

A HISTORICAL REVIEW OF THE DEVELOPMENT OF FLORIDA'S SCHOOL  
FINANCE PLAN AND THE FISCAL EQUALIZATION EFFECTS  
OF THE FLORIDA EDUCATION FINANCE PROGRAM

By

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To Mother

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Abstract of Dissertation Presented to the Graduate Council  
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By

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In 1973 Florida adopted the Florida Education Finance Program (FEFP), a new plan for financing the state's elementary and secondary public schools. The FEFP was intended to be less complex and more flexible than the Minimum Foundation Program (MFP) it replaced, while achieving greater equity in the educational opportunities available to public school students in the state.

The central problem of the study was a statistical analysis of the equalization of educational funding in Florida from 1970-71 to 1980-81 to determine the state aid impact on equalization based on fiscal trends before and

after the FEFP's enactment. A historical review of the development of Florida's school finance plan was conducted to determine the progress toward equalization which had occurred since 1821.

The Gini coefficient and six other measures of dispersion or variability were applied to four measures of per pupil revenues to summarize the FEFP's impact on distributional equality among the state's school districts. Correlations focused on the relationship between each of the revenue measures and the following independent variables: other state revenue, district cost differential factor, exceptional student programs, vocational-technical programs, local tax rate, assessed valuation, and personal income.

Major findings were that (1) disparities in the distribution of revenues have continued to widen since 1970-71, (2) a stronger relationship between personal income per pupil and total state and local revenue per pupil has developed in the state, (3) although it fluctuated somewhat across the selected years of study, the strength of the relationship between assessed valuation of property per pupil and total state and local revenue per pupil was virtually the same in 1980-81 as it was in 1970-71, and (4) analysis

using the Gini coefficient indicated that there was less equalization in 1980-81 than in any of the earlier years studied.

There was no evidence to indicate that the FEFP has achieved greater fiscal equalization in the financing of Florida's public schools. Data suggested that the FEFP, in fact, had resulted in some diminution of the equalization effects among the school districts.

## CHAPTER I

### INTRODUCTION

The equalization of educational opportunity has been a primary objective of Florida's school finance plan for many years. But as Morphet, Johns, and Reller have pointed out:

The equalization of educational opportunity within a state is not a simple task. . . . The measurement of educational need and the computation of variations in the unit costs for equivalent educational programs and services is a problem which requires continuous study in each state if educational opportunities are really equalized.<sup>1</sup>

In the wake of the Serrano and Rodriguez litigations and acting on the recommendations of the governor-appointed Citizens' Committee on Education, the 1974 Florida Legislature adopted the Florida Education Finance Program (FEFP), recommitting itself to the equalization of financial support within and among the state's 67 county-wide school districts by guaranteeing

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1. E. L. Morphet, R. L. Johns, & T. L. Reller, Educational Organization and Administration (Englewood Cliffs, N. J.: Prentice Hall, 1982), p. 402.

. . . to each student in the Florida public school system the availability of programs and services appropriate to the educational needs which are subsequently equal to those available to any similar student notwithstanding geographic differences and varying local economic factors.<sup>2</sup>

Florida's Minimum Foundation Program (MFP), from which the FEFP was adapted, was the subject of a comprehensive study made by the National Educational Finance Project (NEFP) for the Florida Department of Education just before the FEFP was enacted. In its report, the NEFP gave Florida an estimated rank of fifth or sixth in the nation on a scale developed to measure the extent to which a state equalizes educational opportunity.<sup>3</sup> Though the equalization level was quite high, several major changes in Florida's school finance plan were recommended by the NEFP which noted, among other reasons, that Florida's MFP was needlessly complicated, having produced inequities which had been accumulating since its enactment in 1947.

Embracing one of the school finance reform movement's most celebrated watchwords, "fiscal neutrality," the

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2. Florida Statutes (Tallahassee, Fl.: State of Florida), Section 236.012(1).

3. S. K. Alexander, R. L. Johns, & K. F. Jordan, Financing the Public Schools of Florida (Gainesville, Fl.: National Educational Finance Project, 1973), p. 44.



