



Education Appropriations Subcommittee

Meeting Packet

**January 20, 2015
4:00 p.m. – 6:00 p.m.
Morris Hall**



The Florida House of Representatives
APPROPRIATION COMMITTEE

Education Appropriations Subcommittee

Steve Crisafulli
Speaker

Erik Fresen
Chair

MEETING AGENDA

Morris Hall

January 20, 2015

- I.** Meeting Called To Order
- II.** Opening Remarks by Chair
- III.** Presentations:
 - A. Florida Education Finance Program (FEFP)
 - B. Voluntary Prekindergarten Education Program (VPK)
 - C. Workforce Education Program
 - D. Florida College System Program Fund
- IV.** Closing Remarks
- V.** Meeting Adjourned

Florida Education Finance Program (FEFP)

Funding Formula for Public School Options

- Article IX, Section 1 of the Florida Constitution in part requires that adequate provision be made in law for a uniform system of free public schools



Florida Statutes & Constitution

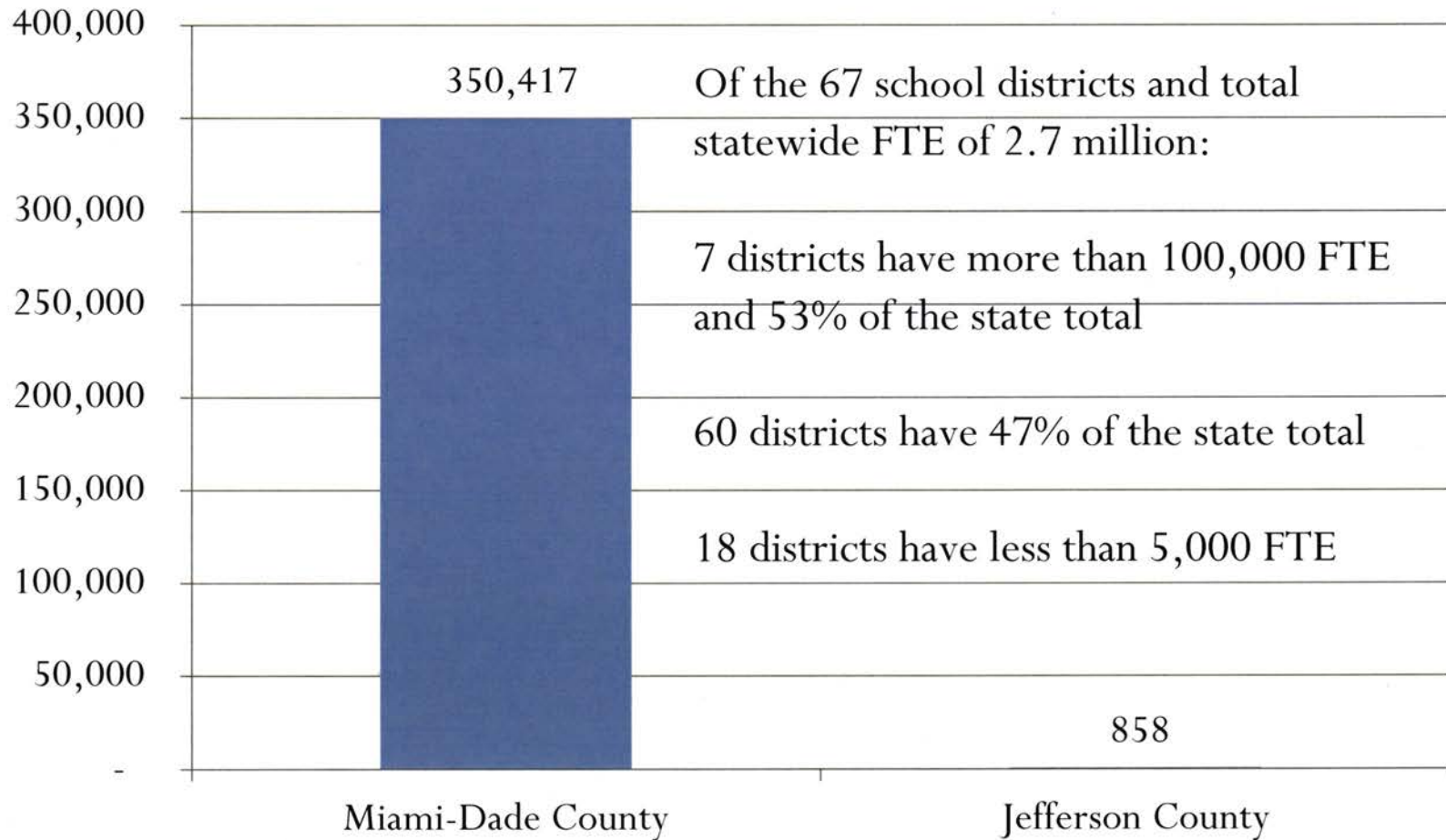
Florida Education Finance Program (FEFP)

- In 1973 the Legislature established the Florida Education Finance Program to comply with the constitutional requirement for a uniform system.
- The funding formula is used to calculate revenue allocations for the 67 school districts, a special district, 6 lab schools, and the Florida Virtual School.
- The Legislature appropriates the total funds and the formula allocates them through a series of calculations.
- Total funds allocated for 2014-15 are \$18,904 billion (56% state and 44% local).
- The FEFP calculation is provided as work papers when the budget is approved.

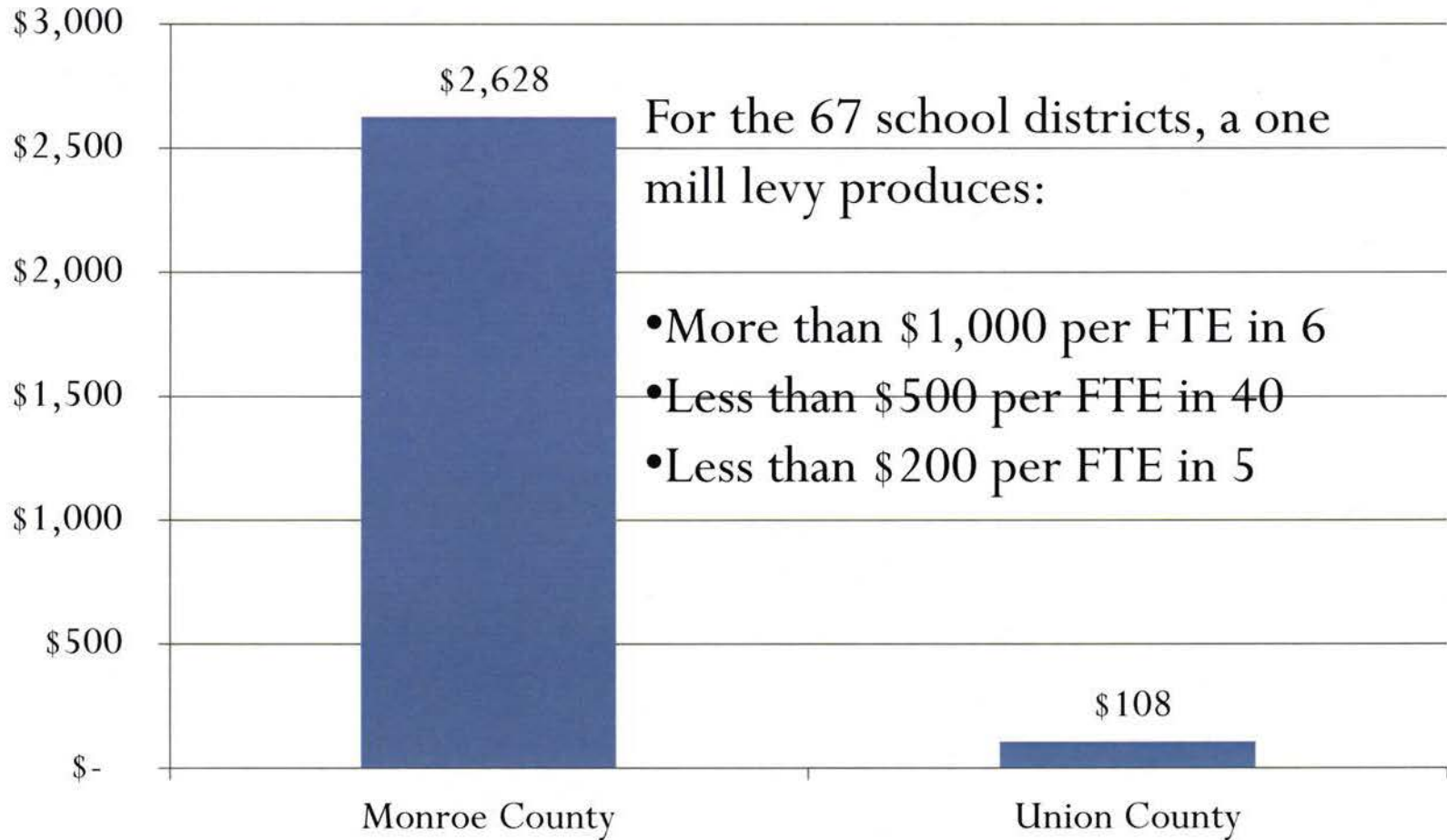
Florida Education Finance Program (FEFP)

- Purpose 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.

