

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 Committee

BILL: SB 2254

INTRODUCER: Senator Wise

SUBJECT: Local Funding for Schools

DATE: March 20, 2006

REVISED: _____

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

I. Summary:

Regarding local funding for schools, this bill codifies current practice by providing a single, fixed date for Department of Revenue certification of the final taxable value, which will now be September 1.

This bill also clarifies that assessment role changes can be incorporated into the Florida Education Finance Program (FEFP) calculation after a final judicial decision has been reached.

Finally, the 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 school districts. The purpose of the FEFP is to legislate school funding uniformity by providing each student in the public school system with those programs and services specific to his or her educational needs. The Legislature provides an FEFP formula that matches state dollars with local effort funding, as reflected in millage rates. To accomplish the goal of equity, the FEFP formula includes the following items:

- Local property tax bases;
- Education program costs;
- Costs of living; 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 generated by multiplying the number of full-time equivalent (FTE) students in each of the funded 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 base funding from state and local FEFP funds. Besides the base funding allocation, other primary allocations are the Supplemental Academic Instruction Allocation and the Exceptional Student Education Guaranteed Allocation.¹

Local Contribution

Local revenue for funding school operation 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 is set out in statute.² This process begins with the certification of the property tax valuations of each district by the Department of Revenue (Department). The Department of Revenue is required to annually certify the final taxable value to the Commissioner of Education. These rates are generally determined by dividing the dollar amount of required local effort by 95 percent of the aggregated taxable value for school purposes of all districts. The required local effort millage rate is set by the Legislature in the Appropriations Act every year. The millage rate is determined to decide how many local ad valorem dollars will be used in the FEFP for public schools. Certifications vary due to the use of assessment ratios intended to equalize the effect on the FEFP of the differing levels of property appraisal in the counties. Based on the 2005 tax roll provided by the Department, the Commissioner of Education certified the required millage of each district on July 13, 2005. Certifications for 59 of 67 districts varied from 5.501 mills to 4.876 mills due to the use of assessment ratios. The average for the state was 5.239 mills.³

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

III. Effect of Proposed Changes:

This bill provides various changes in the calculation of the local effort portion required for the Florida Education Finance Program, to reflect current practice.

This bill requires 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.

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.

³ Florida Department of Education, *supra* note 1, at 2.

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

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

VIII. Summary of Amendments:

None.

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