Citizens' Committee on Education maintained that Florida's educational system "must insure that each child has an opportunity to receive a good education regardless of his family's income or the wealth of his school district."<sup>4</sup> And though the Committee concluded that "substantially equal educational advantages were available in all counties of the state,"<sup>5</sup> several revisions in Florida's MFP were recommended, including a call for "a new method of financing education designed to achieve greater equity, simplicity, and flexibility."<sup>6</sup>

Since the introduction of the FEFP, however, only a handful of studies have provided information regarding the extent to which Florida's nine-year-old reform measure has indeed increased equalization of educational opportunity in the state. No small contributor to the paucity of evaluative studies has been the lack of consensus concerning the definition and measurement of equalization standards and local fiscal capacities.

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4. The Governor's Citizens' Committee on Education, Improving Education in Florida (Tallahassee, Fl.: State of Florida, 1973), p. 2.

5. Florida Senate Committee on Ways and Means, Financing Florida's Public Schools (Tallahassee, Fl.: State of Florida, 1980), p. 5.

6. Governor's Citizens' Committee, p. 2.

Currently, measures of distributional equality and fiscal neutrality are usually focused on the outcomes associated with current revenues per pupil, instructional revenues per pupil, expenditures, and local property taxes levied for education. While personal philosophies and viewpoints concerning the concept of equity for pupils and taxpayers are quite diverse,<sup>7</sup> the aforementioned measures of fiscal equalization programs remain the most meaningful for assessing the consequences of reforms such as the FEFP.

In his analysis of the evolution of the equalization of educational opportunity in Florida, Johns concluded that the state's finance program was "almost fiscally neutral," with Florida ranking "among the top six states in the nation in the extent to which educational opportunity was financially equalized."<sup>8</sup> Equally noteworthy, however, was Florida's three-year decline in the national rankings of adequacy in school support which Johns attributed to the reluctance of the 1976 Legislature to sufficiently increase state

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7. T. R. Melcher, The Relationship Between Alternative Local Fiscal Capacity Measures and Selected School Finance Equity Standards (Doctoral Dissertation, University of Florida, 1978).

8. R. L. Johns, The Evolution of the Equalization of Educational Opportunity in Florida 1926 to 1976 (Gainesville, Fl.: Institute for Educational Finance, 1976), p. 77.

appropriations to provide for increases in pupil enrollment and the cost of living.<sup>9</sup>

Using data pertaining to the 1972-73 and 1975-76 school years, Carroll reported that Florida's 1973 reform package had actually increased disparities in revenues per pupil and in instructional expenditures per pupil.<sup>10</sup> Carroll found a highly significant relationship between household income per pupil and each of the revenue and expenditure variables he studied, with cost adjustments in the FEFP strongly favoring Florida's larger, more urban, higher income, and less poverty-prone districts.<sup>11</sup>

Given the State Board of Education's self-imposed, five-year mandate to put Florida above the upper quartile of states in terms of educational achievement, it is important that the status of the FEFP's impact on equalization of educational opportunity in the state be updated to provide the information necessary for developing sound public school finance policy in the future. Combined with a historical overview of the

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9. Ibid.

10. S. J. Carroll, The Search for Equity in School Finance: Results from Five States (Santa Monica, Ca.: Rand Corporation, 1979).

11. Ibid.

development of state support for public schools in Florida, such an analysis will enable scholars and governmental decision-makers to reflect upon and evaluate the pertinent background information, the trends established, and the lessons learned in the state's quest for school finance equity.

#### Statement of the Problem

The problem of this study was twofold. First, the history of state fiscal support for public schools in Florida was documented, with an emphasis on the legislative acts and political decisions which brought about the major changes in Florida's school finance plan.

A statistical analysis of the equalization of educational funding in Florida from 1970-71 to 1980-81 was then conducted to determine the state aid impact on equalization in the state based on fiscal trends before and after the FEFP's enactment in 1973. Measures of fiscal equality were the focus of the analysis.

#### Procedures

The study was conducted in three phases.

Phase I. The chronological development of Florida's school finance plan was traced through a review of relevant literature including official state and local agency reports

and records, journals, historical books, dissertations, newspapers, and other related sources. Special attention was given to significant school legislation which has affected the financing of education in the state along with the contributions of key organizations, agencies, officials, and individuals.