Public School FTE Enrollment FY 2014-15 3rd Calculation



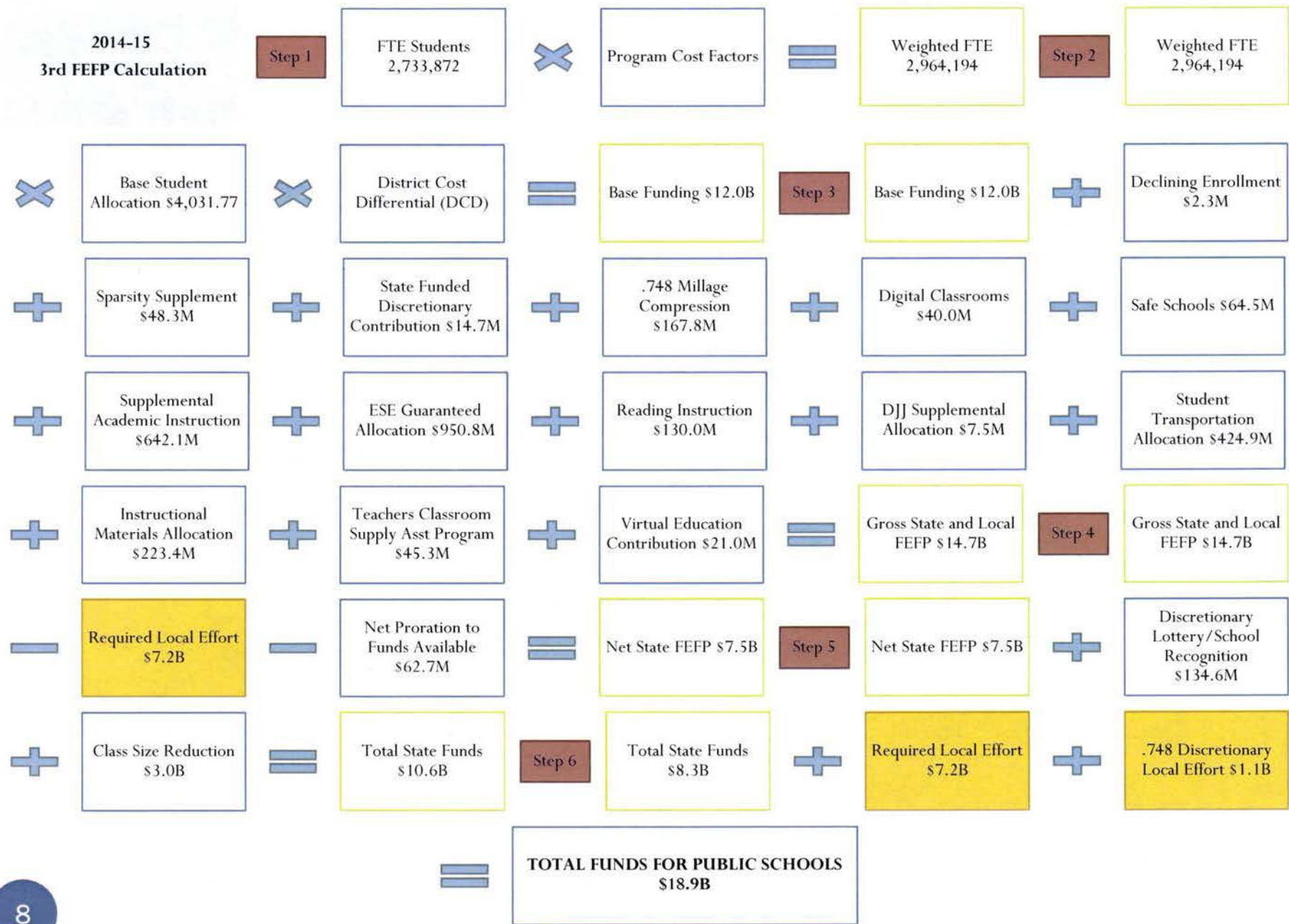
2014 -15 Revenue Per Student Produced by One Mill Levy



Timing of FEFP Calculations

- The FEFP is calculated 5 times during the year to account for actual student counts and accurate tax roll information.
 - First Calculation – March 2014 (GAA Conference Report)
 - Second Calculation – July 2014 (Certification of Millage Rates)
 - Third Calculation – December 2014 (Actual October FTE)
 - Fourth Calculation – April 2015 (Actual February FTE)
 - Fifth Calculation – October 2015 (Actual DJJ & Virtual Summer FTE)

**2014-15
3rd FEFP Calculation**



Step 1

$$\begin{array}{c} \text{Unweighted} \\ \text{FTE} \\ \text{Students} \\ 2,733,872 \end{array} \times \begin{array}{c} \text{Program} \\ \text{Cost Factors} \\ \text{(Weights)} \end{array} = \begin{array}{c} \text{Weighted} \\ \text{FTE} \\ \text{Students} \\ 2,964,194 \end{array}$$

Educational Programs

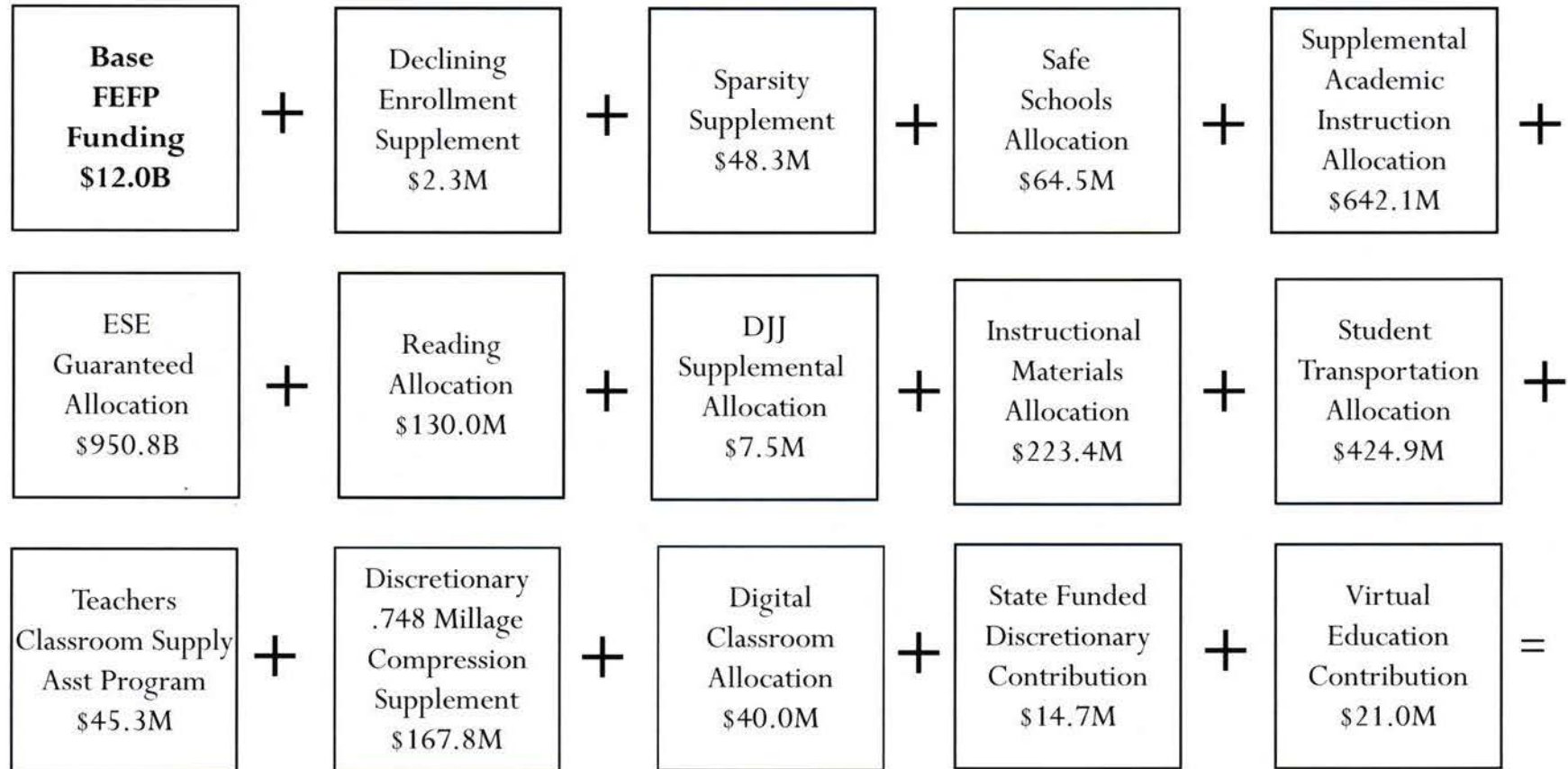
1. Basic Education Grades K-3
 2. Basic Education Grades 4-8
 3. Basic Education Grades 9-12
 4. English for Speakers of Other Languages (ESOL)
 5. Exceptional Student Education, Level 4
 6. Exceptional Student Education, Level 5
 7. Career Education for Grades 9-12
-
- Group 1
- Group 2

