

# 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.

Funding for the FEFP combines state funds – primarily generated from sales tax revenue – and local funds – generated from property tax revenue. It is 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

$$\begin{array}{r} \text{FULL TIME} \\ \text{EQUIVALENT} \end{array} \times \begin{array}{r} \text{COST} \\ \text{FACTORS} \end{array} \times \begin{array}{r} \text{BASE STUDENT} \\ \text{ALLOCATION} \end{array} \times \begin{array}{r} \text{DISTRICT COST} \\ \text{DIFFERENTIAL} \end{array} = \text{BASE FUNDING}$$
$$+ \begin{array}{r} \text{DECLINING} \\ \text{ENROLLMENT} \end{array} + \begin{array}{r} \text{SPARSITY} \\ \text{SUPPLEMENT} \end{array} + \begin{array}{r} \text{SAFE} \\ \text{SCHOOLS} \end{array} + \begin{array}{r} \text{SUPPLEMENTAL} \\ \text{INSTRUCTION} \end{array} + \begin{array}{r} \text{READING} \\ \text{PROGRAMS} \end{array}$$
$$\begin{array}{r} \text{ESE} \\ \text{GUARANTEE} \end{array} + \begin{array}{r} \text{MERIT} \\ \text{AWARD} \end{array} + \begin{array}{r} \text{DJJ} \\ \text{SUPPLEMENT} \end{array} + \begin{array}{r} \text{CATEGORICAL} \\ \text{PROGRAMS} \end{array} + \begin{array}{r} \text{LOTTERY \&} \\ \text{RECOGNITION} \end{array}$$
$$+ \begin{array}{r} \text{REQUIRED} \\ \text{LOCAL EFFORT} \end{array} + \begin{array}{r} \text{DISCRETIONARY} \\ \text{LOCAL EFFORT} \end{array} = \text{TOTAL STATE \&} \\ \text{LOCAL FUNDING}$$

## 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. For 2009 - 2010, Florida public schools are expected to serve 2,608,006.73 FTE. (See "How to Do the Math" for examples for calculating FTE)

## 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). (See "How to Do the Math" for an example of calculating weighted FTE)

<b>Group 1. Basic Programs</b>	<b>'09 - '10 Cost Factor</b>
A. Grades K-3	1.074
B. Grades 4-8	1.000
C. Grades 9-12	1.033
<b>Group 2. Exceptional Student Programs (ESE Matrix)</b>	
A. Support Level 4	3.520
B. Support Level 5	4.854
<b>Group 3. English for Speakers of Other Languages</b>	1.124
<b>Group 4. Vocational Education Programs (grades 9-12)</b>	1.050

## BASE STUDENT ALLOCATION (BSA)

The Base Student Allocation is the amount of money allocated to each FTE. 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 often is increased or decreased based on available funding rather than actual costs. For 2009-2010, the Base Student Allocation is set at \$3,630.62.

## **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. In recent years, the FPLI has also been adjusted by an "amenity factor" that uses wage data in an attempt to balance the desirability of living in an area against local cost of living.

## **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, a percentage of the decline is multiplied by the base funding per FTE and added to the district allocation. For 2009-2010, the Legislature has allocated \$23,105,233 for the Declining Enrollment Supplement.

## **SPARSITY SUPPLEMENT**

The sparsity supplement is provided to sparsely populated 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. About half of Florida's districts qualify for this supplement. For 2009-2010, the Legislature has allocated \$35,822,046 for the Sparsity Supplement.

## **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. From the total allocation, each district receives a minimum allocation that is intended to meet the basic salary needs of a school resource officer. Of the remaining balance, 2/3 is allocated based on the latest Florida Crime Index published by Florida Department of Law Enforcement and 1/3 is allocated based on FTE. For 2009-2010, the Legislature has allocated \$67,260,840 for Safe Schools.

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

The Supplemental Academic Instruction allocation is used to remediate students who are falling behind to avoid the need for retention. In general, school districts have some 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 primarily by combining summer school funds with dropout prevention program funds. Increases in funding are based on increases in FTE. For 2009-2010, the Legislature has allocated \$637,781,383 for Supplemental Academic Instruction.

## **READING PROGRAMS**

These funds are to be used for comprehensive, district-wide, research based reading instruction. Each district receives a base allocation intended to meet the basic salary needs of reading coaches and the balance of the appropriation is allocated based upon the district's proportion of total state K-12 base funding. For 2009-2010, the Legislature has allocated \$101,923,720 for Reading Programs.

## **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. For 2009-2010, the Legislature has allocated \$981,724,365 for the ESE Guaranteed Allocation.

## **MERIT AWARD PROGRAM (MAP)**

MAP provides performance pay rewards to outstanding district personnel based on the performance of students assigned to the employee's classroom, school, or sphere of academic responsibility. Awards must be at least 5 percent, but no more than 10 percent of the district's average teacher salary. Funding for the MAP awards is allocated based on each district's proportion of base funding. For 2009-2010, the Legislature has allocated \$20,000,000 for the Merit Award Program.

## **DJJ SUPPLEMENT**

The DJJ Supplement is provided to school districts to supplement other sources of funding for students in juvenile justice education programs. The allocation to each district is determined by multiplying the number of weighted FTE in juvenile justice education programs by the state average class-size reduction factor and the district cost differential. For 2009-2010, the Legislature has allocated \$10,258,490 for the DJJ Supplement.

## **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 may have its own funding formula. For this reason, Categorical Programs are often funded under line item allocations separate from the FEFP. Prior to this fiscal year, the major Categorical Programs – each funded under a separate line item allocation – included Instructional Materials, Student Transportation, Teacher Lead Program, and Class Size Reduction. However, for 2009-2010, the Legislature chose to incorporate funding for Instructional Materials, Student Transportation, and Teacher Lead Program into the FEFP, leaving Class Size Reduction as the only remaining “stand alone” Categorical program. As a result, funding from these programs was provided as follows:

- Instructional Materials: funded within the FEFP line item at \$216,031,121
- Student Transportation: funded within the FEFP line item at \$ 428,931,491
- Teacher Lead Program: funded within the FEFP line item at \$33,283,309
- Class Size Reduction: funded within a separate line item at \$2,845,578,849

## **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 reward 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 funding to each School Advisory Council to support implementation of the school improvement plan. If any funds remain after meeting these priorities, the district may expend the funds for any lawful purpose. For 2009-2010, the Legislature has allocated \$129,914,030 for School Recognition purposes ONLY

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

The FEFP is funded with both state 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. Districts with higher property values will generate more funding than districts with low property values, but the amounts generated are supplemented by the state's contribution so that, 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. For 2008-2009, the Legislature has set the total Required Local Effort at \$7,801,236,524.

## **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. In any district where this discretionary levy generates less than the state average, the state allocates additional funds to that district to bring the total up to the state average. This additional allocation is called the Compression Adjustment. About two-thirds of Florida's school districts receive funds through the Compression Adjustment. For 2009-2010, the Discretionary Local Effort is expected to generate \$1,137,174,133 and the Legislature is expected to provide \$146,902,367 for the Compression Adjustment. *(See "How to Do the Math" for an example for calculating the Compression Adjustment)*