

INITIAL PROPOSALS FOR THE FLORIDA EDUCATION FINANCE PROGRAM

FUNDING NOTES FOR THE SENATE AND HOUSE PROPOSED FEFP

The Senate Education Appropriations Subcommittee released its first Statewide FEFP summary as part of the Chair's proposed budget on March 19, 2019. The House released similar information on March 20. Below is a brief explanation of the highlights of the Senate and House proposals.

These versions of the Senate and House proposed FEFP budgets are the first steps in the budgeting process. There is an item in each budget that transfers revenues and expenditures that already existed in the FY 2018-2019 education budget. Those transfers inflate the increases in total revenue, total state funds, and average dollars per UFTE student in each proposal. Neither proposal addresses the eventual impact of the projected increase in the Florida Retirement System employer rate assessments.

With this report are two spreadsheets. One spreadsheet compares the FY 2018-2019 Third Calculation and the First Calculation of FY 2007-2008 and FY 2011-2012 with the Senate proposal. The House proposed statewide FEFP summary is also included on the spreadsheet. There is a comparison between the Senate and the House that displays the line items for which the Senate is higher than the House. There are columns that compare the line items for the Senate proposal with comparable items from the FEFP First Calculations of FY 2007-2008 and FY 2011-2012 to show differences between the prospective 2019-2020 FEFP and the funds allocated before the start of the recession and at the bottom of the recession.

The second spreadsheet compares the FY 2018-2019 Third Calculation and the First Calculations of FY 2007-2008 and FY 2011-2012 with the House proposal. The Senate proposed statewide FEFP is also included on the spreadsheet. There is a comparison between the House and the Senate that displays the line items for which the House is lower than the Senate. There are columns that compare the line items for the House proposal with comparable items from the FEFP First Calculations of FY 2007-2008 and FY 2011-2012 to show differences between the prospective 2019-2020 FEFP and the funds allocated before the start of the recession and at the bottom of the recession.

KEY POINTS FROM THE SENATE PROPOSAL

1. UFTE student enrollment increased 13,649.48. Weighted Full Time Equivalent (WFTE) student enrollment is projected to increase 31,455.08 WFTE. **This is a very unusual difference.** Normally WFTE is about 109% of UFTE. The UFTE growth would have been expected to generate a growth of about 15,000 WFTE. Current information does not explain this reason for the large WFTE increase. **The enrollment data are the same for the Senate and the House.**
2. The Senate data show an increase in total state funds of about \$873 million. However, \$233,950,000 of that total is state revenue already in the base budget that was moved from non-FEFP to FEFP spending.
3. Therefore, the allocation of state funds new to K-12 education is about \$639.1 million. This is still a very significant allocation of new state revenue to the FEFP. Given the analysis in the Long Range Financial Outlook, it was expected that the FEFP would receive about \$188.1 million in new state revenue to pay for limited enrollment growth and a 1.16% increase in average dollars per UFTE student. The \$639.1 million provided by the Senate is a much more significant commitment of support for K-12 students served by the FEFP.
4. The Senate commitment of new state funds to the FEFP exceeds the expected available state revenue by about \$451 million. Given what is known about available revenue, it would seem reasonable to ask what the source of these extra dollars might be. Just like school districts, one source of new revenue is a reduction in current spending. The Senate Chair's recommended budget does not include a recommended appropriation of an additional \$140 million for Schools of Hope. This probably reflects the fact that to date most of the prior years' appropriations have been

carried forward, and an additional expenditure is not needed at this time. That may be part of the added revenue.