Phase II. Phase II began with the identification of the statistical measures and independent and dependent variables which may be used to assess the progress of state school aid toward greater equalization of educational opportunity. Based on the concept and measurement approaches which have been used previously by school finance equity researchers,<sup>12</sup> and the accessible and centrally recorded

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12. F. W. Harrison & E. P. McLoone, Profiles in School Support: A Decennial Overview (Washington, D. C.: U. S. Government Printing Office, 1965); President's Commission on School Finance, Review of Existing State School Finance Programs (Vol. 2) (Washington, D. C.: Author, 1972); L. L. Brown, III, A. L. Ginsburg, J. N. Killalea, R. A. Rosthan, & E. O. Tron, School Finance Reform in the Seventies: Achievements and Failures (Washington, D. C.: U. S. Department of Health, Education, and Welfare, 1977); R. Berne, Equity and Public Education: Conceptual Issues of Measurement (Working Paper No. 4) (New York: New York University, 1977); Melcher; and Carroll.

data necessary to conduct such analyses, the following four measures were selected as the variables for analysis:

Total state revenue per pupil. This variable is the sum of all state revenue per pupil and includes the MFP and FEFP appropriations, categorical program funding, special revenue sources, and special appropriations.

Total local revenue per pupil. The second variable of interest combines the revenue derived from the required local effort with other local revenues.

Total state and local revenue per pupil. The third dependent variable combines the total state revenue per pupil and the total local revenue per pupil.

Total foundation funds per pupil. The total state allotment formula generated amount plus the required local effort equals the FEFP allocation to each district. Data used for the MFP funds (prior to 1973) were derived by combining total MFP revenues exclusive of capital outlay, debt service, and transportation with the district minimum required local effort.

Seven different measures of dispersion or variability were selected to summarize the FEFP's impact on distributional equality among the state's school districts.

Percentiles. School districts were ranked according to the variable of interest with values listed for the 100th (highest), 95th, 75th, 50th (median), 25th, 5th, and 1st (lowest) percentiles.

Range. The range is the difference between the values of a variable in the highest and lowest districts in a distribution.

Restricted range. The restricted range is a measure less sensitive to extreme values than the range. In this study, it is the difference between the values of the selected revenue measure at the 95th and the 5th percentiles.

Mean. The mean is the sum of the districts' values of a variable divided by the number of districts.

Standard deviation. The standard deviation is the square root of the mean of the squared differences between the value of the variable in each district and the mean.

Coefficient of variation. The coefficient of variation is the standard deviation divided by the mean.

Gini coefficient. After districts were ranked in ascending order by the variable of interest, they were plotted on a graph with the percentage of the total pupil population measured along the horizontal axis and the percentage of revenue received on the vertical axis. A 45-degree diagonal bisects the graph and represents the locus of points where the two factors are equal, or a state of total equality. Inequalities are represented by the curve (Lorenz Curve) divergent from the diagonal. The Gini coefficient is a statistical summary of distributional equality and is equal to the area between the Lorenz Curve and the 45-degree diagonal divided by the area of the triangle below the diagonal. The closer the Gini coefficient approaches zero, the closer the distribution is to total equality.

Corresponding data appropriate to the aforementioned variables and measures were then collected, computed, and analyzed for every other school year beginning with 1970-71 through 1980-81. The primary data source was Profiles of Florida School Districts, an annual report of the Commissioner of Education. Other population data were obtained



from the Florida Statistical Abstract for the selected years of study and the Bureau of Economic and Business Research at the University of Florida in Gainesville, Florida.

Phase III. Assuming some degree of variation among the aforementioned measures of distributional equality, a separate analysis using Pearson product-moment correlations focused on the relationship between each of the selected per pupil revenue measures and a set of independent variables thought to have varying degrees of influence on per pupil revenues. Variations in distributional equality thus could be evaluated by assessing the changes in the strength of relationship associated with each correlation.

Of the seven items selected as the independent variables, five were directly related to the computation of the total amounts of state funding for public education in Florida and were thought possibly to be partly responsible for dis-equalizing revenues, depending on their degree of influence. While Carroll pointed out that the FEFP's cost adjustment factor was directly responsible for disproportionate amounts of state general aid going to higher-income districts,<sup>13</sup> the extent to which the other four elements (i.e., local tax

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13. Carroll.

rate, other state revenue, exceptional student programs, and vocational-technical programs) affect the basic FEFP formula was also of interest.

The remaining two variables, assessed valuation and personal income, are standard measures often used to assess the degree of fiscal neutrality inherent within a state school finance plan.

