

**2008-09 Education Budget
and Finance-related Legislation
May 19, 2008**

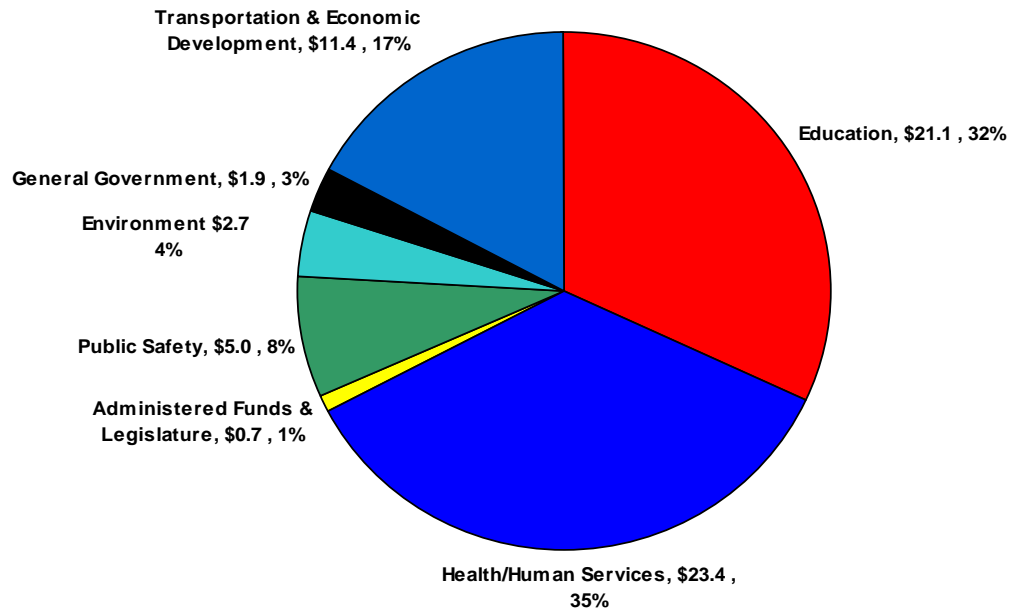
Linda Champion
Deputy Commissioner, Finance and Operations
Florida Department of Education





- **Budget Overview**
 - Voluntary Prekindergarten Program
 - K-12 Public Schools
 - Student Financial Aid
 - State Board of Education
 - Fixed Capital Outlay
- **Key Finance-related Legislation**

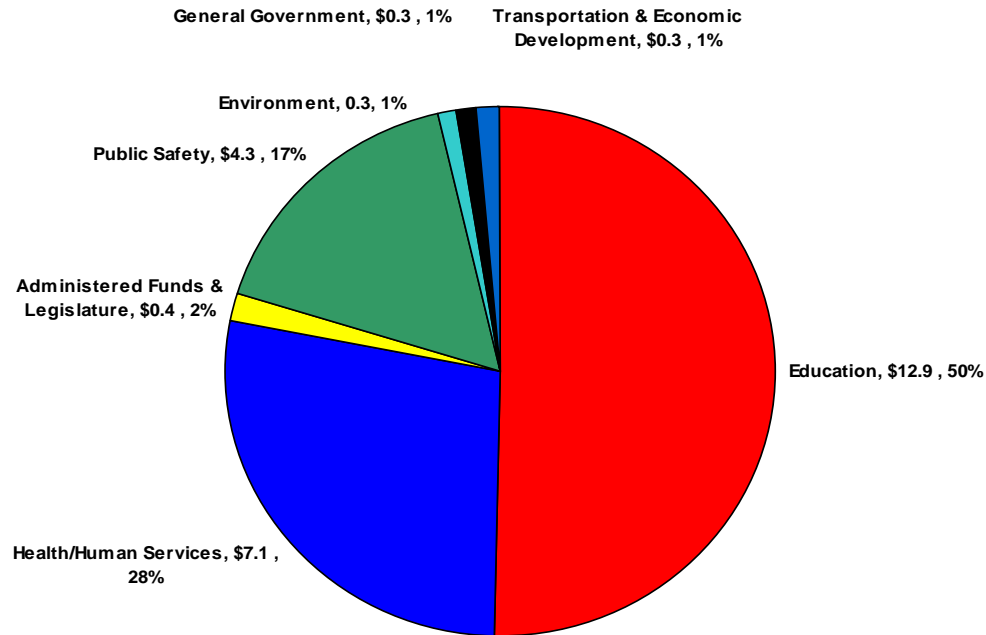
2008-09 Statewide Funds Operations and Fixed Capital Outlay = \$66.2 billion



2008-09 Statewide General Revenue Funds

Operations and Fixed Capital Outlay

= \$25.6 billion





K-20 Budget Highlights

- \$18.1 billion appropriated from all funds for Florida K-20 educational operating budgets.
 - \$12.9 billion from the General Revenue Fund
 - \$1.2 billion from Lottery
 - \$4.0 billion from other trust funds
 - Budget website: www.myfloridahouse.gov