5. Because the Best and Brightest funds have been included as a non-FEFP grant for a number of years, and because it is a direct payment to individual teachers without regard to how any particular student is impacted, a more fair picture of the increase in average dollars per UFTE student would be achieved by deducting the \$82.13 per student impact from the state increase.
6. Even after that adjustment the increase in the average dollars per student recommended by the Senate is \$267.86 per UFTE, which is an increase of 3.61%. That increase is 311% higher than the past three year average percent increase in per UFTE student funding.
7. Local funds are projected to increase about \$225,311,826. Of that amount \$143,473,683 is an increase in the Required Local Effort (RLE) and \$81,838,143 is an increase in the proceeds from the .748 mill local discretionary operating levy.
8. The RLE millage rate is the rolled back rate to capture the increase in School Taxable Value caused by new construction. Based on Florida Statutes this gain in revenue does not constitute a tax increase.
9. It was estimated in the Long Range Financial Outlook that had the current year's RLE millage rate been maintained the revenue from the levy would have grown about \$480 million, or about \$336.5 million more than was realized.
10. The increase in total potential FEFP funding in the Senate proposal is \$1,098,348,483, including the Best and Brightest transfer of funds.
11. Of that amount, about \$534.75 million is consumed by spending required by the Legislature. That includes about \$106 million for student growth including workload in the FEFP categorical funds, about \$233,950,000 for Best and Brightest, about \$30.8 million for Mental Health Services, about \$68 million of Safe Schools, and about \$50 million for prospective FRS rate increases, and about \$46 million for Turnaround Schools.
12. That means about \$563.6 million in new FEFP revenue would be available for districts to use to increase teacher's salaries and pay for other necessary expenses. Should this allocation survive the many demands of the budgeting and conference process, it would be a very meaningful increase for students and teachers in Florida's school districts.
13. The history of FEFP funding shows that should the Senate proposal prevail as introduced; this would be largest increase in uncommitted funding in thirteen years.
14. Given the enormous attention focused on the teacher shortage, the number of teaching positions that have remained unfilled this entire school year, and the adverse impact these factors are reported to have had on students, it is entirely reasonable that should the Senate succeed in winning this enormous increase, they would expect districts to aggressively increase teacher salaries, particularly salaries at the entry level and during the first five years when so many new teachers leave the profession.

KEY POINTS FROM THE HOUSE PROPOSAL

1. UFTE student enrollment increased 13,649.48. Weighted Full Time Equivalent (WFTE) student enrollment is projected to increase 31,455.08 WFTE. **This is a very unusual difference.** Normally WFTE is about 108% of UFTE. The UFTE growth would have been expected to generate a growth of about 15,000 WFTE. Current information does not explain this reason for the large WFTE increase. **The enrollment data are the same for the Senate and the House.**

2. The Senate data show an increase in total state funds of about \$354 million. However, \$233,950,000 of that total is state revenue already in the base budget that was moved from non-FEFP to FEFP spending.
3. Therefore, the allocation of state funds new to the K-12 education budget is about \$120 million. That is a relatively limited allocation of new state revenue to the FEFP. Given the analysis in the Long Range Financial Outlook, it was projected that the FEFP would receive about \$188.1 million in new state revenue to pay for limited enrollment growth and a 1.16% increase in average dollars per UFTE student. The \$120 million of new state revenue is only about 63.8% of the new state revenue projected to be needed for the FEFP in the long Range Financial Outlook.
4. The House commitment of actual new state funds to the FEFP is about \$68 million less the expected available state revenue.
5. Because the Best and Brightest funds have been included as a non-FEFP grant for a number of years, and because it is a direct payment to individual teachers without regard to how any particular student is impacted, a more fair picture of the increase in average dollars per UFTE student would be achieved by deducting the \$94.42 per student impact from the state increase.
6. After that adjustment, the increase in the average dollars per student recommended by the House is adjusted from the reported amount of \$167.79 per UFTE to \$73.37 per UFTE \$267.86 which is an increase of .988%. That increase is actually lower than the 1.16% increase in per student funding, which is the three year average per UFTE student increase.
7. Local funds are projected to increase about \$225,327,756. Of that amount \$143,489,613 is an increase in the Required Local Effort (RLE) and \$81,838,143 is an increase in the proceeds from the .748 mill local discretionary operating levy.
8. The RLE millage rate is the rolled back rate to capture the increase in School Taxable Value caused by new construction. Based on Florida Statutes this revenue increase does not constitute a tax increase.
9. It was estimated in the Long Range Financial Outlook that had the current year's RLE millage rate been maintained the revenue from the levy would have grown about \$480 million, or about \$336.5 million more than was realized.
10. The increase in total potential FEFP funding in the Senate proposal is \$579,337,643, including the Best and Brightest transfer of funds.
11. Of that amount, about \$422,655,798 is consumed by spending required by the Legislature. That includes about \$103,691,798 for student growth including workload in the FEFP categorical funds, about \$268,964,000 for Best and Brightest, and about \$50 million for prospective FRS rate increases.
12. That means about \$156,681,845 in new FEFP revenue would be available for districts to use to increase teacher's salaries and pay for other necessary expenses. Should this allocation survive the many demands of the budgeting and conference process, it would be a very meaningful increase for students and teachers in Florida's school districts.