

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Prepared By: Education Appropriations Committee

BILL: SB 2254

INTRODUCER: Senator Wise

SUBJECT: Local Funding for Schools

DATE: March 30, 2006

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Brown</u>	<u>Matthews</u>	<u>ED</u>	Favorable
2.	<u>Fournier</u>	<u>Johansen</u>	<u>GE</u>	Favorable
3.	<u>Armstrong</u>	<u>Newman</u>	<u>EA</u>	Favorable
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill clarifies current practice providing that on September 1 of each year the Department of Revenue shall certify to the Commissioner of Education the prior year's final taxable value for school purposes in each school district and the total for all school districts in the state. The commissioner shall use the final taxable value certified on September 1 for school purposes for each school district in the final calculation of the annual Florida Education Finance Program.

This bill corrects a cross-reference.

This bill substantially amends section 1011.62 of the Florida Statutes.

II. Present Situation:

Florida Education Finance Program, Policy and Formula

The Legislature enacted the Florida Education Finance Program (FEFP) in 1973. Part II of Chapter 1011, F.S., addresses funding for students in K-12 public schools. The purpose of the FEFP is to provide for each student in public schools substantially equal funding for programs and services specific to the student's educational needs notwithstanding the economic status of the school district. The Legislature established an FEFP formula that provides state dollars to offset school district required local effort funding, as established annually by the Legislature. To equalize funding and provide uniformity among students and school districts, the FEFP makes adjustments for the following:

- Local property tax bases;
- Education program costs;

- Geographic differences in the cost of providing educational services; and
- Costs for equivalent educational programs due to sparsity and dispersion of student population.

The FEFP is the primary method used to calculate operating costs of public schools. The policy behind the FEFP is to base financial support for education upon the individual student participating in a particular educational program rather than upon the numbers of teachers or classrooms. FEFP funds are calculated by multiplying the number of full-time equivalent (FTE) students in each of the funded educational programs by cost factors to obtain weighted FTE. Weighted FTE are then multiplied by a base student allocation (established by the Legislature) and by a district cost differential to determine base FEFP funding, from state (General Revenue) and local (ad valorem) revenues. In addition to the base funding allocation, other significant allocations are the Supplemental Academic Instruction Allocation and the Exceptional Student Education Guaranteed Allocation.¹

Local Contribution

The minimum required local revenue for funding public school operations within the FEFP is derived exclusively from property taxes. The procedure for determining each school district's share of the state total required local effort from property taxes is set out in statute.² The required dollar amount of local effort is set by the Legislature in the General Appropriations Act, by using a required millage rate and a forecasted ad valorem tax roll. In July, the Department of Revenue certifies the property tax valuations of each district to the Commissioner of Education. The required local effort millage rate is then calculated by the Commissioner of Education and certified to each school district. The average required local effort millage rate for the 2005-2006 fiscal year is 5.239 mills.

The tax roll for calculation of local revenue is revised following certification by the Department of Revenue for subsequent calculations of the FEFP, with the tax roll for the final (the fifth) calculation authorized to be submitted no later than September 1 of the subsequent fiscal year. Adjustments to the final taxable value are authorized only where a school district receives an overallocation or underallocation due to assessment roll changes.

III. Effect of Proposed Changes:

This bill clarifies the current practice of requiring the Department of Revenue to certify to the Commissioner of Education the total of the prior year final taxable value for school purposes in each school district as well as the total for all school districts in the state, on September 1 of each year.

This bill also clarifies that the amount certified on September 1 is to be the final taxable value for school purposes for that year. For a subsequent finding of an underallocation or overallocation due to an assessment roll change, this bill clarifies that an adjustment is authorized only when the

¹ 2005-06 *Funding for Florida School Districts*, Statistical Report, Florida Department of Education (EIAS Series 2005-2006, p.1).

² s. 1011.62, F.S.

assessment roll change is required by a final judicial decision. Therefore, a final judicial decision constitutes grounds for modification even after the September 1 deadline has passed.

In referring to a duty of the Commissioner of Education, s. 1011.62(4)(a)2., F.S., incorrectly cross-references a section relating to a duty of the Department of Revenue. This bill corrects the cross-reference.

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:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

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