Summary of K-20 Operating Funds

	Revised March 2007-08	2008-09	2008-09 Appropriation \$ and % Increase over 2007-08	
Early Learning	\$345,545,292	\$356,053,710	\$10,508,418	3.04%
K-12	\$12,366,451,191	\$11,551,904,146	(\$814,547,045)	(6.59%)
Community Colleges	\$1,217,744,078	\$1,101,337,634	\$(116,406,444)	(9.56%)
Workforce	\$554,150,172	\$516,008,794	(\$38,141,378)	(6.88%)
Vocational Rehabilitation	\$207,097,294	\$204,546,905	(\$2,550,389)	(1.23%)
Blind Services	\$53,855,009	\$52,520,805	(\$1,334,204)	(2.48%)
Private Colleges and Universities	\$137,089,064	\$133,601,061	(\$3,488,003)	(2.54%)
SFA/State and Federal	\$544,742,424	\$601,333,527	\$56,591,103	10.39%
State Board of Education	\$232,190,560	\$211,653,626	(\$20,536,934)	(8.84%)
Sub-total	\$15,658,865,084	\$14,728,960,208	(\$929,904,876)	(5.94%)
State Universities/BOG	\$3,633,818,700	\$3,417,974,412	(\$215,844,288)	(5.94%)
Total	\$19,292,683,784	\$18,146,934,620	(\$1,145,749,164)	(5.94%)

2008-09 K-20 Operating Budget

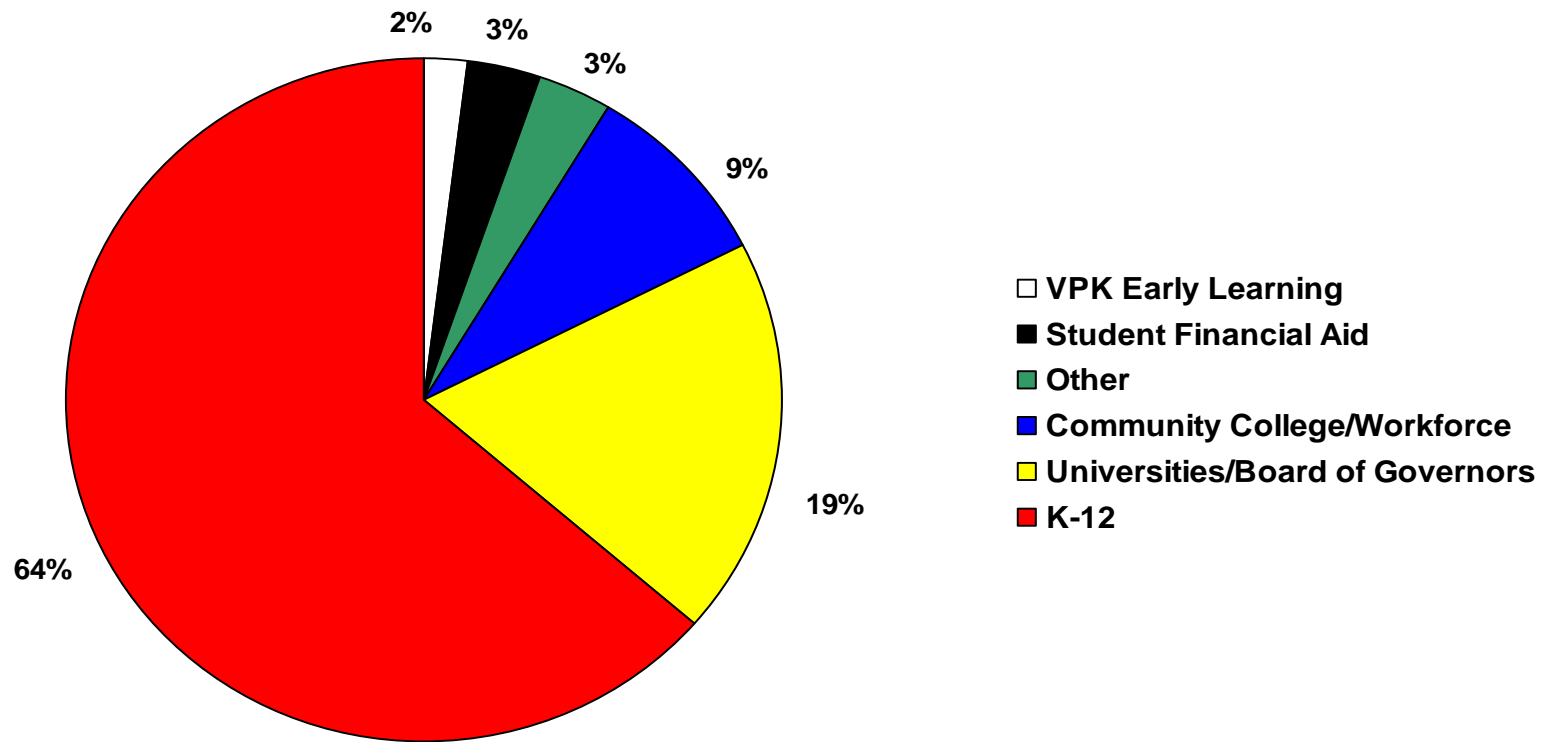


Chart of Entire 2008-09 K-20 Education Budget by Area Excluding Capital Outlay



Budget includes funding for 2008-09 enrollment growth:

