

# FEFP 101

## INTRODUCTION

*“The education of children is a fundamental value of the people of the State of Florida. It is, therefore, a paramount duty of the state to make adequate provision for the education of all children residing within its borders. Adequate provision shall be made by law for a uniform, efficient, safe, secure, and high quality system of free public schools that allows students to obtain a high quality education”*

*– Article IX, Section 1, Florida Constitution*

Although education funding has always been a combination of local, state and federal dollars, the state legislature is primarily responsible for ensuring that adequate funding for education is provided and that it is properly allocated. In 1973, the Florida Legislature enacted the Florida Education Finance Program (FEFP) as its method for funding public education in a manner that would "guarantee to each student in the Florida public education 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." Although it has changed considerably over the years, Florida's FEFP has consistently been deemed to be a national model for funding fairness and equity. Also, it's important to note that the FEFP is only the centerpiece of the total funding for education. Funding for a variety of programs and services – such as school construction, workforce development and pre-school programs – is provided in addition to the funds allocated through the FEFP.

The FEFP is a fairly simple mathematical equation. In order to provide equal educational opportunities for all children, each component of the equation attempts to adjust education funding to meet the particular needs and conditions of each of Florida's 67 counties. During each legislative session, every component of the equation is subject to debate and adjustment by our legislators. Existing equation components may be amended, new components may be added and old or unpopular components may be deleted in response to the state's political and economic climate and in the ongoing effort to meet the changing needs of Florida's diverse population.

## THE FEFP EQUATION

$$\begin{aligned} & \text{FULL TIME} & \text{COST} & \text{BASE STUDENT} & \text{DISTRICT COST} & \text{BASE} \\ & \text{EQUIVALENT} & \text{FACTORS} & \text{ALLOCATION} & \text{DIFFERENTIAL} & \text{FUNDING} \\ & \times & \times & \times & \times & = \\ & \text{DECLINING} & \text{SPARSITY} & \text{SAFE} & \text{SUPPLEMENTAL} & \\ & \text{+ ENROLLMENT} & \text{+ SUPPLEMENT} & \text{+ SCHOOLS} & \text{+ INSTRUCTION} & \\ & \text{ESE} & \text{READING} & \text{MINIMUM} & \text{CATEGORICAL} & \text{LOTTERY} \\ & \text{+ GUARANTEE} & \text{+ PROGRAMS} & \text{+ GUARANTEE} & \text{+ PROGRAMS} & \text{+ ENHANCEMENT} \\ & \text{REQUIRED} & \text{DISCRETIONARY} & \text{SUPPLEMENTAL} & \text{STATE \& LOCAL} & \\ & \text{+ LOCAL EFFORT} & \text{+ LOCAL EFFORT} & \text{+ DISCRETIONARY} & \text{= FEFP FUNDING} \end{aligned}$$

## FULL TIME EQUIVALENT (FTE)

The primary basis for education funding is student enrollment. In general, one student is equal to one FTE. However, it's important to understand that FTE actually represents the hours of instruction provided to those students. In a standard school, a student in kindergarten through grade 3 must receive 720 hours of instruction (20 hours per week; 4 hours per day) to equal one FTE. A student in grades 4-12 must receive 900 hours of instruction (25 hours per week; 5 hours per day) to equal one FTE. 900 hours is the maximum number of hours of instruction that will be funded per student for the school year. Each year, FTE is estimated based on demographic and school district projections. Once the school year begins, FTE is revised by actual counts of students in October and February.

## COST FACTORS / WEIGHTED FTE

All students are enrolled in one or more of the four instructional program groups listed below. Since some instructional programs are more expensive than others, Cost Factors are used to supplement funding to cover the cost of providing the more expensive programs. Cost Factors are based on district reports of actual costs of providing each program. The district reports are then "filtered" using demographics, historical expenditures, forecast patterns, prevalence, and ratios. Multiplying the FTE enrolled in a program by its cost factor produces Weighted FTE (WFTE).

<b>Group 1. Basic Programs</b>	<b>'05 - '06 Cost Factor</b>
A. Grades K-3	1.018
B. Grades 4-8	1.000
C. Grades 9-12	1.113
<b>Group 2. Exceptional Student Programs (ESE Matrix)</b>	
A. Support Level 4	3.818
B. Support Level 5	5.190
<b>Group 3. English for Speakers of Other Languages</b>	1.318
<b>Group 4. Vocational Education Programs (grades 6-12)</b>	1.193

## BASE STUDENT ALLOCATION (BSA)

The Base Student Allocation is the amount of money allocated to each WFTE. Minimally, the BSA should be based on the previous year's BSA plus an appropriate increase to reflect inflation and program needs. However, in practice, the BSA is often "backed into" in that it is determined after most other funding decisions are made. As a result, the BSA is increased or decreased based on available funding rather than actual costs.

## **DISTRICT COST DIFFERENTIAL (DCD)**

The District Cost Differential is a factor used to adjust funding to reflect each district's cost of living. The DCD for each district is computed annually based on a three year average of the Florida Price Level Index (FPLI). The FPLI compares the cost of purchasing a specific list of 100 goods and services in each county. Beginning with the 2004-2005 fiscal year, the FPLI added an adjustment to reflect wage data.