Step 2

$$\begin{array}{ccccc} \boxed{\begin{array}{c} \text{Weighted} \\ \text{FTE} \\ \text{Students} \\ 2,964,194 \end{array}} & \times & \boxed{\begin{array}{c} \text{Base Student} \\ \text{Allocation} \\ \text{(BSA)} \\ \$4,031.77 \end{array}} & \times & \boxed{\begin{array}{c} \text{District Cost} \\ \text{Differential} \\ \text{(DCD)} \end{array}} \\ & & = & & \boxed{\begin{array}{c} \text{Base FEFP} \\ \text{Funding} \\ \text{(State \& Local)} \\ \$12.0B \end{array}} \end{array}$$

- **Base FEFP** – funding amount in the FEFP formula which results from multiplying the FTE times the Cost Factors times the Base Student Allocation times the DCD.
 - The calculated Base FEFP amount is funded with both state and local revenues.

Step 3



Gross FEFP Funding
\$14.7B

Gross FEFP Funding – Sum of base funding and the FEFP components to equal total state (General Revenue) and local (ad valorem) funds.

Step 4

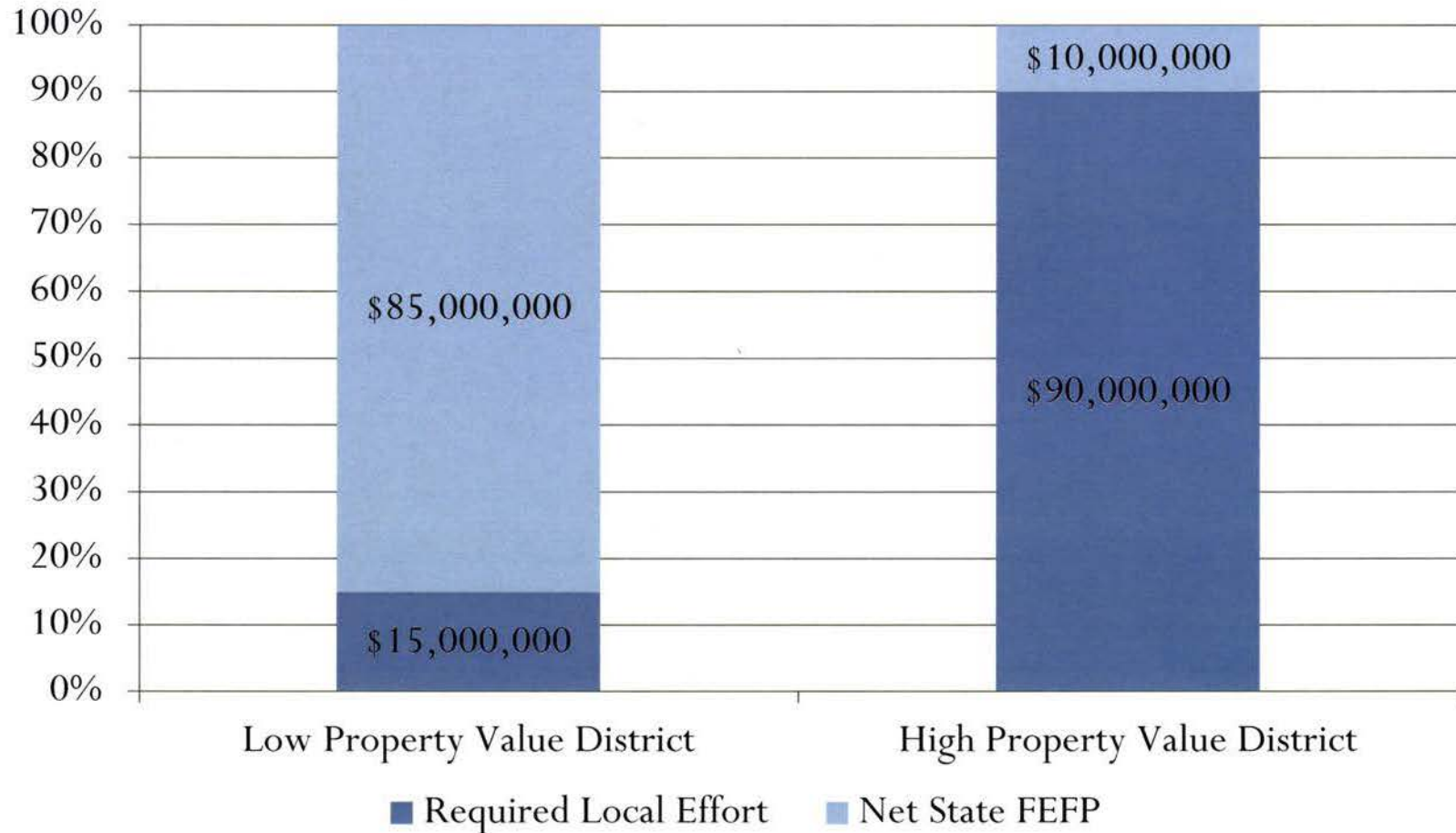
$$\begin{array}{r} \text{Gross} \\ \text{State and Local} \\ \text{FEFP Funding} \\ \$14.7\text{B} \end{array} - \begin{array}{r} \text{Required} \\ \text{Local} \\ \text{Effort} \\ \$7.2\text{B} \end{array} - \begin{array}{r} \text{Net Proration} \\ \text{to Funds} \\ \text{Available} \\ \$62.7\text{M} \end{array} = \begin{array}{r} \text{Net State} \\ \text{FEFP} \\ \text{Funding} \\ \$7.5\text{B} \end{array}$$

- **Net State FEFP Funding** – total state revenues for the FEFP prior to the addition of School Recognition and Class Size Reduction funds.
 - This is the key step in the funding formula to implement the constitutional requirement for a uniform system.
 - “Equalizes” funding so that local property wealth does not create an imbalance among districts.
 - Districts with low property values receive more state funds per student.
 - Districts with high property values receive less state funds per student.

Required
Local Effort (RLE)
\$7.2B

- **Required Local Effort (RLE)** – calculation of the local property tax revenue for the funding formula.
 - Calculated by multiplying county property values by the required millage as certified by the Commissioner of Education in the FEFP 2nd calculation (5.089 mills).
 - To receive state FEFP funding, school districts must levy the required millage.
 - District millage is adjusted to the statewide average assessment level.
 - District required millage may not exceed the amount that would produce 90% of the district's calculated Gross State & Local FEFP funds.

State and Local Funds Example
Gross State and Local FEFP = \$100M
Required Local Effort = 5.089 Mills



Step 5

Net State FEFP Funds \$7.5B	+	Discretionary Lottery/School Recognition Funds \$134.6M	+	Class Size Reduction Allocation \$3.0B
=				
Total State Funds for Public School Operations \$10.6B				

- **Total State Funds for Public School Operations** – sum of all state funds that are formula allocated for public school operations.

Class Size
Reduction
Allocation
\$3.0B

- **Class Size Reduction Allocation** –state funding for school district operations to reduce school district class sizes by 2 for grades PK to 3, 4 to 8, and 9 to 12 until the constitutional maximums are achieved.
 - The allocation is calculated similar to base FEFP funding. Weighted FTE students are multiplied by a class size reduction factor and the district cost differential.
 - If funds remain after achieving class size reduction, they may be spent for other purposes with priority for teachers salary increases or differentiated pay.
 - If class size reduction is not achieved, then a penalty amount of funds is calculated. A minimum of 75% of the penalty funds may be restored if the district submits to the Commissioner of Education a plan to bring the classes/schools/district into compliance for the next school year.

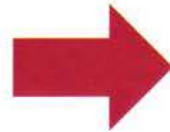
Step 6

Total State Funds for Public Schools \$10.6B	+	Required Local Effort \$7.2B	+	Discretionary Local Effort \$1.1B
=	Total Funds for Public School Operations \$18.9B			

- **Total Funds for Public School Operations** – Total state and local funds for public school operations, including net state FEFP funds, discretionary lottery, class size, required local effort and discretionary local effort.
 - For the legislative process, Total Funds are compared with total funds for public school operations for the previous year to calculate increases in total funding and funds per FTE student.