- 10,046 Early Learning students
- 1,683 K-12 students
- 9,622 Workforce Education students
- 20,291 Community College students
- 432 University students
- Student Financial Aid
 - 9,959 Bright Futures recipients
 - 20,492 Florida Student Financial Assistance recipients

Voluntary Prekindergarten Program



VPK Statistics (as 4/23/08)

2005-06 (220,857 four-year-olds)

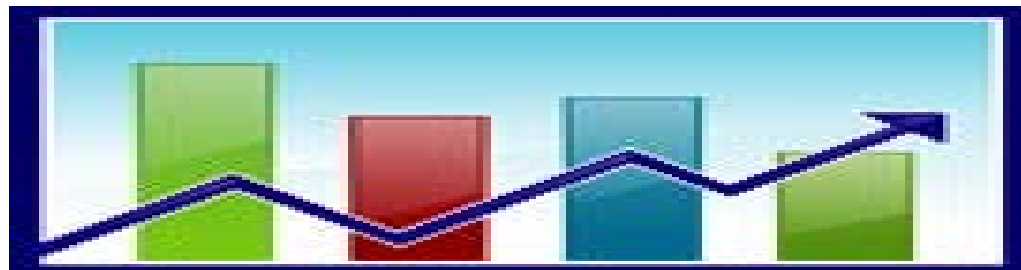
- 105,896 = 48% of all four-year-olds

2006-07 (226,832 four-year-olds)

- 124,393 = 55% of all four-year-olds

2007-08 (231,062 four-year-olds)

- 126,436 in School-Year = 55% of all four-year-olds





2008 VPK Summer Program

- Expecting approximately 10,000 in 2008 Summer VPK programs (as in 2007)
- Section 1002.71(3)(d), F.S., provides for district summer VPK programs to be based on a FTE that is evenly divisible by 10 (**summer minimum funding level**)
- May and June payments based on 2007-08 VPK BSA of \$2,677
- July and August payments based on 2008-09 VPK BSA of \$2,628



2007-08 VPK FTE Funding

- 2007 Appropriations = \$343,749,575 (60.6% @ 87.30 % Payout Rate)
- 2007 June Summer Program
= \$2,677 x DCD + 5% Coalition Administrative Cost
with minimum funding for school district-required VPK
program

- 2008 Appropriations = \$354,349,575 (62.26% @ 88.0% Payout Rate)
- 2007 July and 2007-08 School-Year Program
= \$2,628 X DCD + 5% Coalition Administrative Cost



Voluntary Prekindergarten Program

- Funding for 10,046 new students - total to be served 145,796.
- Total Funding of \$356.1 million - an increase of \$10.5 million or 3.04%.
- Funds per student will be \$2,628 - a decrease of \$49 or 1.83%.

Impact of Class Size Calculation

- To be eligible to offer the VPK school-year program, the school must meet the applicable class size requirements.
- For 2008-09, 31 schools in 14 districts and FAU and FSU lab schools are ineligible to offer the VPK **school-year** program.

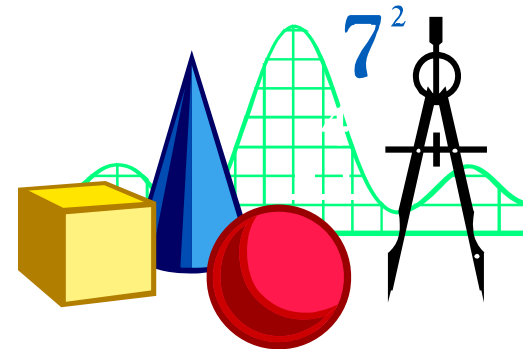




K-12 Public Schools

2008-09 FLORIDA EDUCATION FINANCE PROGRAM (FEFP)

- CURRENT LAWS
- AMENDED LAWS
- APPROPRIATIONS ACT
- IMPLEMENTING ACT





K-12 Budget Highlights

- Funding in the Florida Education Finance Program (FEFP) for 1,683 new students - total to be served 2,631,386.
- Funding for the FEFP, in state and local revenue, is \$18.4 billion - a decrease of \$332 million or 1.77%.
- FEFP funds per student will be \$6,997.37 - a decrease of \$130.85 or 1.84%.

2008-09 FEFP Calculation

FTE Students 2,631,386.02	×	Program Weights	=	Weighted FTE Students 2,833,615.39	×	Base Student Allocation (BSA) \$3,971.74	×	District Cost Differential (DCD) Calculation	=
Base Funding \$11,252,437,853	+	Declining Enrollment Allocation \$35,774,001	+	Sparsity Supplement \$39,191,698	+	.25 Mill Discretionary Equalization \$6,703,215	+	0.498 Mill Compression \$130,861,389	+
Lab School Discretionary Contribution \$5,509,528	+	Safe Schools \$73,587,827	+	ESE Guaranteed Allocation \$1,079,945,286	+	Supplemental Academic Instruction \$702,182,550	+	Reading Allocation \$111,511,321	+
Merit Award Program \$32,072,461	+	DJJ Supplemental Allocation \$11,112,916	=	Gross State and Local FEFP \$13,480,890,045	-	Required Local Effort (5.032) \$8,267,476,367	=	Net State FEFP \$5,213,413,678	+
Discretionary Lottery Funds \$107,428,356	+	School Recognition Program \$109,977,820	+	Major Categorical Programs \$3,576,466,185	=	Total State Funding \$9,007,286,039			