## **DECLINING ENROLLMENT SUPPLEMENT**

The declining enrollment supplement is provided to soften the impact of the lost revenue from having fewer students between one year and the next. The declining enrollment allocation is determined by comparing the FTE in the current year with the FTE of the prior year. In those districts where there is a decline, 50% of the decline is multiplied by the base funding per FTE and added to the district allocation.

## **SPARSITY SUPPLEMENT**

The sparsity supplement is provided to small districts primarily to help ensure that the full range of services and course offerings can be offered in rural high schools. The sparsity supplement is based on FTE and the number of high schools in each district. The supplement is provided to districts with 20,000 or fewer FTE and the allocation is reduced for wealthier districts. More than half of Florida's districts qualify for this supplement.

## **MINIMUM GUARANTEE**

The Minimum Guarantee ensures that every district receives at least a minimal increase in funding each year. The calculation compares each district's total funding per FTE for the previous year to the projected total funding per FTE for the current year and then adds whatever amount is necessary to ensure that every district receives at least a 1% increase per FTE. Typically, few districts qualify for this funding.

## **SAFE SCHOOLS**

Safe Schools funding provides for after-school care for middle school students, alternative programs for disruptive students, school resource officers and security equipment. 2/3 of the appropriation is allocated based on the latest Florida Crime Index published by Florida Department of Law Enforcement, 1/3 is allocated based on FTE. Each district receives a minimum allocation of \$30,000 which is intended to meet the basic salary needs of the school resource officer.

## **SUPPLEMENTAL ACADEMIC INSTRUCTION (SAI)**

The Supplemental Academic Instruction allocation is used to remediate students who are falling behind to avoid the need for retention. School districts have a great deal of flexibility to use these funds for a variety of programs such as mentoring, tutoring, after school and weekend education, class size reduction, extended school year, summer school and teacher salaries. SAI funding was originally established by combining summer school funds, class size reduction funds and dropout prevention program funds. Increases in funding are based on increases in enrollment.

## **READING PROGRAMS**

Although the Legislature has been providing substantial funding for various reading programs for the last several years, the funds had been provided through an allocation separate from the FEFP. Beginning in the 2003-2004 fiscal year, a portion of the total funds for reading programs was included as a new component of the FEFP to provide summer reading programs. Beginning with the 2005-2006 fiscal year, funding for Reading Programs was consolidated in FEFP and the allocation formula was also modified. These funds are to be used for comprehensive, district-wide, research based reading instruction. Each district receives a base allocation of \$50,000 and the balance of the appropriation is allocated based upon the district's proportion of total state K-12 base funding.

## **ESE GUARANTEED ALLOCATION**

The ESE Guaranteed Allocation provides supplemental funding for students who have low to moderate handicapping conditions and/or are gifted students. Year-to-year increases in the allocation are based on growth in the district's total enrollment in all programs in comparison to growth in ESE enrollment.

## **DISTRICT LOTTERY / SCHOOL RECOGNITION**

The way in which the Legislature has chosen to use and allocate Lottery funds has undergone a great deal of change over the years. Currently, school district lottery dollars are allocated for two main purposes. The first priority for the use of these funds is for the Commissioner of Education to award \$100 dollars per FTE to each school that qualifies for the Florida School Recognition Program. After this requirement is met, any remaining funds are allocated to school districts based on each district's base funding. These funds are earmarked to provide \$10 per FTE to each School Advisory Council to support implementation of the school improvement plan.

## **CATEGORICAL PROGRAMS**

A Categorical Program is one in which funding is earmarked to be spent on a specific program or initiative. While other FEFP components are generally funded based upon FTE, each Categorical Program has its own funding formula and, unless flexibility is specifically provided by the legislature, any unspent categorical funds must be carried forward by the school district into the subsequent year to be used for the same purpose. The current major Categorical Programs include:

- Instructional Materials
- Public School Technology
- Teacher Training
- Student Transportation
- Teacher Lead Program
- Class Size Reduction

## **REQUIRED LOCAL EFFORT (RLE)**

The FEFP is funded with both state General Revenue (primarily sales tax) and local revenue derived from property tax. In order to receive state funding, school districts must levy the local property tax millage set by the Legislature. This is called the Required Local Effort and school boards are empowered to levy property taxes for this purpose. Districts with higher property values will generate more funding than districts with low property values, but the amounts generated are redistributed and supplemented by the state's contribution. If a district is property-poor, it will receive proportionally more state funding. Conversely, if a district is property-rich, it will receive proportionally less state funding.

## **DISCRETIONARY LOCAL EFFORT**

In addition to the RLE, districts may choose to levy an additional, non-voted property tax to add to that district's own coffers. The Legislature establishes the maximum millage that each district may levy. Currently, the maximum allowed is 0.51 mills. Beginning in the 2005-2006 fiscal year, if the 0.51 mills provides less than \$200, the state provides the difference through a Compression Adjustment. About two-thirds of Florida's school districts receive this Compression Adjustment.

## **SUPPLEMENTAL DISCRETIONARY**

If the district chooses to levy the Discretionary Local Effort millage, it is also eligible to levy an additional non-voted discretionary property tax of up to 0.25 mills in order to produce a maximum of \$100 per FTE. In any district in which 0.25 mills generates less than \$100 per FTE, the state provides the difference through the Discretionary Equalization Allocation. About two-thirds of Florida's school districts receive state equalization funding.