The selected independent variables were measured in terms of amount or unit per pupil and are as follows:

Other state revenue. A number of support programs are intended to supplement the various programs in the districts which are not included in the FEFP. This measure is the difference between total state revenue per pupil and foundation funds per pupil.

District cost differential factor. District cost differential factors are incorporated into the FEFP formula to adjust the districts' FEFP allocations for the varying costs of providing similar educational programs. This index was not measured per pupil.

Exceptional student programs. Under the FEFP, the number of full time equivalent (FTE) students enrolled in exceptional student programs in each district is multiplied by program cost factors (weights) which

correspond to the relative cost differences of educating exceptional students in a number of different categories. Under the MFP, funding for exceptional student programs was based on classroom, or instruction, units depending on the number of teachers assigned to pupils in the program.

Vocational-Technical programs. Under the FEFP, the number of FTE students enrolled in vocational-technical programs (excluding adult job preparatory and adult supplemental categories) in each district is multiplied by program cost factors (weights) which correspond to the relative cost differences of educating vocational students in grades seven through twelve in several different job preparatory programs. Like the exceptional student programs, the MFP funding for vocational-technical programs was based on the number of instruction units.

Local tax rate. The local tax rate is the local discretionary millage plus the millage needed to produce the required local effort as specified by the legislature for support of the schools' current operation. This index was not measured per pupil.

Assessed valuation. The property tax base is the assessed, nonexempt value of property against which taxes are levied.

Income. A wealth measure, total personal income was measured across Florida's school districts.

#### Delimitations

1. The historical account of the development of Florida's school finance plan was delimited to a review of the major changes in the structure of the state's public school funding system since Florida was established as a Territory in 1821.

2. The analysis of equalization of educational opportunity in the state was confined to four selected revenue measures.

3. The study was restricted to quantitative measures of distributional equality and fiscal neutrality as its criteria of school finance equity.

4. Analysis of the state aid program's impact on equalization of educational opportunity in the state was confined to a study of every other school year from 1970-71 through 1980-81.

5. Given the general belief that variations in current revenues are more meaningful than variations in current

expenditures,<sup>14</sup> the study was confined to analyses of measures of yearly revenues per pupil.

6. Because the FEFP necessitated a change in attendance reporting procedures, the study was compelled to use average daily membership (ADM) prior to 1973-74 and membership based on State Department of Education surveys for subsequent years.

7. The income measures used in this study were for the calendar year immediately preceding the selected school year.

#### Limitations

Although the FEFP remains, basically, a foundation program, the complexities inherent in its funding process dictate that comparison of the substantive conclusions of this study with similar analyses of other states' school finance reform measures be made with caution. In addition, this study's analysis of the equalization trends before and after enactment of the FEFP may differ significantly in a future assessment of the long-run equity effects of the FEFP. The study does not represent a comprehensive application of the myriad school finance equity standards and measures to the FEFP and its effect on equalization, but,

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14. Ibid.

instead, focuses on a more compendious design that provides the same type of evaluative information in regard to distributional equality and fiscal neutrality.

#### Justification of the Study

Without a fundamental understanding of the historical development of Florida's school finance program, legislative and executive decision-makers concerned with public school funding will be hard pressed to formulate sound policies for the future. As Cubberley has written, "Standing as we are today on the threshold of a new era, and with a strong tendency manifest to look only to the future and to ignore the past, the need for sound educational perspective on the part of the leaders in both school and state is given new emphasis."<sup>15</sup>

Documentation of Florida's historical quest for equalization of educational opportunity can provide school funding policy-makers with an account of what has been accomplished in the past, thus facilitating their understanding of the origins and development of present-day problems and serving as a guide for the future. In an effort to provide the

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15. E. P. Cubberley, The History of Education (Boston: Houghton Mifflin, 1920), p. ix.

state legislature with a much needed, single source of information on the state's public school funding policy, the Florida Senate Committee on Ways and Means published Financing Florida's Schools,

. . . an attempt to consolidate the relevant information into one reference document in which the current status of public school funding policy and the decision-making process is presented. There is a definite need for such a document both for use within the Senate Ways and Means Committee as new senators and analysts are introduced to the funding process, and for external use for anyone interested in knowing how public schools are supported in Florida.<sup>16</sup>

The review of the historical development of the state's school finance plan contained within this study sought to expand significantly on the seven-page history included in the aforementioned document.