2008-09 FLORIDA EDUCATION FINANCE PROGRAM FINAL CONFERENCE REPORT

Statewide Summary Comparison of Public School Funding to 2007-08 Fourth Calculation

	2007-2008 Fourth Calculation	2008-09 Final Conference Report	Difference	Percentage Difference
MAJOR FEFP FORMULA COMPONENTS				
Unweighted FTE	2,629,703.30	2,631,386.02	1,682.72	0.06%
Weighted FTE	2,854,233.02	2,833,615.39	(20,617.63)	(0.72%)
School Taxable Value	1,822,538,880,796	1,863,611,392,651	41,072,511,855	2.25%
Required Local Effort Millage	4.843	5.032	0.189	3.90%
Discretionary Millage	0.510	0.498	(0.012)	-2.35%
Equalized Discretionary Millage	0.250	0.250	0.000	0.00%
Total Operating Millage	5.603	5.780	0.177	3.16%
Base Student Allocation	4,079.74	3,971.74	(108.00)	-2.65%



FTE
Students
(UFTE)

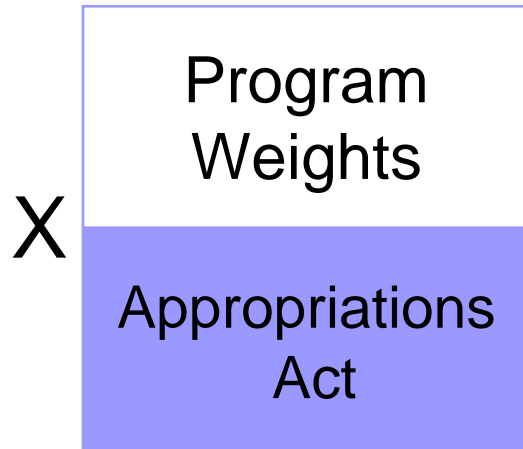
Authority:
s.1011.62(1)(a),
F.S.

The 2008-09 unweighted student enrollment projection is 2,631,386.02

This represents an increase of 1,682.72 or 0.06% students from 2007-08.



Program weights are used to recognize varying educational program costs.

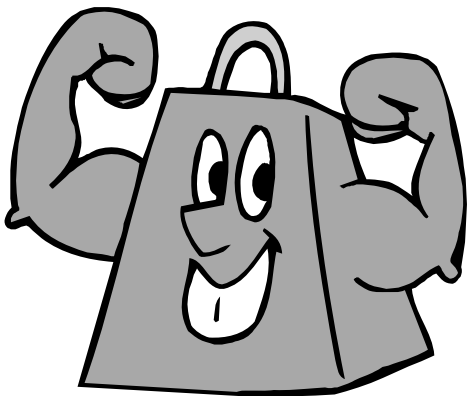


Group 1 Includes Three Programs:

- Basic Grades K-3 (1.066)
- Basic Grades 4-8 (1.000)
- Basic Grades 9-12 (1.052)

Group 2 Includes Four Programs:

- Exceptional Student Education:
 - Level IV (3.570)
 - Level V (4.970)
- English for Speakers of Other Languages (1.119)
- Career Education, Grades 9-12 (1.077)

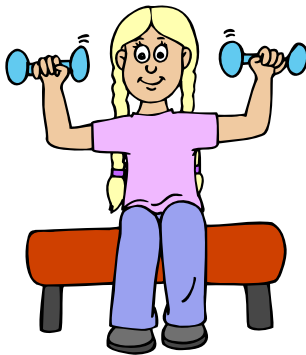




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Weighted
FTE
Students
(WFTE)

Authority:
s.1011.62(1)(d),
F.S.



The 2008-09 weighted student enrollment projection is 2,833,615.39. This represents a decrease of 20,617.63 or (.72%) weighted FTE students from 2007-08.

This includes special add-ons for:

- Isolated Schools Supplement
- Small District ESE Supplement
- Advanced Placement (AP)
- International Baccalaureate (IB)
- Advanced International Certificate of Education (AICE)
- Industry certified career and professional academy programs
- Florida Virtual School Additional FTE
- Group 2 over cap