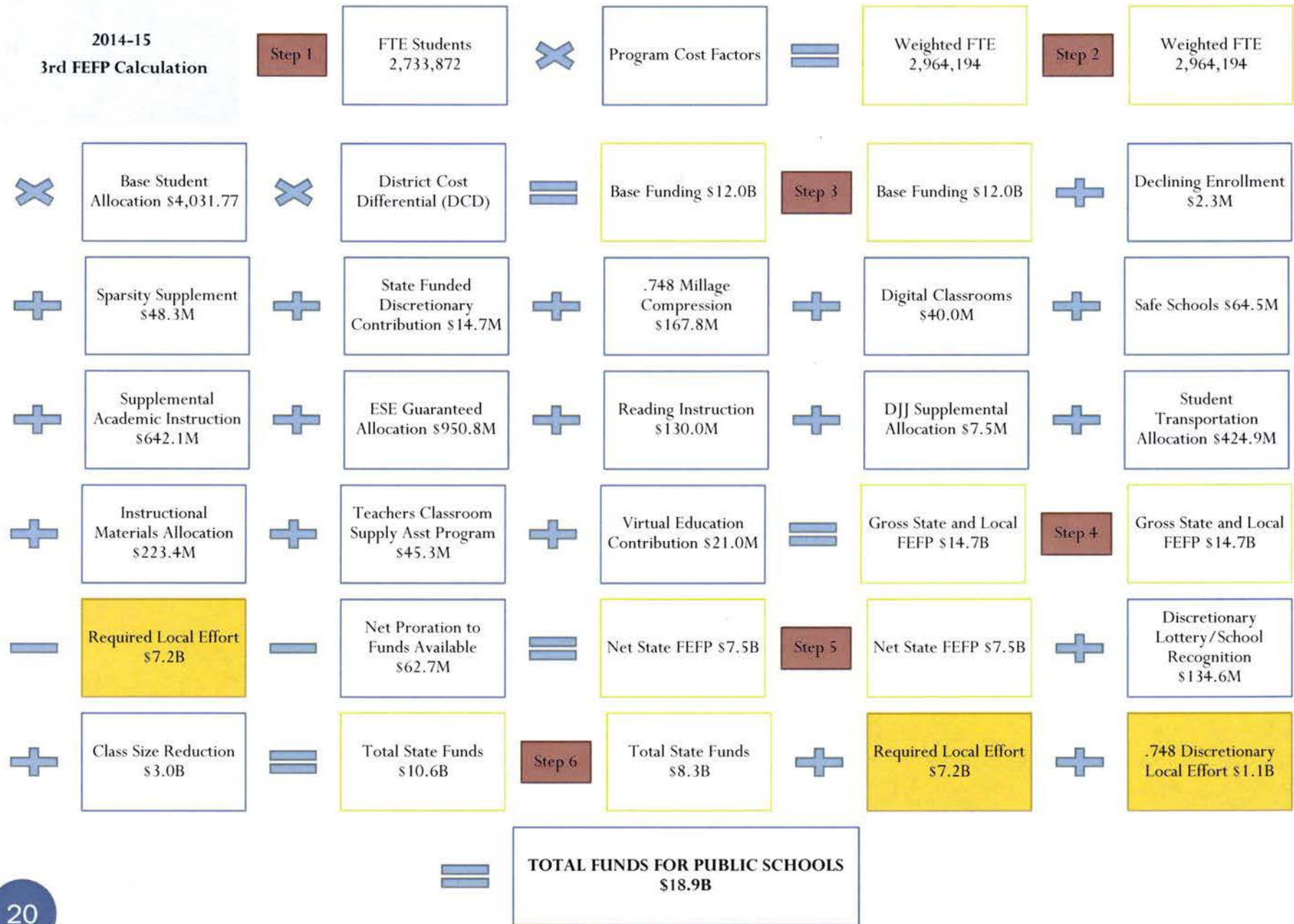
Discretionary Millage Flexibility:

Districts can choose to levy less than .748 but must levy at least .748 mills in order to be eligible for a compression supplement.



If the district levies FOR OPERATIONS and generates less than the statewide average amount per student of a .748 levy then the district will receive a compression supplement equal to the difference of the revenue generated from .748 levy and the statewide average per student.

**2014-15
3rd FEFP Calculation**



Voluntary
Prekindergarten
Education Program (VPK)



VOLUNTARY PREKINDERGARTEN (VPK) FUNDING OVERVIEW



Education Appropriations Subcommittee
January 20, 2015

Constitutional Amendment

2

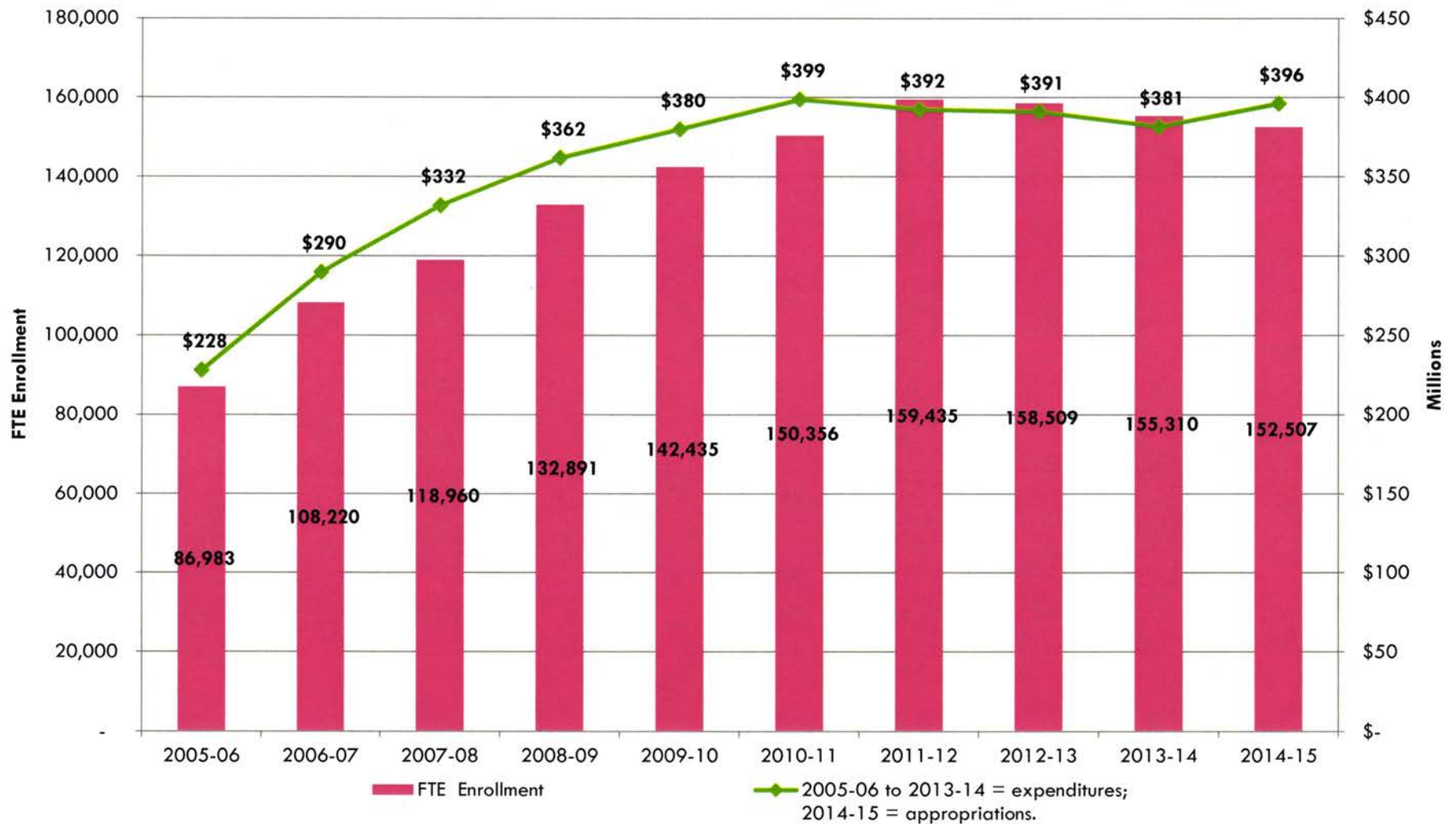
- In November 2002, Florida's citizens voted to provide free universal prekindergarten on a voluntary basis to all four-year-old children.
 - Article 9. Section 1. Public Education. – (b) Every four-year old child in Florida shall be provided...a pre-kindergarten learning opportunity in the form of an early childhood development and education program which shall be voluntary, high quality, free, and delivered according to professionally accepted standards.

Voluntary Prekindergarten Education Program (VPK)

3

- In 2004 the Legislature established the Voluntary Prekindergarten Education Program to comply with the constitutional requirement for an early childhood education and development program.
- The funding formula is used to calculate allocations for the 30 Early Learning Coalitions.
- The Legislature appropriates the funds and the formula allocates them by county and by coalition in the General Appropriations Act.
- Total funds allocated for 2014-15 are \$396.1 million.