In a reassessment of the FEFP and its effectiveness in providing greater equity in the distribution of funds to Florida's school districts, the Select Joint Committee on Public Schools of the Florida Legislature reported a mild relationship among higher property valuations, higher tax rates, and both higher FEFP revenues and K-12 expenditures.

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16. Florida Senate Committee on Ways and Means, foreword.

The Committee attributed the variations in FEFP funds to differences in assessed valuation, the availability of "other" funds, and the district cost differential adjustment, but cautioned that it was too soon to judge the constructive impact of the FEFP legislation.<sup>17</sup> It is to be noted that the Committee's findings were primarily based on data from a single school year, 1975-76.

Analysis of the FEFP's impact on equalization of educational opportunity in the state will not only allow legislators and others interested in Florida's school finance plan to assess the current status of school finance equity in Florida, but, coupled with a review of the historical development of the state's support for public schools, will provide ever-needed, consequential information for the continued improvement of Florida's schools.

#### Definition of Terms

Average daily membership (ADM). Average daily membership is the aggregate days membership of a school during a specified period, divided by the number of days school is in session during this period.

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17. Select Joint Committee on Public Schools, Improving Education in Florida: A Reassessment. A Summary (Tallahassee, Fl.: State of Florida, 1978), p. 4.



Distributional equality. Distributional equality refers to the absence of disparities in the cost-adjusted distribution of per-pupil revenues.

Equalized educational opportunity. Equalized educational opportunity means that every individual should have an equal chance to acquire the type and quality of education that will meet his personal needs and the needs of his society.

Fiscal neutrality. When the quality of a child's education is unrelated to the wealth of the district in which the child lives, the school finance program is said to be fiscally neutral.

Foundation program. A foundation program is a school finance system financed jointly by the state and local school districts in proportion to their relative taxpaying ability.

Full time equivalent (FTE) student. Although FTE's vary "according to the grade level and the educational program in which a student is enrolled . . . basically an FTE student is a student who is enrolled in one or a combination of FEFP programs for not less than 25 hours per week in grades four through twelve or not less than 20 hours per week if enrolled in kindergarten through grade three."<sup>18</sup>

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18. Florida Senate Committee on Ways and Means, p. 14.

Revenue. Revenue refers to the dollar amount of funds received from specified sources (e.g., state, local).

#### Organization of the Study

The study is divided into six chapters. The first chapter introduces the problem and the procedures to be used. Chapter II is an overview of the historical development of public school finance in Florida. In Chapter III a correlational analysis is used to examine the relationship between per pupil revenues and the independent variables of interest for the selected school years. Measures of distributional equality are the focus of analysis in Chapters IV and V, and in Chapter VI, conclusions drawn from the study are presented, along with a summary of the research.

## CHAPTER II

### HISTORICAL REVIEW OF THE DEVELOPMENT OF FLORIDA'S SCHOOL FINANCE PLAN

The purpose of this chapter is to present an historical overview of the development of Florida's school finance plan with an emphasis on the legislative acts and political decisions which enhanced the degree of equalized educational opportunity achieved by the state's public school system. Important periods and major developments in the structure of state support for public education are highlighted in a chronological presentation, beginning with the establishment of Florida as a territory of the United States in 1821.

#### Prior to Statehood

It is to be noted that prior to statehood, the thrust of public education in Florida was in actuality education for the poor.<sup>1</sup> Although some children of the wealthier families

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1. A. D. Pollock, The Evolution of the Organizational Structure of Local Public Education in Florida 1945-1947 (Doctoral Dissertation, Florida State University, 1969), p. 13.

attended the common schools,<sup>2</sup> most of them were enrolled in various private academies and institutes which were the accepted form of secondary education until after 1860.<sup>3</sup> The proliferation of such academies between 1821 and 1845 was aided by the use of state authorized lotteries which were a prevalent means for raising money for the support of schools at the time.<sup>4</sup>

While it would not be until 1851 that Florida would levy a tax for the support of the common schools, there were those who believed that taxation for the support of schools was inevitable if Florida were to ever establish an adequate system of education. In a letter to the president of the Board of Trustees of Seminary Lands, John Westcott of Madison wrote in 1844,

That it should be a part of the duty of the School Commissioner of each county to cause a notice to be put up annually in each township calling voters together, and personally inquire by vote taken the amount of tax if any they are willing to raise, upon an equal assessment of their property toward the support of a common school in their township. That said township shall receive from the

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2. T. E. Cochran, History of Public School Education in Florida (Lancaster, Pa.: The New Era Printing Company, 1922), p. 12.