2008-09 FLORIDA EDUCATION FINANCE PROGRAM FINAL CONFERENCE REPORT

Statewide Summary

Comparison of Public School Funding to 2007-08 Fourth Calculation

	2007-08 Fourth Calculation	2008-09 Final Conference Bill	Difference	Percentage Difference
FEFP DETAIL				
WFTE x BSA x DCD (Base FEFP Funding)	11,643,627,476	11,252,437,853	(391,189,623)	-3.36%
Declining Enrollment Supplement	45,198,197	35,774,001	(9,424,196)	-20.85%
Sparsity Supplement	39,191,698	39,191,698	0	0.00%
Safe Schools	75,590,988	73,587,827	(2,003,161)	-2.65%
Lab School Discretionary Contribution	4,286,054	5,509,528	1,223,474	28.55%
0.250 Mills Discretionary Equalization	7,540,926	6,703,215	(837,711)	-11.11%
0.498 Mills Discretionary Compression	135,088,660	130,861,389	(4,227,271)	-3.13%
Supplemental Academic Instruction	721,521,711	702,182,550	(19,339,161)	-2.68%
Reading Allocation	114,546,811	111,511,321	(3,035,490)	-2.65%
ESE Guaranteed Allocation	1,110,759,945	1,079,945,286	(30,814,659)	-2.77%
Minimum Guarantee	0	0	0	0.00%
Fuel and Utilities	0	0	0	0.00%
Merit Award Allocation	0	32,072,461	32,072,461	100.00%
DJJ Supplemental Allocation	11,284,334	11,112,916	(171,418)	-1.52%



X

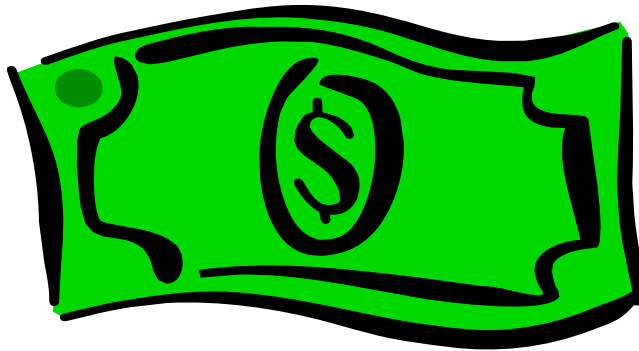
Base
Student
Allocation
(BSA)

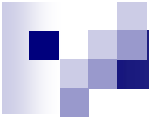
Authority:
s.1011.62(1)(b),
F.S.

The Base Student Allocation (BSA) is determined annually by the Legislature in the General Appropriations Act.

Funding Summary:

2008-09	\$3,971.74
2007-08	\$4,079.74
Decrease	(\$108.00) or (2.65%)



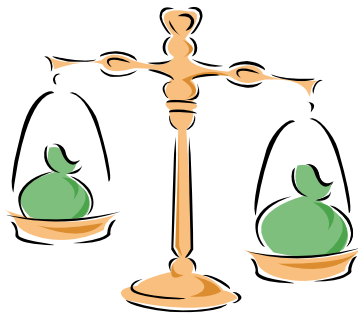


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District Cost
Differential
(DCD)

Authority:
s.1011.62(2), F.S.

The District Cost Differential (DCD) is an adjustment that recognizes differences in the cost of living among the school districts.





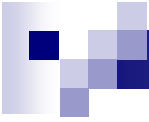
+ Declining Enrollment Supplement
Authority:
s.1011.62(8), F.S.

In those districts where there is a decline between prior year and current year student enrollment, 48.67% of the decline is funded.

Funding Summary:

2008-09	\$35,774,001
2007-08	\$45,198,197
Decrease	(\$9,424,196) or (20.85%)

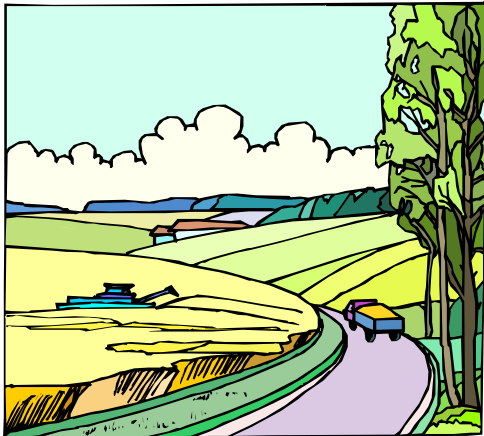




Sparsity Supplement



Authority:
s.1011.62(7), F.S.



Provides \$39,191,698 for a Sparsity Supplement to recognize differences in sparsity of student population.

Eligibility is limited by proviso in the General Appropriations Act to districts with 20,000 or fewer UFTE students.

Eligible districts sparsity supplement funds are adjusted for district wealth and potential funds per FTE.

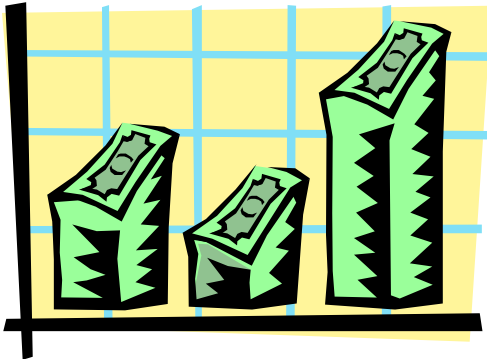
Funding Summary:

2008-09	\$39,191,698
2007-08	\$39,191,698
Increase	no change

+

0.25 Mill
Discretionary
Equalization

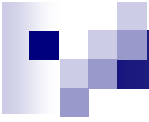
Authority:
Appropriations
Act



Provides \$6,703,215 to fund any difference between (1) the amount generated by a 0.25 mill levy and (2) an amount equal to **\$100** multiplied by district's unweighted student enrollment.

