



## Office of Program Policy Analysis And Government Accountability



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### *INFORMATION BRIEF*

## State-Level Cost Estimate of Administering the Florida Education Finance Program

### Abstract

- The state-level cost of administering the Florida Education Finance Program (FEFP) is approximately \$1.5 million for fiscal year 1996-97.
- A majority of the activities needed to administer the FEFP are conducted using automated information systems.
- Many of the costs associated with administering the FEFP are costs that would be incurred for administering any education funding formula based on student counts.
- A majority of the activities the state conducts to administer the FEFP are also conducted to meet federal reporting requirements.

costs. The state conducts several activities associated with administering the FEFP and allocating funds for the various components of the formula. These activities are performed to ensure that the funds are distributed accurately to school districts.

The state-level costs included in this report are costs incurred by the Department of Education and the Auditor General. The costs reported include salaries, benefits, and related activity costs such as computer time, travel, printing, and indirect agency costs. Costs not included are those incurred by Legislative appropriation and substantive committee staff and Governor's Office staff for making allocation distribution calculations.

### Cost Estimate

We estimate the state-level cost of administering the Florida Education Finance Program (FEFP) in fiscal year 1996-97 to be approximately \$1.5 million. This cost represents .0143 percent of the funds distributed through the Florida Education Finance Program (FEFP). In fiscal year 1996-97 state funds appropriated to finance the FEFP were approximately \$10.5 billion; \$6.6 billion from state sources and \$3.9 billion from local funds.

There are six major cost components associated with administering the FEFP. These components include estimating student enrollment

### Purpose and Background

The purpose of this information brief is to provide the Legislature with an estimate of the state's cost for administering the Florida Education Finance Program (FEFP) for fiscal year 1996-97.

The 1973 Florida Legislature enacted the Florida Education Finance Program (FEFP). School district funding is driven by the number of full-time equivalent students (FTEs) participating in various educational programs with different

by FTE, reporting FTE data, calculating funds to be distributed to the districts, identifying different costs of living between school districts, maintaining a cost accounting system, and conducting audits of the accuracy of the data reported. Exhibit 1, includes a description of each

component and identifies the number of FTEs and the cost of performing each activity. The first five composed are performed by the Department of Education while the sixth component is performed by the Auditor General.

### Exhibit 1

#### State Level Cost Estimate of Administering the Florida Education Finance Program (FEFP)

Major State Level Cost Components	Description of State Level Activity	Number of FTEs	Cost of Activity
<b>1. Enrollment Estimating</b>	<ul style="list-style-type: none"> <li>DOE staff manage an enrollment estimating process and provide technical assistance to school districts.</li> <li>Provide forecasts to the public school enrollment estimating conference.</li> </ul>	1.49	\$93,918
<b>2. FTE Reporting and Accounting</b>	<ul style="list-style-type: none"> <li>FTE data electronically submitted to DOE from the school districts.</li> <li>FTE data collected in the student data base represents less than 1% of the data collected from school districts.</li> </ul>	.75	\$69,150
<b>3. FEFP Appropriation Allocation</b>	<ul style="list-style-type: none"> <li><b>Budget Planning.</b> DOE staff manage data that are the basis for the appropriations calculation of the FEFP as part of the Allocations Conference process.</li> <li><b>Fund Calculation.</b> The FEFP and other categorical formulas are calculated five times each year. School district and tax roll data are verified and validated for use by the Allocation Conference.</li> <li><b>Fund Distribution.</b> Funds are generally distributed to districts on a bi-monthly basis based on the payment schedule in the allocation conference manual.</li> <li><b>Fund Adjustment Management.</b> Prior year allocations are adjusted for a variety of reasons provided for in law.</li> </ul>	5.54	\$368,929
<b>4. District Cost Differential (DCD) <sup>1</sup></b>	<ul style="list-style-type: none"> <li>The Department annually computes the DCD for each school district.</li> <li>The Florida Price Level Index is annually prepared by the DOE in order to calculate the DCD. These services are primarily contracted, (\$273,188).</li> <li>The DOE has a contract with Dr. David Denslow to review the underlying econometric assumptions of the Florida Price Level Index and to recommend improvements (\$75,000).</li> </ul>	.50	\$379,044
<b>5. Cost Accounting and Reporting</b>	<ul style="list-style-type: none"> <li>DOE staff manage a uniform cost accounting system that provides the basis for the FEFP cost factors.</li> <li>These data are used as the official financial accountability report of the districts in accordance with federal requirements.</li> </ul>	1.7	\$99,316
<b>6. FTE Audits</b>	<ul style="list-style-type: none"> <li>The Auditor General conducts FTE audits of the school districts to check the accuracy of FTE information reported to the state for funding purposes.</li> <li>Adjustments are made to the school districts' FTE count based on the Auditor General's findings.</li> </ul>	15	\$480,000
<b>Total</b>		<b>24.98</b>	<b>\$1,490,357</b>

<sup>1</sup>The law requires the DOE to annually compute the district cost differential. This cost differential is used to adjust funding to reflect the differing costs of living faced by school district employees in the various districts.

Source: Information provided by the Department of Education and the Office of the Auditor General.

## General Observations

- A majority of the activities needed to administer the FEFP are conducted using automated information systems. For example, the student enrollment data that is electronically submitted to the Department is used as the basis for many automated calculations.
- Five of the six cost components identified would be associated with administering any education funding system based on student counts. However, costs may be reduced if there were fewer variables used in the funding formula.
- The district cost differential component of the FEFP funding system is not associated with the student count but is included to help equalize funding across districts where the cost of living varies.
- Activities associated with determining student enrollment are also conducted to meet federal reporting requirements and could be modified but not discontinued.

Copies of this cost estimate may be obtained by telephone (904/488-1023 or 800/531-2477), by FAX (904/487-3804), in person (Claude Pepper Building, Room 312, 111 W. Madison St.), or by mail (OPPAGA Report Production, P.O. Box 1735, Tallahassee, FL 32302). For further information contact Jane Fletcher (487-9255) or Kim McDougal (487-9256).

Web site: <http://www.state.fl.us/oppaga/>