

Meeting Minutes
Required Local Effort Workgroup
Finance and Taxation Committee
Taxation and Budget Reform Commission
Wednesday, August 29, 2007
10:00 a.m. – 12:00 p.m.

Workgroup Members: *Martha Barnett (Facilitator), Patricia Levesque, Gwen Margolis*

Members present:

Martha Barnett
Patricia Levesque
Gwen Margolis

Other Members Present:

James Scott (by phone)

Commissioner Martha Barnett called the meeting to order at 10:01 a.m. Staff called the roll and announced the presence of a quorum. Commissioner Barnett's opening remarks focused on the challenge that the state will face in the next two decades to address education funding and the importance of understanding funding for education and the required local effort.

The first presenter was Kurt Hamon, Staff Budget Director, Senate Education Appropriations. His PowerPoint presentation, "Funding Formula for Public School Operations" is posted on the website.

Mr. Hamon indicated that:

- The funding formula is used to calculate revenue allocations for the 67 school districts, a special district, five lab schools, and the Florida Virtual School.
- The Legislature appropriates the total funds for school districts which are then allocated through a series of calculations.
- The results of the calculations are provided as legislative work papers when the budget is approved.
- The purpose of the FEEP is to provide each student in the Florida public educational system the availability of programs and services appropriate to his or her educational needs. These services should be substantially equal to those available to any similar student notwithstanding geographic differences and varying local economic factors.
- Seven of the 67 school districts have more than 100,000 FTE and 51% of the state total enrollment. The seven districts are Miami-Dade, Broward, Palm Beach, Pinellas, Hillsborough, Orange and Duval.

During Mr. Hamon's presentation, Commissioner Margolis asked if any school district is funded with more than 90% of required local effort funds. Mr. Hamon indicated that no district is funded with more than 90% of required local effort funds.

Mr. Hamon stated that the FEFP formula contains provisions for the following:

- Student Based Funding;
- Geographic Cost Differential;
- Sparsity Supplement;
- Equalized Funding;
- Special Fiscal Allocations;
- Categorical Program Funding;
- Local Flexibility; and
- Performance Funding.

Commissioner Margolis requested clarification of the Department of Juvenile Justice (DJJ) supplemental allocation which is included in the formula for fiscal year 2007-2008. Mr. Hamon explained that DJJ is not eligible to receive class size reduction funding and is allocated an equivalent supplemental appropriation for those districts with juvenile justice facilities.

Commissioner Martha Barnett inquired regarding the compression supplement component of the FEFP. Mr. Hamon explained that this component provides a supplement to districts that levy the full .51 mill and generate less than the state average per FTE so that the supplement and the revenue raised by the .51 mill achieves the state average per FTE. The compression supplement provides funding to bring all districts to the 2007-2008 state average level of \$336 per FTE.

Commissioner Margolis commented regarding the complexity of the formula and inquired whether there was a less complicated way to deal with school funding. Commissioner Levesque provided clarification regarding the intent of the formula to ensure that districts with funding below the statewide average receive sufficient funding.

Commissioner Margolis indicated that school boards are not required to levy the discretionary millage. Commissioner Levesque asked Mr. Hamon whether all districts levy the discretionary millage and he indicated that all districts levy the .25 mill and the .51 mill on a voluntary basis. Wayne Blanton, Florida School Boards Association, indicated that the counties would lose state funding and have different base student allocations if the counties did not levy the maximum millages.

Commissioner Margolis suggested it would be simpler to add all the funding together to get the base student allocation. She also asked if the formula would change if all the components were added together since everything is equalized. Mr. Hamon stated that the formula is equalized at the average so the formula would change to some extent. He also indicated that the key step in the formula is to implement the constitutional requirement for a uniform system and equalize funding so that local wealth does not create an imbalance among districts.

Commissioner Martha Barnett inquired how the system of funding public schools in Florida compares to other states and whether Florida should look at other funding formulas. Mr. Hamon responded that other states have adopted similar formulas and other states have reviewed Florida's formula and taken ideas back to incorporate into their own.

Commissioner Margolis and Mr. Hamon discussed class size reduction funding and how class size funding is equalized in the juvenile justice system. She commented regarding the Legislature reducing class size by two students in lieu of dealing with the most overcrowded schools. Commissioner Levesque provided comments regarding class size reduction and original legislative discussions regarding funding districts.

Commissioner Margolis requested that Senate staff provide a "run" which would include the required local effort information by county for the last five years. She requested something similar to what is provided for property taxes.

The next presentation included discussions by Link Jarrett, Department of Education, Wayne Blanton, Florida School Boards Association, and Bill Montford, Florida Association of District School Superintendents.

Mr. Jarrett provided informational handouts and indicated that there were two important issues for the January Constitutional amendment regarding the Superhomestead or Save our Homes (SOH) which are (1) how will the amendment affect local funding, and (2) what are the implications for education funding. Commissioner Margolis asked if there was an estimate of the impact on tax rolls if the amendment passed and Mr. Jarrett indicated that there was no official estimate at this time.

Commissioner Martha Barnett inquired whether education would be held harmless in the process if the amendment passed. There was no definite answer that education would be held harmless. Commissioner Levesque indicated that if additional funding was required for education that it would be the discretion of the Legislature to "fill the hole" with general revenue funding.

Mr. Montford discussed the class size reduction amendment and the importance of equality in funding districts. According to Mr. Montford, there is very little disagreement about the funding formula, except issues related to the district cost differential. He indicated that superintendents think that the FEFP is a fair formula. Mr. Montford also indicated that schools share best practice ideas to enhance school performance, but there should be a review of state mandates regarding administrative requirements for schools.

Commissioner Levesque commented on the possibility of a constitutional amendment to manage class size at the school level and the fiscal impact of managing at the school level.

Commissioner Barnett invited Cecil Golden to speak to the group. Mr. Golden indicated that the FEFP is more equitable at this time than when the formula was developed.

Other issues discussed by Dr. Golden included:

- the rationale for the complexity of the FEFP formula;
- the FEFP formula and adequate funding;
- district participation in the FEFP allocation and discretionary millage;
- the design of the FEFP formula to accommodate change, and
- the FEFP formula and equity.

The workgroup members agreed that future meetings would be conducted by teleconference. Commissioner Margolis requested a presentation/discussion of the district cost differential and a presentation by Robert Nabors. Mr. Nabors previously made a presentation to the Governmental Services Committee on the possible impacts of Florida's strict constitutional language relative to the provision of an "adequate" education.

There being no further business, the meeting was adjourned at 12:03 p.m.