Voluntary Prekindergarten Education Program Enrollment & Funding History



VPK Funding Formula

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Full-Time Equivalent (FTE) Enrollment

- One FTE represents one child enrolled for the entire program.
- 540 Hours for the School Year Program
- 300 Hours for the Summer Program

Base Student Allocation (BSA)

- School Year Program
- Summer Program

Administrative Factor

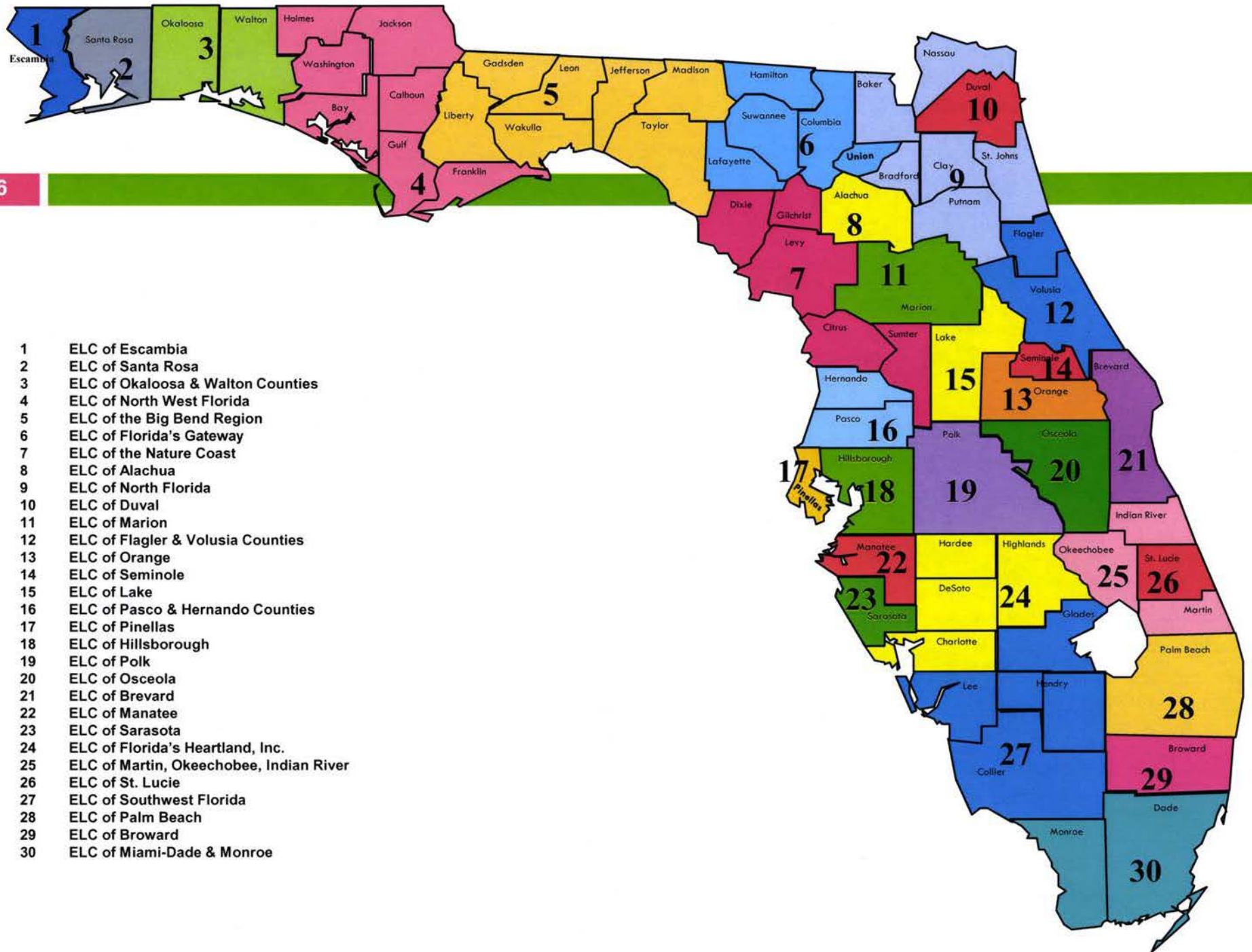
- 4% may be retained by each Early Learning Coalition (ELC)
- May only be used for administering VPK and may not be used for School Readiness or other Programs

District Cost Differential (DCD) Factor

- Adjusts a district's base funding to reflect the relative cost of hiring equally qualified staff

Allocation

- By District
- Totaled by Coalition



6

- 1 ELC of Escambia
- 2 ELC of Santa Rosa
- 3 ELC of Okaloosa & Walton Counties
- 4 ELC of North West Florida
- 5 ELC of the Big Bend Region
- 6 ELC of Florida's Gateway
- 7 ELC of the Nature Coast
- 8 ELC of Alachua
- 9 ELC of North Florida
- 10 ELC of Duval
- 11 ELC of Marion
- 12 ELC of Flagler & Volusia Counties
- 13 ELC of Orange
- 14 ELC of Seminole
- 15 ELC of Lake
- 16 ELC of Pasco & Hernando Counties
- 17 ELC of Pinellas
- 18 ELC of Hillsborough
- 19 ELC of Polk
- 20 ELC of Osceola
- 21 ELC of Brevard
- 22 ELC of Manatee
- 23 ELC of Sarasota
- 24 ELC of Florida's Heartland, Inc.
- 25 ELC of Martin, Okeechobee, Indian River
- 26 ELC of St. Lucie
- 27 ELC of Southwest Florida
- 28 ELC of Palm Beach
- 29 ELC of Broward
- 30 ELC of Miami-Dade & Monroe



School District Workforce Education Funding Models

House Education Appropriations Committee



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Governor's Recommended Technical Education Centers Rapid Response Grant program

- \$20 million for program development and expansion
- Create a rapid response start-up grant program to assist Florida's technical education centers with providing career certificate programs that are directly linked to workforce demands
- Allows district workforce education programs to align course and program offerings with the employment opportunities in current, new and emerging industries

District Workforce Education: Total Operating Funds by Source

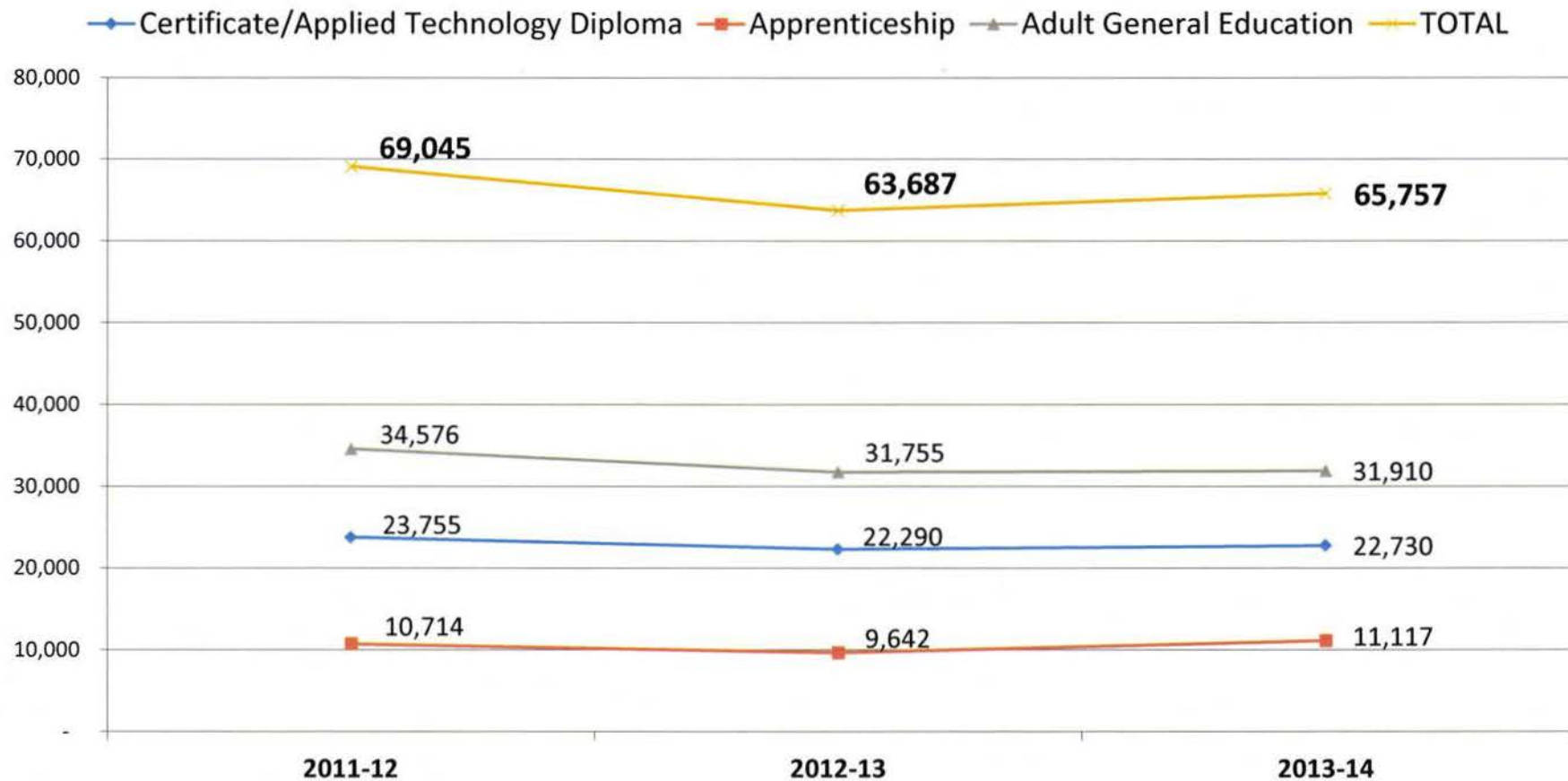
■ State Operating Funds ■ Targeted CTE Funds ■ SFSF ■ Tuition



