



Florida House of Representatives

Representative Larry Metz

District 32

District Office:

193 Cherry Valley Trail
Groveland, FL 34736-3645
(352) 989-9134
(352) 989-9136 (fax)

Email: Larry.Metz@myfloridahouse.gov

Capitol Office:

222 The Capitol
402 South Monroe Street
Tallahassee, FL 32399-1300
(850) 717-5032

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CONTACT: Hannah DuShane, Legislative Aide

(352) 989-9134

Rep. Metz Files Bill to Repeal District Cost Differential in K-12 Funding Formula

Groveland, FL – State Rep. Larry Metz (R-Yalaha), filed House Bill 4047, seeking to repeal the District Cost Differential (DCD) contained within the Florida Education Finance Program (FEFP) funding formula for K-12 education. The DCD is based on the Florida Price Index and adjusts the amount of money that each school district receives from the State of Florida through the FEFP. In Fiscal Year 2014-15, the DCD factor for the Lake County School District was .9744, which resulted in the Lake County School District receiving \$.9744 cents for every \$1.00 that would otherwise be allocable under the FEFP. This reduction in funding required by the DCD on an annual basis resulted in the Lake County School District receiving over \$4.5 million *less* funding than it would otherwise have received if the DCD was not a part of the K-12 funding formula.

The FEFP is a complex state funding formula that has been in effect since the early 1970's. It contains many components, including the number of students, the programs they are enrolled in, the weighted funding for such programs, additional funding for students with unique learning abilities, and many other factors. Larger urban school districts with relatively richer and more diversified property tax bases benefit financially from the DCD while some small and medium sized districts with lower property tax bases but too large to receive other forms of funding - such as the sparsity supplement - are financially harmed by the DCD.

The inequities in the funding formula are illustrated by a comparison of the Sarasota County School District with the Lake County School District. This is a fair comparison because the two districts are similar in student count (approximately 41,000 students). In FY 2014-15 the Sarasota County School District benefitted from the DCD because it received \$1.0049 for every dollar that would otherwise be allocable under the FEFP. In the aggregate, this DCD supplement amounted to \$900 thousand more in funding for the Sarasota County School District. The net difference of the DCD factors for these two districts was approximately 3 cents for every dollar that would otherwise be allocable under the FEFP (\$1.0049 less \$.97044 equals \$.03446).

However, in FY 2014-15 the Sarasota County School District also received approximately \$33.7 million from its supplementary discretionary millage. In contrast, the Lake County School District received approximately \$12.4 million from its supplementary discretionary millage, which was augmented by another \$4.3 million from the state through the FEFP, which brought the Lake County School District's levy from its supplementary discretionary millage up to the state average. Thus, in combination, the Lake County School District received \$16.7 million from local and state sources through the supplementary discretionary millage. Comparing Sarasota to Lake on that line item alone in the FEFP, Sarasota received approximately \$17 million more than Lake. Yet Lake's funding was harmed by the DCD (\$4.5 million less, based on a reduction of nearly three cents on the dollar), while Sarasota received an extra half penny on the dollar (\$900 thousand more). Netting out the differences from the supplementary discretionary millage and the DCD, Sarasota received over \$22 million more in funding than Lake even though Sarasota has only a few hundred students more than Lake.

“The current FEFP results in the Lake County School District being number 66 (out of 67) in state funding despite being number 19 in student population. The inequities in the FEFP funding formula for the Lake County School District and similarly situated school districts are exacerbated by the application of the DCD to FEFP funding. Repeal of the DCD will put smaller and medium sized school districts in mainly rural areas on a more level financial playing field with their larger and more affluent counterparts, who benefit from

richer and more diversified property tax bases and do not need the DCD in order to have adequate K-12 funding,” Metz said. “Moreover, from a broader policy perspective, these funding disparities highlight the need to study the current K-12 funding formula in its entirety, perhaps by a blue ribbon commission,” Metz added.

The companion bill in the Florida Senate, SB 1284, was filed by Senator Dorothy Hukill, R- Port Orange.

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