Funding Summary:

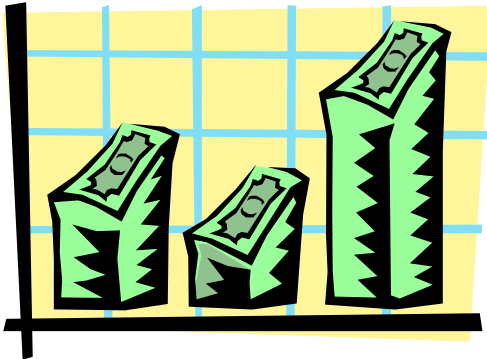
2008-09	\$6,703,215
2007-08	\$7,540,926
Decrease	(\$837,711) or (11.11%)



+

0.498 Mill
Compression

Authority:
1011.62(5), F.S.

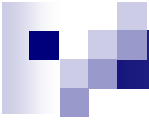


Provides \$130,861,389 to fund any difference between

- (1) the amount generated by a 0.498 mill levy and
- (2) an amount equal to the state average multiplied by district's unweighted student enrollment.

Funding Summary:

2008-09	\$130,861,389
2007-08	\$135,088,660
Decrease	(\$4,227,271) or (3.13%)



Provides \$5,509,528 for Lab School Discretionary Contribution

Lab School Discretionary Equalization

Authority:

s.1002.32(9)(a), F.S.

s.1002.37(3)(f), F.S.

Lab Schools and the Florida Virtual School (FVS) are separate school districts for purposes of FEFP funding. The funds for the lab schools and the FVS are authorized in lieu of discretionary local tax revenue.

The Florida Virtual School funding is based on the maximum allowable per student discretionary millage times 95% of the current year's taxable value for school purposes. This amount is then multiplied by the prorated FTE of the Virtual School.



Funding Summary:

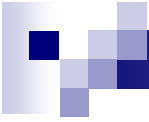
2008-09	\$5,509,528
2007-08	\$4,286,054
Increase	\$ 1,223,474 or 28.55%

2008-09 FLORIDA EDUCATION FINANCE PROGRAM FINAL CONFERENCE REPORT

Statewide Summary Comparison of Public School Funding to 2007-08 Fourth Calculation

	2007-08 Fourth Calculation	2008-09 Final Conference Report	Difference	Percentage Difference
TOTAL FEFP	13,908,636,800	13,480,890,045	(427,746,755)	-3.08%
LOCAL FEFP FUNDS				
Required Local Effort Taxes	7,902,573,415	8,267,476,367	364,902,952	4.62%
STATE FEFP FUNDS	6,006,063,385	5,213,413,678	(792,649,707)	-13.20%
DISTRICT LOTTERY/SCHOOL RECOGNITION	258,126,169	217,406,176	(40,719,993)	-15.78%





Required Local Effort (RLE) is the amount that each district provides annually toward the cost of the Florida Education Finance Program.

Required Local Effort (RLE)

Authority:
s.1011.62(4),
F.S.

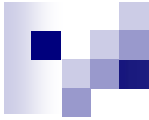
The Legislature prescribes the aggregate RLE for all school districts collectively as an item in the General Appropriations Act.

The total adjusted amount for RLE is \$8,267,476,367. This represents a state average millage rate of 5.032. The millage rate is reduced for any district with ad valorem tax proceeds exceeding 90 percent of the district's FEFP formula entitlement.



Funding Summary:

2008-09	\$8,267,476,367
2007-08	\$7,902,573,415
Increase	\$364,902,952 or 4.62%



**Net State
FEFP**

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**Authority:
s.1011.62(11)(b)
F.S.**

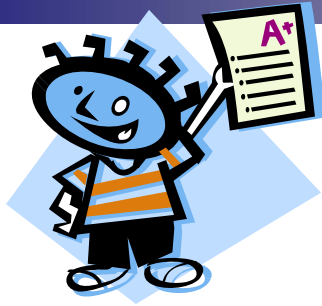
The Net State FEFP is the Gross State and Local FEFP less the Required Local Effort

\$5,213,413,678



Funding Summary:

2008-09	\$5,213,413,678
2007-08	\$6,006,063,385
Decrease	(\$792,649,707) or (13.20%)



Total Appropriation \$217,406,176

\$109,977,820 is the initial allocation for School Recognition Awards.

School Recognition Awards are \$85 per student.

+

Discretionary
Lottery / School
Recognition

Authority:
Appropriations
Act and
1001.453(2)
s.1008.36, F.S.

\$107,428,356 is the initial allocation for District Discretionary Lottery.

The remaining funds are allocated based on each district's base funding.