3. N. K. Pyburn, Documentary History of Education in Florida 1822-1860 (Tallahassee, Fl.: Florida State University Press, 1951), p. 27.

4. *Ibid.*, p. 14.

School funds and [sic] amount equal half, third, quarter the amount they raise by tax.<sup>5</sup>

Despite the legislation aimed at establishing a system of schools prior to statehood, provisions for financing the common schools, and input from individual citizens concerned with the development of public education in Florida, the territory had little to show for its efforts in 1845. As Grimm noted, there were very few common schools in Florida at the time of statehood<sup>6</sup> and the Constitutional Convention had produced little agreement as to how a general statewide system of education could best be developed.<sup>7</sup> Nevertheless, many people's interest and imagination had been stirred as the groundwork for Florida's public school system began to take shape.

After Congress established Florida as a territory in 1821, the Northwest Ordinance of 1785 became the primary instrument for facilitating the foundation of a permanent fund for schools in the new territory. The Ordinance had set aside the sixteenth section of land in each township

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5. Ibid., p. 80.

6. R. E. Grimm, The Establishment of Bases for a State System of Education in Florida with Emphasis upon the Contribution of Selected Personalities 1845-1869 (Doctoral Dissertation, Florida State University, 1970), p. 45.

7. Ibid., pp. 38-39.

for educational purposes and, in a pioneering effort to form a school fund for the Territory, Governor William P. Duval recommended that the sections be sold and the money be reinvested with the United States Treasury until Congress placed the fund under the control of Florida.<sup>8</sup> Between 1823 and 1827, however, three United States statutes were passed which, in effect, provided the governor and the Legislative Council with the power to provide funding for public education.

In the first of these acts, the Federal government directed that the aforementioned sixteenth sections in all territories be reserved for common schools.<sup>9</sup> A year later, in 1827, Congress passed an act which enabled the governor and the Territorial Council to take possession of the reserved lands and lease them from year to year, the rent receipts to be appropriated to the use of schools and the establishment of a seminary of learning at the discretion of the governor and the Council.<sup>10</sup> The following year, an

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8. Florida Legislative Council Journal (1822), pp. 6-7, cited in Pollock, p. 7.

9. Public Statutes at Large of the United States of America, Volume IV, p. 179, cited in N. K. Pyburn, The History of the Development of a Single System of Education in Florida 1822-1903 (Tallahassee, Fl.: Florida State University, 1954), p. 29.

10. *Ibid.*, pp. 201-202.

act which concerned the disposition of school lands provided that the money arising from the common school lands was to be applied to "the education of the children in the township from which rent accrues,"<sup>11</sup> but during the four years the law was in force, only five sections of land were reported as having been leased, netting only \$101.50.<sup>12</sup>

Over the next 10 years, 1829-38, several laws were enacted which authorized the collection of rental moneys by various appointed and elected trustees, commissioners, and treasurers to be applied to the construction and operation of schools in their counties. Fines for trespassing on school lands were paid directly to the school fund, but in counties where there were no public schools, local judges and commissioners could turn over the money to private schools for tuition of those who could not afford to pay.<sup>13</sup> Historians have expressed skepticism, however, regarding the extent to which these acts were executed throughout the Territory.

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11. Acts of the Legislative Council of the Territory of Florida (1828), pp. 247-248, cited in Pyburn, The History, p. 29.

12. Cochran, p. 6.

13. Acts of the Legislative Council of the Territory of Florida (1834), pp. 37-38, cited in Pyburn, The History, p. 34.

In 1839, the Legislative Council moved toward establishing a public school system by enacting a law which required elected trustees in each township to lease the sixteenth-section land for the support of the common schools in their township and, where no common schools existed, to establish and maintain them.<sup>14</sup> Additional legislation required that 2 percent of the Territorial tax and applicable auction duties be paid to the county school funds throughout Florida for the education of the children of the poor.<sup>15</sup> The following year the Council explained that the rate should have been set at 10 percent rather than 2 percent.<sup>16</sup>

Laws enacted in 1843 and 1844 again provided for the leasing of school lands to generate funds for public education, but the latter act omitted the provision concerning the children of the poor and placed the responsibility for managing the school lands back into the hands of an elected treasurer and three trustees in each township.<sup>17</sup>

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14. Cochran, p. 8.