2014-15 Tuition Policies

- Section 1009.22, Florida Statutes
- Career Certificate Cost
 - Standard Tuition of \$2.33 per contact hour
 - Out-of-state fee of \$6.99 per contact hour
 - Residency determination is required to decide whether the student must pay the out-of-state fee in addition to tuition
- Adult General Education
 - Block tuition of \$30 per term or \$45 per half year
- Districts may vary the standard tuition rate by 5 percent above or below

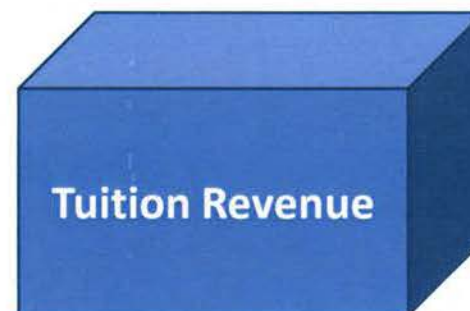
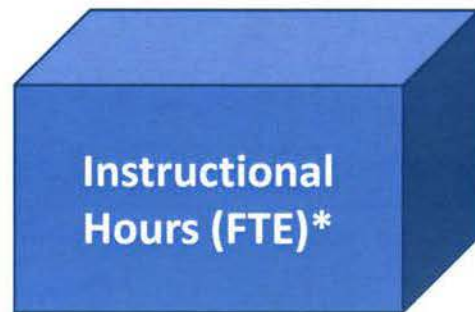
Recent FTE History by Program Area



District Workforce Education Workload Model

- Enrollment workload based model with weighted student enrollment and program cost factors
- OPPAGA study on the funding model
 - <http://www.oppaga.state.fl.us/MonitorDocs/Reports/pdf/1024rpt.pdf>

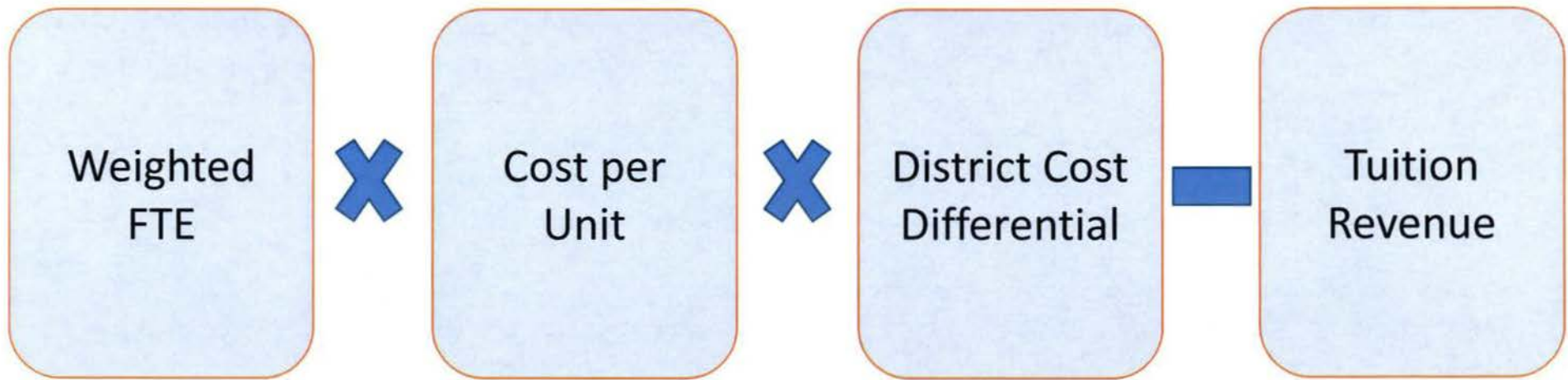
Workload Funding Model Elements



* FTE in the model is usually a three year average of actual instructional activity (no estimates or projections)

Overview of Workload Funding Model

Calculated State Funding =



Cost per Unit for 2014-15 model = \$4,032.60

Allocation of Workforce Development Funds

- Current Policy for District Allocations
 - **BASE FUNDING + ADJUSTMENT**
- In recent history, the funding model has been used periodically to make adjustments to the base funding provided to institutions.

Allocation Policies for 2014-15

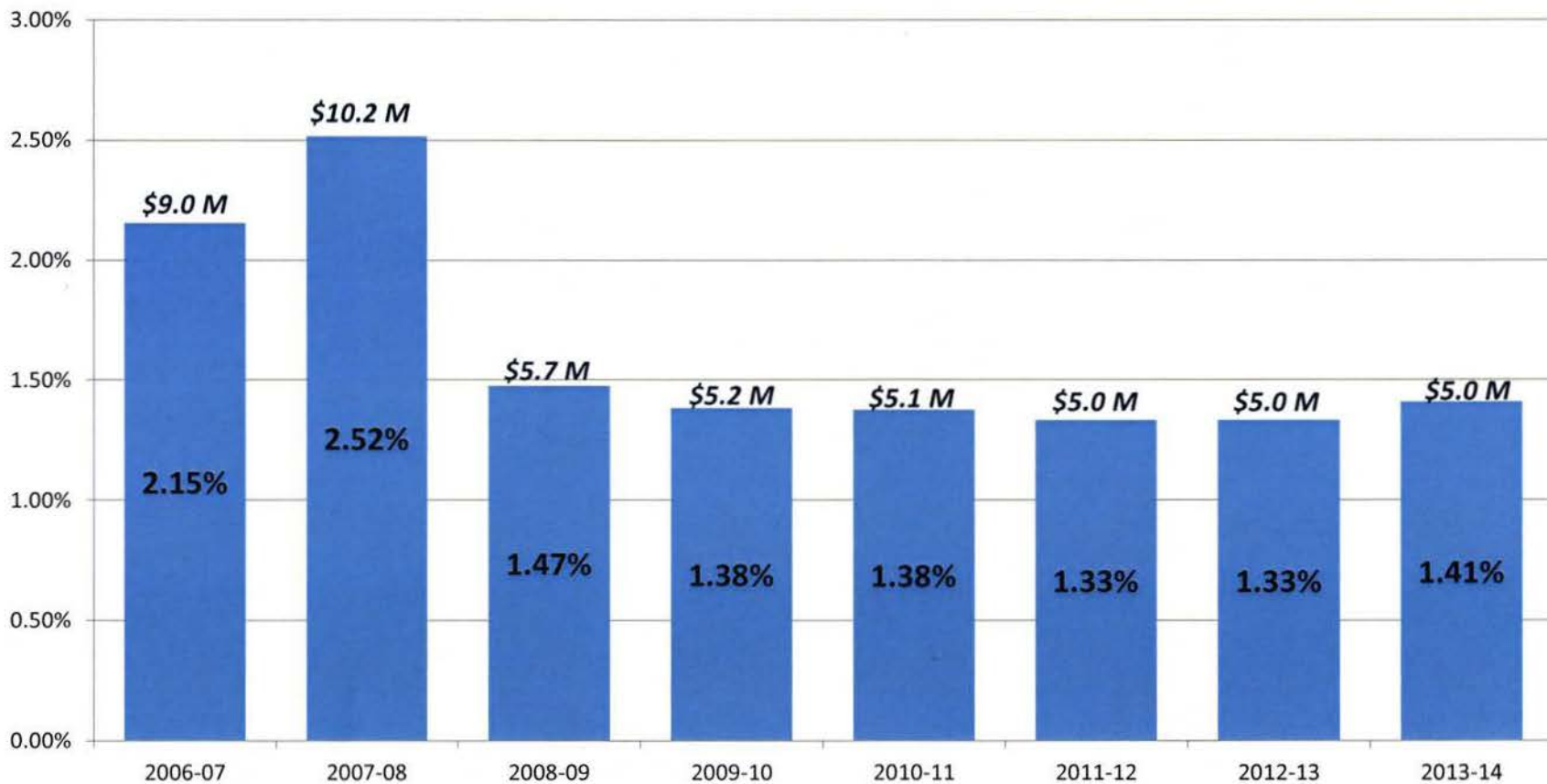
- Workforce development funds were allocated to school districts using the following methodology:
 - Base Funding + Adjustments
 - Add back of recurring targeted CTE funds
 - Reductions to districts with current appropriation above the workload funding model amount
 - Reductions were made to districts based on an index of the difference between a district's current appropriation and the 2014-15 calculated state funding need with larger reductions to districts with current appropriation level of 130% or more of their state funding need
 - Increases were provided to districts with unmet state funding need
 - All districts were funded at a minimum of 100% of workload model calculation

