



LEAGUE OF WOMEN VOTERS OF ALACHUA COUNTY/GAINESVILLE, FL

Understanding School Choice in Alachua County: Funding School Choice in Florida

Florida has been a leader in developing both public and private school alternative programs to address the challenges of meeting the educational needs of a diverse population. As a result of these many changes, the Alachua County League has begun a study of their financial and social impacts on the county school system. The League will also review the management and evaluation procedures that indicate how these alternative schools fulfill the constitutionally mandated requirement to provide “a uniform, efficient, safe, and high quality system of free public schools that allow students to obtain a high quality education...” as required by the Florida constitution.

“Funding School Choice in Florida” is the first of a series of articles that the Alachua County League will publish. This article will review the major sources of funding as well as the differences in state funding for the school choice alternatives. A glossary has been attached that will define terms, and there are links to attachments which provide additional data relevant to the discussion of each topic. A summary of significant points included in the article follows:

- The state legislature has shifted more of its responsibility to the local level property taxes. In fiscal year 2002, the state contribution was 70.4% of the Alachua County school budget while in 2012-13 it dropped to 58%.
- The sixteen Alachua County charter schools are public schools that are contracted to not-for-profit companies. They receive the same per student funding plus state tax dollars for privately owned or leased buildings and federal money to cover start-up costs.
- Alachua County students have the choice of 2 virtual schools, one funded by the district and one by the state. Funding for the district’s online school remains in the county.
- Corporations received tax rebates for Florida Tax Credit Scholarships they fund to send low income students to private schools.

Sources of K-12 Public School Funding.

There are three main sources of funding for public schools in Florida:

- Federal government
- State government and
- Local county government

Federal funds. These funds are targeted for particular programs and cannot be used for general operational expenses. Examples include school lunch and breakfast, Title 1 reading and math programs and ROTC. In addition, the federal stimulus money that supported 250 teachers for two years ended in 2010-11.

State and local funding. State funds are allocated in three categories: Florida Education Finance Program (FEFP) which funds general operational needs, categorical funds to reduce class size, and capital outlay funds that fund capital building projects and maintenance. The state legislature determines each year how much FEFP local and state funding each school district will receive. (See formula in Appendix 1.) The local minimum contribution, funded by county property taxes, is mandated by the state, but the county is allowed to collect additional discretionary mills for capital without voter approval. For the most part, the local funds are used for general operating expenses. The state government portion is currently funded by sales tax. The lottery funds are now designated for higher education scholarships, debt service, a portion of class size reduction, and bonds for construction. Discretionary lottery funds are now allocated for school recognition.

The expansion of school choice alternatives has come at a time of recession when state income from sales taxes has declined. To compensate for decreased revenue, the state legislature has shifted more of its responsibility to the local level which is suffering from decreased property value and as a result, property taxes. In fiscal year 2002 the state contribution was 70.4% of the Alachua school budget while in 2012-13 it dropped to 58%. In fiscal year 2012-13 the state contribution to Alachua County's school operating budget is \$3593 per full time equivalent (FTE) student. This is a decrease from \$4,780 in 2001-08, a decline of 25%. The state local county support for 2012-13 adds \$2,733 per student. This is an increase from \$2,455 in 2007-08, an 11% increase. The current operating millage is 6.049 (not including the 1.0 voter approved operating millage. The operating millage in 2007-08 was 5.742. (See Appendix 2 for calculation). Declining property values in Alachua County require the state to supplement funding for Alachua County in order to meet the minimum funding requirement.

Fortunately, Alachua county voters voted to continue an additional 1 mill in the 2012 election which will be used to support specific music, art, magnet and other programs. The county will now be able to meet its budget, but it will need to restore its depleted reserve funds.

Funding for School Choice Alternatives

According to Jeanine Blomberg, (former Florida Interim Commissioner of Education), school choice enables parents to select schools that reflect the "family and community values" they feel are important. The legislature is directing an increasing proportion of state revenue to fund public charter and online schools as well as vouchers for students with disabilities and/or qualified low income families to attend private schools. Each of these as well as the state and local funding will be explained.

Charter Schools. Charter schools are public schools that receive the same FEFP funds as other district schools. In Alachua County, all 16 charters are contracted by the school board to not-for-

profit companies which have a governing board residing within the county and own or lease their school buildings. In the rest of the state, many charters are run by for-profit companies operating with local boards. Alachua charter schools currently enroll approximately 1880 students, and their teachers are hired by the private companies; they may not be part of the district's salary and benefit plans. Charter schools pay an administrative support fee to the local district, and they do not receive any funds from the voter approved one mill property tax. In addition, new charter schools received up to \$350,000 from the federal government in startup fees. If a charter school fails to enroll sufficient students to open there is no current way to retrieve the start-up funding. (See Appendix 3 for detail.)

Charter schools own or lease their buildings which are exempt from state regulations for educational facilities other than those that relate to safety and local zoning requirements. In 2011-12, charters received all of the \$55 million in PECO construction money available in the state. The Alachua school administration calculates a net budgetary loss to the district of \$5,153,451 due to the operation of charter schools, not including the loss of PECO funds.

Virtual Schools. Alachua county students have the choice of two virtual schools.