15. Acts of the Legislative Council of the Territory of Florida (1839), pp. 15-16, cited in Cochran, p. 8.

16. Acts and Resolutions of the Legislative Council of the Territory of Florida (1840), pp. 18-19, cited in Pyburn, The History, p. 36.

17. Laws of Florida (1844), pp. 61-65, cited in Pollock, p. 17.



In 1845, just prior to Florida being admitted to the Union, an act was passed which authorized the governor to obtain from the United States Treasury surplus money to which Florida was entitled by a congressional act in 1836 for the exclusive purposes of education.<sup>18</sup> Another provision ordered the proceeds of all escheated estates to be invested and the income used for funding public education, thus providing a fourth source of income for sustaining the Territory's common schools in addition to rental fees, fines for trespassing, and auction and tax revenues. Cochran reported, however, that it was unlikely that Florida ever received any of the revenue from the national treasury and that very few, if any, of the townships benefited much from the leasing of their sixteenth-section lands, although no records indicating the amount of money used for the support of schools for this time period appear to exist.<sup>19</sup>

#### Statehood

In 1845 the new state adopted its territorial Constitution of 1838 which contained the following provisions for education:

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18. Laws of Florida (1845), p. 40, cited in Cochran, p. 9.

19. Cochran, p. 9.

Section 1. The proceeds of all lands that have been, or may hereafter be, granted by the United States for the use of schools and a seminary or seminaries of learning shall be and remain a perpetual fund, the interest of which, together with all moneys derived from any other source applicable to the same object, shall be inviolably appropriated to the use of schools and seminaries of learning, respectively, and to no other purpose.

Section 2. The general assembly shall take such measures as may be necessary to preserve from waste or damage all lands so granted and appropriated to the purpose of education.<sup>20</sup>

As can readily be seen, the broad terms of these provisions offered little, if any, substantive direction for the development of a state system of schools or a school finance plan. Although legislation aimed at establishing and formalizing a state system of schools would continue to be passed, it would be 23 years before Florida's constitution would set forth new provisions for school organization and support. But even in its first year of statehood, Florida was well on its way to establishing a bona fide state educational system.

The establishment of the Office of Register of Public Lands in 1845 reflected the importance of public lands in

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20. Florida Constitution, 1838, Article X, Sections 1 and 2.

financing the state's schools.<sup>21</sup> The first General Assembly charged the Register of Public Lands with the supervision of all Federal land grants, including school lands. Public lands could now be sold rather than leased and all sales were to be reported to the governor. Income from the land sales was received by the State Treasurer who applied it to the appropriate fund.<sup>22</sup>

Writing in 1846, a correspondent with The Floridian identified only as "Franklin" maintained that the renting or leasing of school lands over the past 18 years had been unsuccessful in raising adequate funds for the support of schools.<sup>23</sup> Among his reasons for objecting to the leasing of school lands, Franklin cited constant fluctuations in rental fees, poor supervision and management, and the higher rates of return to be gained from the sale of school lands and the reinvestment in public stocks of the income therefrom. He pointed out that because the more valuable sixteenth-section lands were usually surrounded by landowners who were least in need of public aid to educate their

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21. Grimm, p. 47.

22. Laws of Florida (1945), Chapter 54, pp. 133-135.

23. Franklin, "Public Education--No. 5," The Floridian, Tallahassee, October 17, 1846, p. 2.

children, the effect of the law as it stood then was "to provide a school fund for the wealthy, and to withhold it from the poor."<sup>24</sup> Those who would benefit the most from public aid generally occupied less fertile lands which rendered their school section practically worthless.

Franklin's position mirrored the primary controversy in the legislatures of 1847-48 and 1848-49:<sup>25</sup> "That no system of Public Education will be efficient, unless the entire school fund is consolidated, and the whole directed and managed by the State."<sup>26</sup> He went on to suggest several other means for increasing the state's common school fund. Among these were the sale of seminary lands and a call for the legislature to give all escheated estates and the proceeds from "all fines and forfeitures imposed for the punishment of crime" to the school fund. In addition to these resources, Franklin urged that Congress allow the 500,000 acres of land which had been granted to the state for

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24. Ibid.