Funding Summary:

2008-09	\$217,406,176
2007-08	\$258,126,169
Decrease	(\$40,719,993) or (15.78%)





2008-09 Fixed Capital Outlay Budget

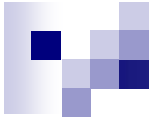


PECO Revenue Projections

March 3, 2008 Estimating Conference

(in millions)

	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>
Remodeling/ Renovation	\$291.9	\$255.4	\$242.3
Construction	<u>\$924.2</u>	<u>\$205.9</u>	<u>\$438.7</u>
Total	\$1,216.1	\$461.3	\$681.0



Fixed Capital Outlay

2008-09 PECO Appropriations by Education Sector (Before Vetoes)

Total Appropriation \$1,216,100,000

Less off-the-top \$19,778,434

	<u>K-12</u>	<u>CC</u>	<u>SUS</u>	
Percent of Total	29.26%	32.73%	38.01%	100%
	\$349,963,879	\$391,596,337	\$454,761,350	\$1,196,321,566



Charter School PECO Capital Outlay Allocation

- Based on the 1.9% CPI -- New Construction increased for K-12 for 2007-08 to 2008-09 including the PECO used for CSR in allocating percentages.

- 2007-08

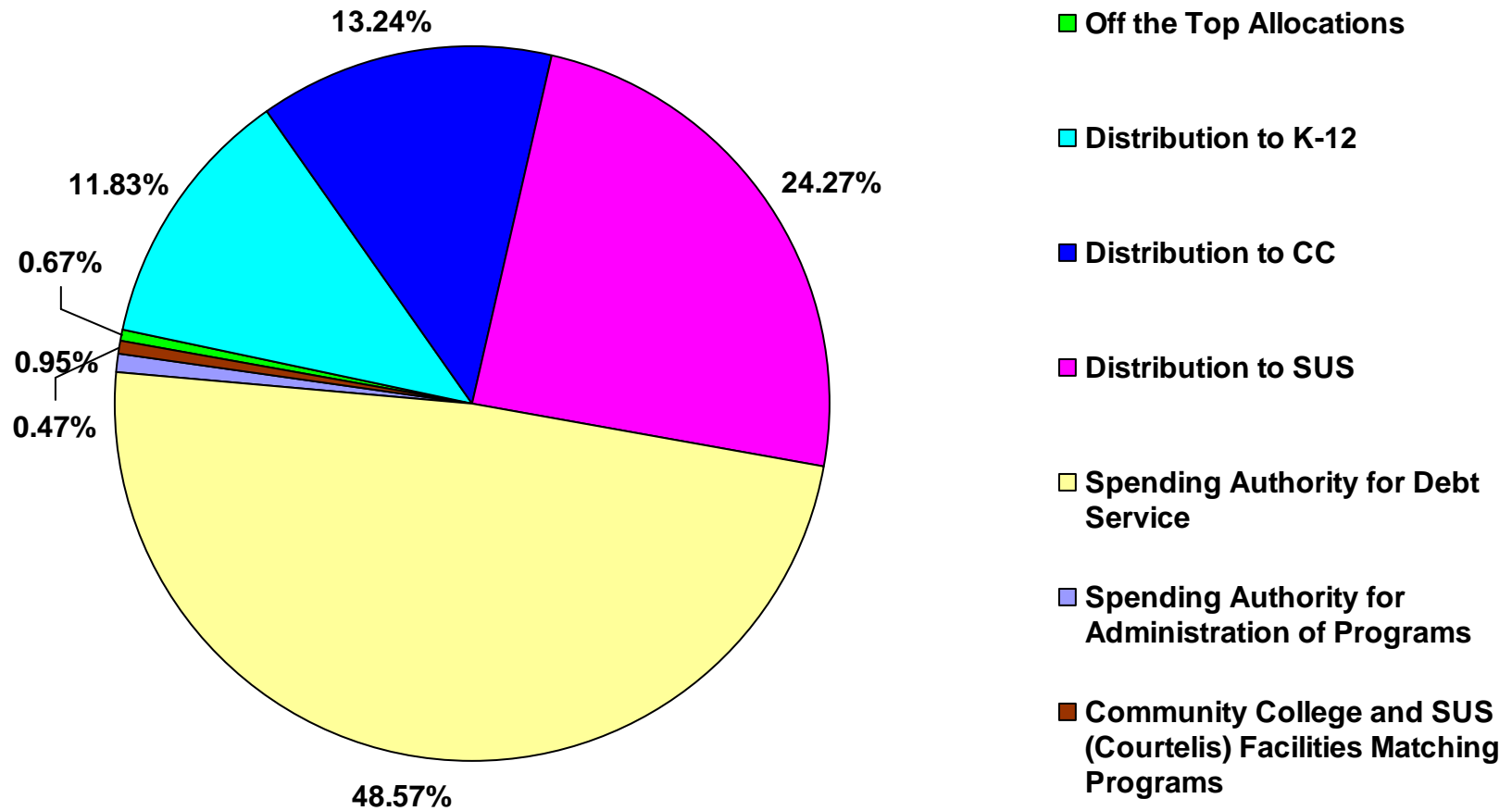
\$54,039,458		\$55,066,208
	Percentage	1.9%
	Increase	\$1,026,750
	2008-09	