- The Florida Virtual School (FLVS) serves students online from across the state. It was created by the state legislature and is funded as a separate, additional school district. Students may attend full time or part time. Recent legislation requires every student to take at least one online course before graduating. This virtual school affects the local school district in one of two ways. If a child attends FLVS full time then all the reimbursement goes to the FLVS rather than the local school district. If the child takes some classes at FLVS and some in their local school then each receives a proportional share of state funding. Currently, 62 students from Alachua County are enrolled full time in FLVS. The FLVS receives a reimbursement of \$5000/ FTE, which is less than the traditional schools thus in theory more economical. Since there is no local entity involved to pay property tax, the state pays the whole cost. If these students enrolled in the Alachua virtual school instead the district would accrue an additional \$395,250.
- Alachua County has also started virtual schools which became fully functional in January 2012. Students may enroll full or part time. The teaching program for the eSchool is provided by FLVS but the local district has administrative control to select teachers and oversee student performance. Funding is proportional to the FTE of the student, and the FEFP funds remain in the local district. Some home schooled students are now taking advantage of this option to supplement their home based education.

Private Schools. In order to expand school choice, the legislature has set up systems to include McKay scholarships for special needs children, and corporate tax rebates to fund tuition to private schools for low income families.

McKay Scholarships are awarded to children with either a physical disability or a learning disability. These vouchers allow children to attend a public or private participating school or public school in an adjacent district of their choice. Initially the program was designed for only

those children with a physical disability, but in July 2011 the program was expanded to include children with learning disabilities. This has greatly increased the pool of potential applicants. In 2012 in Alachua, 217 students attend 18 different private schools on McKay scholarships and receive vouchers with varying amounts depending on the disability. (See Appendix 4.) This year the total value was \$1,149,592. If 95% of these students remained within the local school district the district would receive \$1,314,206 additional FEFP funding.

Florida Tax Credit (FTC) scholarships are funded by private corporations that deposit tax money, owed to the state, directly to a nonprofit organization (Step Up For Children) which then distributes it to needy applicants to attend a private school. In 2012-13 corporations can collectively deposit up to \$229 million of their owed tax money into this account. They then can also benefit on their federal tax return by claiming a donation to a nonprofit organization. State and local governments have little control over how this money is distributed. While there is a loss of tax revenue to the state, the state does not pay to educate these children.

In 2010-11 in Alachua County 306 qualified low- income students received FTC vouchers of \$4,335 each to attend 18 private schools. Students who enroll in an adjoining county public school receive \$500 to help with transportation. If a student drops out of the school during a pupil count period, the private school keeps the funding for that child even though they are not attending.

Alachua private schools (83% religious) received \$1,160,977.32 from the FTC. If 95% of these students enrolled in public schools the district would have received \$1,853,212 in additional revenue. The loss in revenue is not offset by the reduction in the number of students because the students represent many different schools and grade levels; thus there is no significant savings to the district. The legislature has recently approved a measure that would increase the corporate donation cap by 25% each year and increase the tuition voucher by 4% each year.

In January, the Alachua County League publish the second article in this series on 'Understanding School Choice' that will focus on the management and evaluation standards which are intended to determine the effectiveness of the school choice options.

Appendix

1. FEFP funding formula (Florida Education Finance Program)

State share of FEFP

1. Determine the number of full time equivalent (FTE) students in the district and the number in those grades who participate in Exceptional Student Education programs (ESE) like special education or advanced placement programs.
2. Calculate a weighted student count number of FTE, based on the number of children in grades 4-8 who do not participate in specific education programs plus the total number in grades 4-8 who do participate plus the total number in grades K-3 and 9-12. (determined 2 times/year)
3. Multiply the weighted FTE student count by the base allocation (determined annually by legislature) and then by the district cost differential to get a base allocation.
4. A supplemental allocation can then be added to the district's base allocation to determine the final district allocation from the state. Supplements are for specific needs or programs like Juvenile Justice, transportation, safe schools, exceptional student education etc.

2. Local required effort share of FEFP funding formula

The cumulative total required effort (share of cost) of all Florida counties is determined annually by the state legislature. Individual county contributions are then based on their most recent tax valuation which then determines the millage rate. In addition to the base rate, a county is allowed to collect additional discretionary millage. In addition Alachua county voters in 2008 and again in 2012 approved an additional one mill property tax to provide services like a school nurse, music and arts. Additional millage over the base cannot exceed 10 mills.

Millage

A mill = \$1 in property tax for every \$1000 taxable value of property. As a result, two counties with the same millage rate can receive differing amounts of money depending on the value of property in the county.

3. Charter School reimbursement to district formula

Charter schools pay an administrative fee of 5% of their budget based on FTE for up to 250 FTE students or 2% for up to 250 students to the district if the school is ranked as a high performing school by the Department of Education. None of the Charters in Alachua County currently enroll more than 250 students. To be considered a high performing school it should have received at least two "A" grades and no grade below "B" in the last three years. The school must also be financially stable.

4. McKay Scholarships funding for student with a 504 learning disability plan 2011-12

	Grade K-3	Grade 4-8	Grade 9-12
	Basic/ student rate	Basic/ student rate	Basic/ student rate
Alachua County	\$4087	\$3741	\$3806

Alachua County 2011-12 McKay Scholarships funding for student with an IEP physical disability plan

Grades K-3			Grades 4-8			Grades 9-12			All grades	
ESE Level 1	ESE Level 2	ESE Level 3	ESE Level 1	ESE Level 2	ESE Level 3	ESE Level 1	ESE Level 2	ESE Level 3	ESE Level 4	ESE Level 5
\$5062	\$7234	\$10509	\$4834	\$7006	\$10281	\$4584	\$6756	\$10031	\$12377	\$17363

Published on December 10, 2012 by the LWVAC/G Education Team