Performance-Based Incentive Funds

- District workforce programs have received a portion of their funding based on various performance metrics since the late 1990s
- A separate performance funding category has been appropriated since 2005-06
 - Various models have been used to allocate these funds

History of Performance-Based Incentive Funds for District Workforce Education

■ % of Operating Funds in Performance Incentives



District Performance Funding Methodologies

- About \$5 million is provided for 2014-15 for students who earn industry certifications during the 2014-15 fiscal year
 - Funds will be allocated at the end of the 2014-15 fiscal year based on industry certifications reported by the districts through May 2015
- \$1,000 per eligible certification is provided for items on the Postsecondary Industry Certification Funding List
- Dual enrollment students can be included in the calculation

Occupational Areas Eligible for Performance-Based Incentives for Industry Certifications

Health science to include:

- *Surgical technology*
- *Orthopedic technology*
- *Dental assisting technology*
- *Practical nursing*
- *Medical coder/biller*
- *Medical assisting*
- *Certified nursing assistant*
- *Emergency medical technician and paramedic*
- *Clinical lab technician*
- *EKG technician*
- Pharmacy technician
- *Clinical hemodialysis technician*
- Automotive service technology
- *Auto collision repair and refinishing*
- *Medium/heavy duty truck technician*
- Cyber security
- Cloud virtualization
- *Network support services*
- *Computer programming*
- *Computer-aided drafting*
- Advanced manufacturing
- *Electrician*
- Welding
- Federal Aviation Administration airframe mechanics and power plant mechanics
- Heating, ventilation and air conditioning technician.

Italics denote new occupational areas for 2014-15

2014-15 Postsecondary Industry Certification Funding List

- The list is adopted annually by the State Board of Education
- 184 certifications on this list are eligible for district performance funding in the 2014-15 fiscal year in the targeted occupational areas.
 - 55 in Network Support Services
 - 27 in Advanced Manufacturing
 - 16 in Cybersecurity
 - 11 in Heating, Ventilation, and A/C Technician
 - 10 in Computer Programming



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Historical Overview of Funding Allocation Model

House Education Appropriations Subcommittee

**Presented by:
Jim Henningsen, Chair
Council of Presidents
January 20, 2015**



HISTORICAL TIMELINE

- Prior to 1980s
 - Colleges funded through Full-time Equivalent FTE formula approach.
- 1980s
 - Base-Plus Allocation Methodology
 - Incremental funding increases to prior year budget plus funds for special initiatives



HISTORICAL TIMELINE

- 1990s
 - State Board of Community Colleges establishes Budget Development Task Force to review funding methodology
 - Work begins on the development of a new funding model
 - New model development supported by SBCC, Florida Legislature, OPPAGA, and colleges
- 2001
 - First fiscal year that the Funding Allocation Model was used to allocate some of the available new funds to the colleges



FLORIDA COLLEGE SYSTEM

Funding Allocation Model

- Provides a methodology by which Program Fund allocations can be made to the colleges.
- Broad stakeholder participation in the development and refinement of the Model.
- Is not based on FTE
- Identifies the “ideal” level of funding based on numerous factors in seven areas.
- The Florida Legislature codified the model components in law. (s. 1011.84, F.S.).



WHY Develop a System-wide Model for the FCS?

- Need for a consistent and equitable funding formula for the colleges.
- Need to address equalization and funding of enrollments
- Account for differences and uniqueness of each college
- Develop consensus and unity among colleges





Guiding Principles

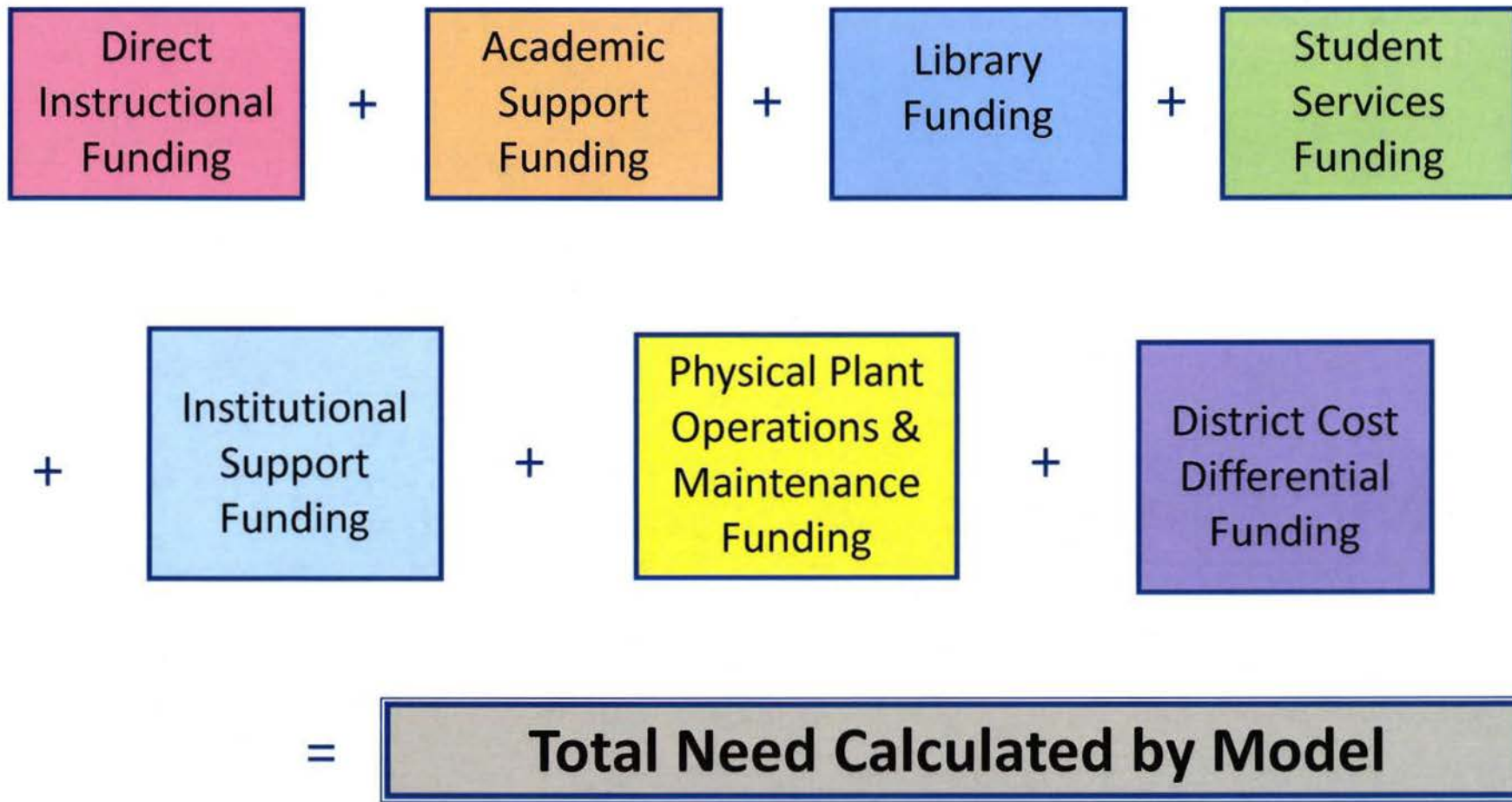
1. Retain institutional autonomy and maximum flexibility in the use of funds and in decision-making.
2. Provide for an equitable distribution of available resources.
3. Provide recognition of differences in institutional role and mission.
4. Compatible with the statewide plan and goals.
5. Adequately and reasonably reflect current and future funding needs.



Guiding Principles

6. Be as simple as possible given the complexity of colleges.
7. Be based on reliable information and data systems.
8. Demonstrate effective and efficient use of resources and be accountable for the use of public funds.
9. Make a persuasive case for additional funding.
10. Be long-term and represent consistent policy and long-term financial needs.

MODEL COMPONENTS





FUNDING ALLOCATION MODEL

- The Model calculates a total funding **need**
- The Model is typically used to create a **Distribution Index** based on each college's relative need, as calculated by the Model, compared to its current actual funding.
- The Model has been used historically to distribute **new funding** to the colleges.