Summary of Fixed Capital Outlay

	Revised March 14, 2008	2008-09 Conference Report	2008-09 CR \$ and %	
	2007-08	Conference Report	2008-09 CR \$ and %	
	Appropriation	(Prior to Vetoes)	Increase/Decrease over 2007-08	
Florida School for the Deaf and Blind Capital Projects	13,861,719	13,399,103	-462,616	-3.34%
Division of Blind Services - Capital Projects	8,185,000	3,967,100	-4,217,900	-51.53%
Public Broadcasting Projects	15,432,647	2,412,231	-13,020,416	-84.37%
Maintenance, Repair, Renovation, and Remodeling	341,100,000	220,435,891	-120,664,109	-35.37%
Special Facility Construction Account	24,994,701	14,946,948	-10,047,753	-40.20%
Vocational-Technical Facilities	2,700,000	4,500,000	1,800,000	66.67%
Joint-Use Facilities Projects	4,185,826	14,795,618	10,609,792	253.47%
Survey Recommended Needs - Public Schools	292,209,668	145,633,177	-146,576,491	-50.16%
Two-Mill equivalent funding for Developmental Research Schools	4,935,063	5,164,974	229,911	4.66%
Community College Projects	471,479,252	365,610,508	-105,868,744	-22.45%
SUS Projects	629,683,917	425,234,450	-204,449,467	-32.47%
Public School Class-Size Reduction Construction	650,000,000	0	-650,000,000	-100.00%
Debt Service	1,041,400,000	1,114,493,317	73,093,317	7.02%
Classrooms First and 1997 School Capital Outlay Bond Programs	166,892,742	166,934,217	41,475	0.02%
Class Size Reduction - Debt Service - Lottery Capital Outlay (1)	119,710,506	155,000,000	35,289,494	29.48%
School District and Community College	28,000,000	28,000,000	0	0.00%
Community College Facilities Matching Program	48,520,477	8,810,309	-39,710,168	-81.84%
Public School Special Projects	7,000,000	0	-7,000,000	-100.00%
SUS Construction Projects	141,000,000	0	-141,000,000	-100.00%
SUS Capital Improvement Fee Projects	0	122,000,000	122,000,000	100.00%
SUS Concurrency Requirements	54,149,066	0	-54,149,066	-100.00%
SUS Ancillary Facilities Construction	0	141,000,000	141,000,000	100.00%
SUS Facility Enhancement Challenge Grants	46,360,770	4,889,691	-41,471,079	-89.45%
Total Department of Education Fixed Capital Outlay	4,111,801,354	2,957,227,534	-1,154,573,820	-28.08%



2008-09 Fixed Capital Outlay





Key Finance-related Legislation



2008-09 Implementing Bill (HB 5003)

- Authorizes the transfer of funds to the General Revenue to address deficits.
 - A transfer shall be made from the Budget Stabilization Fund to address a deficit before any other action is taken.
 - The transfer shall not exceed the lesser of the amount of the deficit or one-half of the cash balance in the Budget Stabilization Fund.
 - If the transfer is insufficient to address a deficit, a transfer shall be made from the Lawton Chiles Endowment Fund.
- Provides \$6.4 million to install emergency power generators in special-needs hurricane evacuation shelters.



2008-09 Conforming Bill (HB 5083)

Changes to Florida Education Finance Program (FEFP)

■ Categoricals

- Adds reading allocation and instructional materials (if all instructional material purchases have been completed for the fiscal year) to the list of categorical funds for which the district may have flexibility.

■ Calculation Changes

- Decreases add-on FTE for AP, IB, and AICE from 0.24 to 0.16 for successful completion of full-credit, and 0.08 for successful completion of AICE half-credit.
- Deletes bonus for middle school students who complete a high school Algebra course with a grade of C.
- Revises provisions relating to 0.3 add-on FTE for successful completion of industry-certified career and professional academy program.
- Changes declining enrollment supplement from one based on a 50 percent decline to percent designated by the Legislature.



2008-09 Conforming Bill (HB 5083) Con't.

■ Class Size Reduction

- Continues school-level compliance for class size reduction for 2008-09. Beginning in 2009-10, compliance will be measured at the classroom-level.

■ Merit Award Program (MAP)

- Eligible charter school will receive 100 percent of the MAP allocation without a 5-percent administration fee being withheld.
- Extends the deadline for districts to submit a 2008-09 MAP plan to October 1, 2008.



2008-09 Conforming Bill (HB 5083) Con't.

■ Tax Roll / Millage

- Caps the Discretionary Capital Outlay Millage at 1.75 mills (2.0 mill levy).
- Extends flexibility in Capital Outlay Millage at \$65 per UFTE student for certain purposes.
- Provides that the tax roll used in the Final FEFP Calculation will be the tax roll used in the Fourth Calculation.

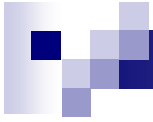
■ Excellent Teaching Program

- Incentives for NBPTS certified teachers removed.
- Bonuses may be provided for initial certification up to one 10-year period.
- Deletes fee subsidy and portfolio preparation incentive, as well as requirement that teachers repay the certification fee if they fail to complete the program.



Other Finance Legislation

- HB 623 – School Food Service Programs
- HB 653 – Corporate Income Tax Credit Scholarship Program
- SB 1276 – Educational Facilities
- SB 1070 – Intergovernmental Cooperation
- HB 7135 – Florida Energy Bill
- SB 1908 – State Curriculum Standards, etc.



Questions?