

Required Local Effort (millage) and the Impact of Students not Residing in Sumter County

A White Paper

Executive Summary

In 1973, the Florida Legislature enacted the Florida Education Finance Program (FEFP) as a method for funding public education. The FEFP equation attempts to adjust education funding to meet the needs of the student regardless of their varying demographic or economic factors. The primary basis for education funding is student enrollment. In general, one student is equal to one FTE.

The FEFP is funded with both state revenue (primarily sales tax) and local revenue derived from property tax. In order to receive state funding, school districts must levy the local property tax millage set by Legislature.

In 1998, the Legislature authorized each district's share of the state total required local effort to be based on its local property tax valuation practices (taxable value and assessment ratios) and a 90 percent factor used to ensure that no district's property taxes comprise more than 90 percent of the district's total FEFP entitlement.

In fiscal year 2010-11, the statewide unadjusted millage rate is 5.380, but it actually ranges from 1.916 (Monroe County) to 5.731 (Lee County)¹. Sumter County is 4.984. Beginning with fiscal year 2009-10 Sumter County was affected by the 90 percent cap joining only 7 counties affected in 2010-11.

In 2001, the Villages began establishing a Charter in the Workplace with Villages Elementary School (K-5), located in Sumter County but allowing children of employees to attend this charter school therefore pulling students from many counties but most significantly from the tri-county area (Sumter, Lake, and Marion). At that time, there were 347 attending the Villages Charter Elementary School. In 2010-11, there are just over 2114 students attending the Villages Charter School (K-12) with approximately 1,493 students residing outside Sumter County with their parents paying property taxes in those surrounding districts. Total students for all Sumter County schools including the Villages Charter is approximately 7426 making the Village Charter School 29% of total enrollment with students residing outside the Sumter district make up 71% of the Villages Charter School enrollment.

¹ The Millage in Monroe County is low because of the 90 percent adjustment 2nd calculation.

Since the FEFP is primarily based on student enrollment, out-of-county students can affect this calculation greatly, especially in a small district. The 2008-09 school year is the first year Sumter County would have met the 90% cap if out-of-county students did not attend a Sumter County school. The millage rate in Sumter County would have been 4.679 (instead of the 5.234 levied) and would have taken the Required Local Effort from \$31,783,673 to \$28,413,414, a savings of \$3,370,259 to the taxpayers of Sumter County².

In 2009-10 school year Sumter County taxpayers would have benefitted even more if out-of-county students were not included in the required local effort calculation. The millage rate in Sumter County would have been 4.366 (instead of the 5.308 levied) and would have taken the Required Local Effort from \$34,249,597 to \$28,171,391, a savings of \$6,078,206 to the taxpayers of Sumter County³.

In 2010-11 school year Sumter County taxpayers would have benefitted slightly less if out-of-county students were not included in the required local effort calculation. It is estimated that the millage rate in Sumter County would have been 4.1849 (instead of the 4.984 currently levied) and would have taken the Required Local Effort from \$32,801,736 to \$27,543,951 a savings of \$5,257,785 to the taxpayers of Sumter County⁴.

At this time, J.F.K. Medical Charter School in Palm Beach County is the only other Charter in the Workplace School. However, the Villages Charter School, which is the flagship charter in the state, has 75% of their enrollment based on out-of-county students. Sumter County citizens and businesses end up paying a disproportionate share of property taxes because of this anomaly in the funding formula. Sumter County is the only district in the state affected to this degree and this matter should be addressed as a matter of fairness, with many of our residents living on fixed retirement income, and many others living at or below the poverty line.

The solution we propose is simple: When calculating Required Local Effort, only the students residing in the county should be included in the 90% cap when the Charter population from outside the district exceeds 15% of the total population. If this was the case, the state would then be supplementing Sumter County for the out of county students or the \$5,257,785. Currently, none of the Village Charter School students reside in a county⁵ that is even close to being capped. Therefore, if these students attended their district of residence, the state would already be supplementing their education by a similar amount.

² 2008-2009 FEFP Second Calculation vs. 2008-2009 FEFP Second Calculation-Sumter County Scenario

³ 2009-2010 FEFP Second Calculation vs. 2009-2010 FEFP Second Calculation-Sumter County Scenario

⁴ 2010-2011 FEFP Second Calculation vs. approximate have not received calculation from DOE

⁵ The Counties are Citrus, Hernando, Lake, , Marion, Orange, Pasco and Volusia.