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April 11, 2008

MEMORANDUM

TO: Select District Finance Officers

FROM: Spessard Boatright
Director, Office of Educational Facilities

SUBJECT: Transfer of Charter School Class Size Reduction Allocation to Fixed Capital Outlay

Pursuant to Section 1003.03(4)(a), Florida Statutes, school districts not in compliance with class size reduction requirements according to Section 1003.03(2), Florida Statutes, may have a portion of their operating Class Size Reduction Allocation transferred to an approved fixed capital outlay account. Public charter schools not meeting class size reduction requirements may be subject to this transfer of class size reduction funds.

This section of statute directs the Department of Education to calculate, for each school district not in compliance, an amount which is proportionate to the amount of class size reduction not accomplished. Additionally, the Commissioner of Education is allowed to recommend an alternate transfer amount based on evidence indicating that a district or charter school has been unable to meet class size reduction requirements despite appropriate effort to do so. Following the appeals process, the initial transfer of \$6,132,926 affecting 88 traditional and charter schools was reduced to a recommended transfer of \$475,324 affecting 31 traditional and charter schools. The final recommended transfer includes a total of \$175,352 affecting eight charter schools.

The recommended aggregate transfer of \$475,324 from the operating Class Size Reduction Allocation to the fixed capital outlay account for class size reduction was submitted to the Legislative Budget Commission (LBC) for approval at its February 21, 2008, meeting. The \$475,324 transfer was approved by the LBC and the transfer has been made. The attached table illustrates the transferred amount of \$175,352 for those charter schools affected. Please note that

SPESSARD BOATRIGHT
DIRECTOR, OFFICE OF EDUCATIONAL FACILITIES

April 11, 2008

Page 2

amounts transferred to fixed capital outlay for charter schools are not subject to the five percent administrative fee authorized by Section 1002.33(20)(a), Florida Statutes.

A charter school receiving the converted fixed capital outlay funds may use these funds for any purpose identified in Section 1013.62(2), Florida Statutes. To the extent possible, a charter school should apply converted fixed capital outlay funds to the reduction of class size as required in Section 1003.03, Florida Statutes. Permissible uses of capital outlay funds follow:

- (a) Purchase of real property;
- (b) Construction of school facilities;
- (c) Purchase, lease-purchase, or lease of permanent or relocatable school facilities;
- (d) Purchase of vehicles to transport students to and from the charter school; or,
- (e) The renovation, repair, and maintenance of school facilities that the charter school owns or is purchasing through a lease-purchase or long-term lease of 5 years or longer.

Prior to the distribution of these funds, the Office of Educational Facilities requires the charter school to submit the attached Charter School Class Size Capital Outlay Plan. This plan requires the charter school to identify the anticipated use of these funds and increase of student station capacity, if applicable. These funds will be disbursed to school districts the 4th Thursday of the month if the Charter School Class Size Capital Outlay Plan was received on or before the 13th of that same month. Plans received after the 13th of the month will be included in the following month's disbursement. Districts should fully disburse these funds to charter schools. To expedite your receipt of these funds, please return the Charter School Class Size Capital Outlay Plan as soon as possible.

For school districts' financial reporting requirements, these funds should be recorded in the appropriate capital outlay account (3397 Charter School Capital Outlay Funding) and transferred to the district's General Fund for disbursement. Payments from the district's General Fund should be recorded as Function 5000, Object 390, Other Purchased Services. As with other state-appropriated fixed capital outlay funds, the unencumbered balance of these converted funds is subject to reversion within 31 months of the appropriation as provided in Section 216.301(2)(a), Florida Statutes.

For your convenience, the attachments mentioned above are available from our website at: <http://www.firn.edu/doe/oef/chartsup.htm>. If you have any questions pertaining to this matter, please contact William E. Fontaine at 850-245-9240, or by email at William.Fontaine@fldoe.org.

SB/wef

Attachments

cc: Charter School Contacts