What is Not Working

- Failed to achieve purpose of bringing equity to the system
- Numerous technical flaws in the formula
- Impossible to predict changes in funding based on changes in model components
- Does not respond quick enough to dramatic enrollment swings



COP Recommendation

Assign a task force to revisit the formula and make recommendations on a new or improved model.



Legislative Budget Request Council of Presidents

- Support Affordability
- Embrace Performance Funding
- Continue to Address Equity Issues Among Colleges
- Expand Capacity in Critical Workforce Programs



Student Success

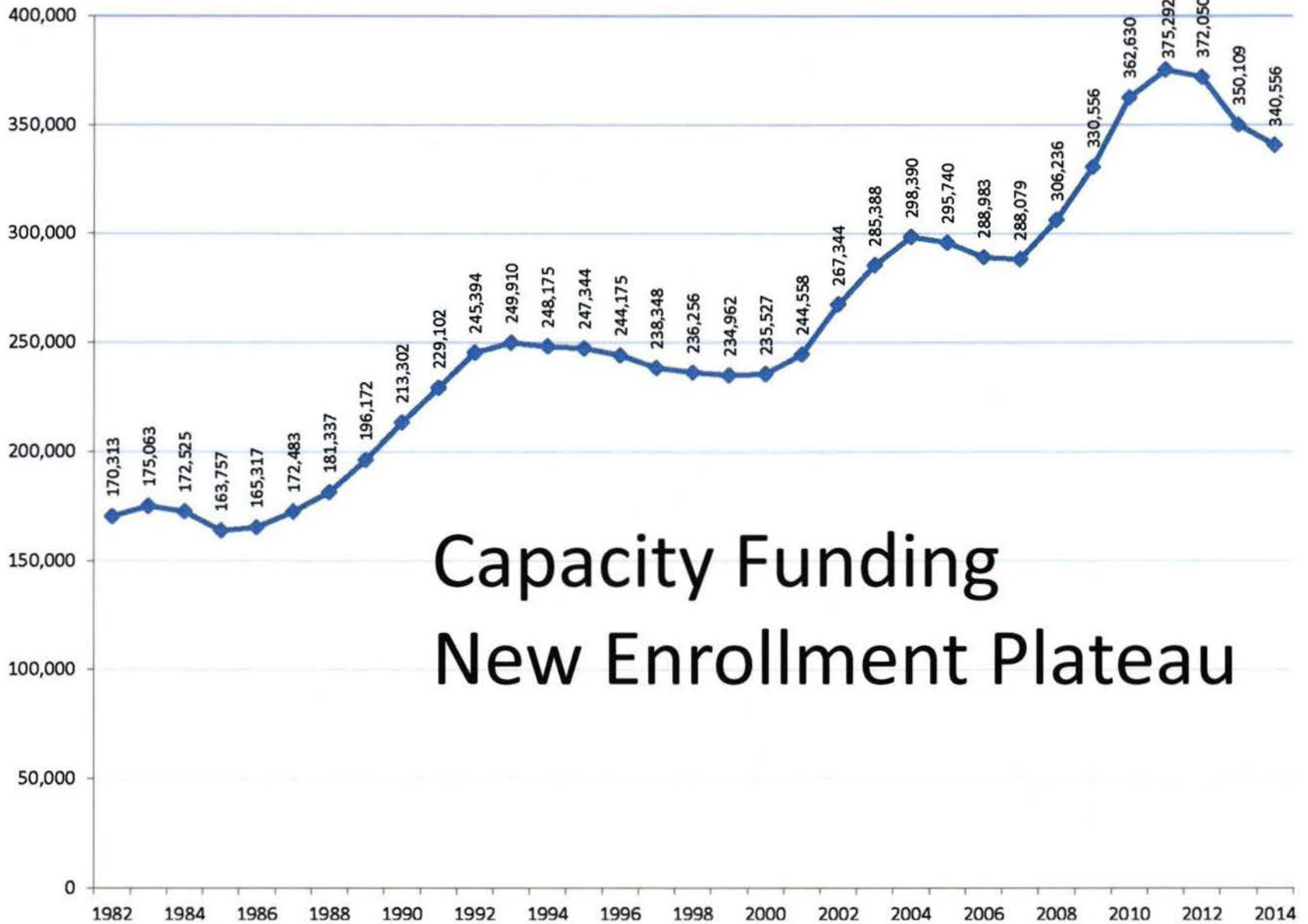
Equity

Capacity

Performance



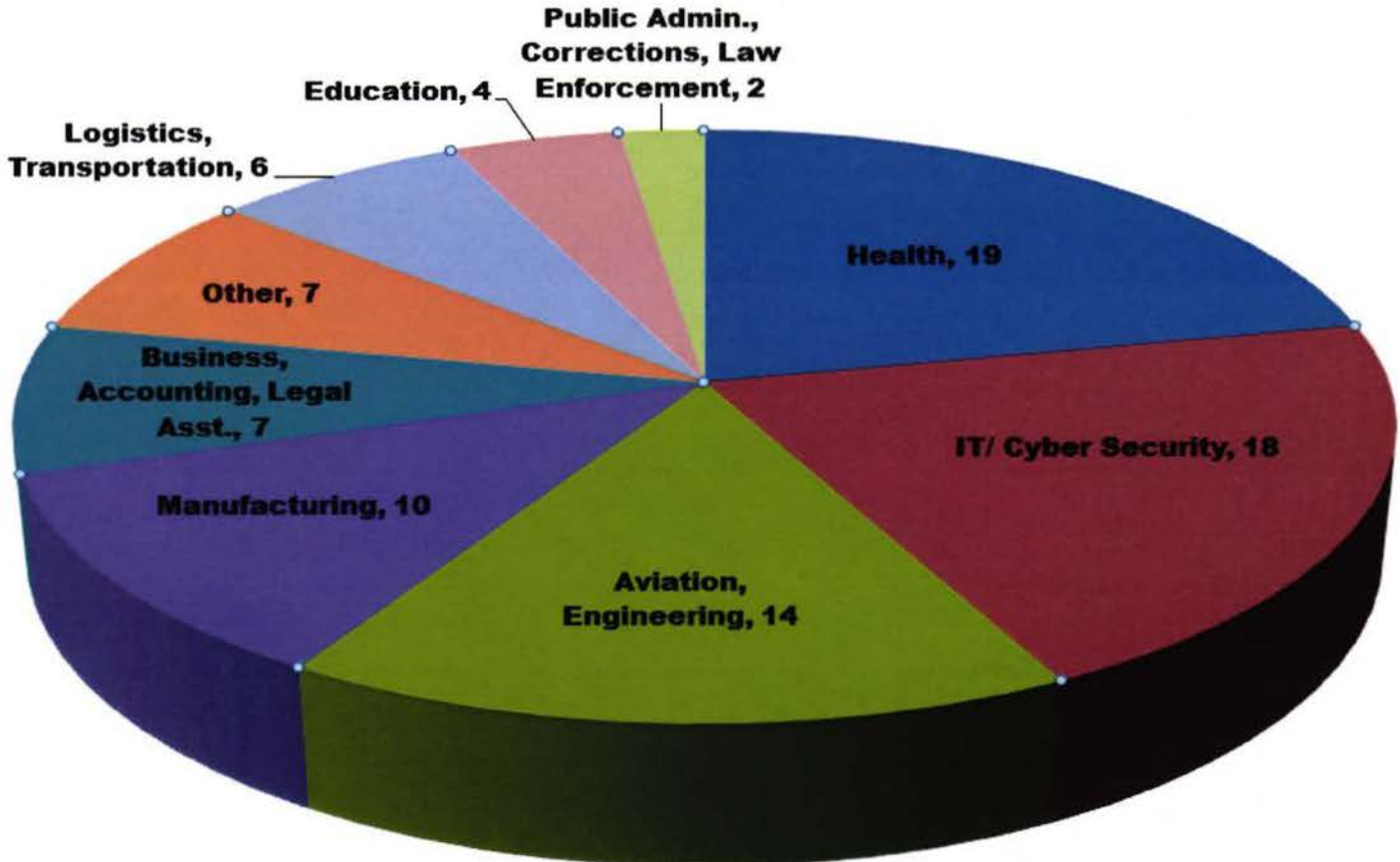
Florida College System Historical FTE Enrollment



Capacity Funding
New Enrollment Plateau

FCS Workforce Program Demand

Workforce Program Needs Summary





Performance Funding

- FCS has a long history of performance funding and continues to embrace being held accountable for student outcomes.
- FCS is working with Commissioner Stewart on a performance funding model.
- FCS is committed to addressing the funding inequality between colleges to create a level playing field.



COP Recommendations

- Performance funding - \$30 million new.
- Equity funding - \$35 million
- Capacity funding - \$35 million distributed by FTE share rather than formula

Florida College System:
Your catalyst for economic growth
and job creation

