through both local and state dollars. Local dollars are provided through ad valorem, or property tax, collections.

State dollars are allocated to school districts through the Florida Education Finance Program (FEFP).¹ The calculation of the FEFP is adjusted by a variable known as a district cost differential (DCD), as provided in the Florida Price Level Index for School Personnel (FPLI).² The index is explained as follows:

The index uses extensive data on wages, occupational location, and the prices of goods and services to estimate the relative wage level needed to maintain a given standard of living for occupations comparable to school personnel across Florida's counties.³

The FPLI is calculated annually for all 67 districts, and reaches back three years with the final number representing an average of those years.⁴ Therefore, the DCD slightly shifts every year, based on prior years captured. For example, 2009-2010 FEFP calculations included the average of years 2006, 2007, and 2008. The final sum is the cost differential for that district for that year.

The legitimacy of the FPLI as an accurate measure of relative wages was challenged in the case of The School Board of Miami-Dade County v. James E. King, Jr.⁵ In this case, a few school boards around the state alleged that the 2004-2005 General Appropriations Act violated Section 1, Article 9 of the State Constitution. In addition to bringing suit against the Department of Education, the State Board of Education, and the Florida Legislature, various school boards joined the case as defendants. The plaintiff school boards argued that the use of the recently amended FPLI in the FEFP violated the state's constitutional obligation to adequately provide for a uniform system of free public schools. At issue in the case was the finding of a 2003 FPLI report, which recommended that the wage index be added to the FPLI as a factor in calculating personnel costs.⁶ The Legislature adopted this suggestion, which resulted in the General Appropriations Act providing increases in funding to some counties, at the expense of concurrent decreases in other counties.⁷ The District Court of Appeal decided this case on other grounds ("We consider the holding in this case to be that no private cause of action exists for the enforcement of Article IX, section I, against *individual school boards*...."), and the court did not

¹ s. 1011.62, F.S.

² The FPLI is published annually by the Bureau of Economic and Business Research at the University of Florida, Gainesville, Florida. The latest FPLI can be viewed at: <http://www.bebr.ufl.edu/category/subject-index/publications/florida-price-level-index-fpli>. Last checked March 18, 2010.

³ James F. Dewey, David A. Denslow and Babak T. Lotfinia, *2009 Florida Price Level Index*, pg. 2, Bureau of Economic and Business Research, University of Florida (2010).

⁴ s. 1011.62(2), F.S.

⁵ 940 So.2d 593 (Fla. 1st DCA 2006).

⁶ *Id.* at 596.

⁷ *Id.* Leon, Duval, Gadsden, and Nassau counties received the largest increases in funding (up to 5.4 percent) and Monroe, Miami-Dade, and Broward counties incurred the biggest decreases (up to 7.6 percent).

invalidate the use of the FPLI.⁸ The Florida Supreme Court subsequently denied review of the case.⁹

III. Effect of Proposed Changes:

The Department is required to contract with a qualified third party, an out-of-state postsecondary educational institution, to study the state's current school district cost differential index and develop a cost-of-education index that features the cost differences among to public school district operations from Kindergarten through Twelfth Grade. The Department is provided little direction regarding the commissioning of this study.

The purpose of the cost-of-education index is for it to be used to adjust state education calculations to compensate for regional differences in education costs, including in the areas of teacher salaries, employee health insurance, property insurance and student transportation costs.

This bill requires the final report to be provided by the Department to the Senate President, the Speaker of the House of Representatives, and the Governor by January 1, 2011.

Chapter 287, F.S., subjects state agencies to state procurement and competitive bid law. A contractual service is defined to include "research and development studies or reports on the findings of consultants engaged thereunder" by independent contractors.¹⁰ The bill does not specify whether compensation would be offered to the entity conducting the study, and if that individual would provide this service as an independent contractor. In the event that the Department does commission a study for compensation with an independent contractor, as a qualifying state agency, it appears that the Department would be subject to state purchasing requirements regarding the competitive bid process.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

⁸ *Id.* at 603.

⁹ 954 So.2d 1156 (Table).

¹⁰ s. 287.012(9), F.S.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The cost to be paid to the entity to conduct the study is unknown; additionally, it is unclear how this amount is to be funded.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.