25. Pyburn, The History, p. 49.

26. Franklin, p. 2.

internal improvements to be used instead for the purposes of public education.<sup>27</sup>

Franklin, in effect, was putting forth an early call for equalization of educational opportunity throughout the state and, according to Pyburn, consolidation of the school fund was viewed by many as the only way for each child to receive his share. Opponents argued that sixteenth sections were intended to be used for the public schools in their respective townships only and that only Congress could enable the state to sell the lands and consolidate the fund.<sup>28</sup> But shortly thereafter, the state's first law providing for a system of public instruction and the consolidation of school land funds was enacted.

#### The School Law of 1849

The school law of 1849 made the Register of Public Lands ex officio State Superintendent of Schools whose duties would include an annual report to the Governor containing a statement of the situation and expenditure of school moneys and plans for the management and improvement of the common school fund. The Register was also responsible

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27. Franklin, "Public Education--No. 6," The Floridian, Tallahassee, November 7, 1846, p. 2.

28. Pyburn, The History, p. 52.

for the annual apportionment of school moneys to be distributed among the counties. County superintendents were charged with collecting the moneys apportioned and distributing them among the school districts within their county. Annual reports detailing school revenues and expenditures were to be submitted to the state superintendent by each county superintendent.<sup>29</sup>

Cochran outlined the principal fiscal duties of the school district trustees as follows:

. . . to make out the tax list for their respective districts, and, when deemed necessary, to call special meetings of the taxpayers; to apportion among the different schools the moneys received by district taxation; to purchase or lease sites for district schoolhouses; to make out rate bills, or tuition fees; to employ teachers and pay them their wages; and to make an annual report to the county school superintendent regarding . . . the amount of money received and expended.<sup>30</sup>

Article III, Section 11, specified that the tax was to be levied "in proportion and according to the quantity and value of the taxable property owned by each [taxable inhabitant], ascertained, as far as possible, from the last

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29. Laws of Florida (1849), Chapter 229, pp. 25-34, cited in Pollock, p. 25.

30. Cochran, p. 17.

State assessment roll of the county."<sup>31</sup> But because the precedent-setting tax was optional and the new law was primarily concerned with the distribution of "the interest of the money arising from the sale of the sixteenth sections, and of all other money which has been appropriated to the support of common or public schools,"<sup>32</sup> the impact on Florida's school fund was negligible.

An accompanying act passed earlier the same year, however, was intended to shore up the common school fund<sup>33</sup> by providing for the addition of proceeds from Florida's 5 percent share of the sale of United States public lands within the state, all escheated estates which had reverted to the state, all unclaimed property "found on the coast or shores of the State, or brought into the State or its ports as wreck or derelict of the seas,"<sup>34</sup> and any grants or additional moneys from property intended for the support of common schools throughout the state. The state treasurer was responsible for keeping an accurate record of all

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31. Laws of Florida (1849), Chapter 229, p. 30.

32. *Ibid.*, p. 25.

33. Cochran, p. 18.

34. Laws of Florida (1949), Chapter 231, p. 35, cited in Cochran, p. 18.

school fund transactions while the comptroller was directed to invest the capital in state public stocks or United States stocks, the accruing interest to be distributed proportionately among the counties according to the number of white children of specified ages attending school within them.<sup>35</sup>

In 1850 "An Act Providing New Modes of Investing the School Fund . . ." enabled the comptroller to invest the school fund in the stocks of other states or make loans to cities or counties within Florida.<sup>36</sup> Concerned with the state's high illiteracy rate, Governor Thomas Brown suggested to the legislature the same year that each county should provide funding which should at least match their pro rata share of school funds received from the state,<sup>37</sup> thus planting the seed for required local effort.

The next year three pieces of legislation aimed at increasing state support of the public schools were enacted. The first empowered county commissioners throughout the state to levy a tax on both real and personal property for the support of common schools with the stipulation that the

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35. Ibid.

36. Laws of Florida (1851), Chapter 338, pp. 101-102, cited in Cochran, p. 18.

37. Grimm, p. 75.



amount levied not exceed four dollars annually for each child within the county between the ages of five and eighteen.<sup>38</sup> The second act provided for any slave "taken up under an order from the Circuit Court, in accordance with the provisions of the act approved November 22, 1829,"<sup>39</sup> to be considered part of the Common School Fund along with any revenue derived from the sale of such slaves. The third law provided for Florida's first equalization program of state support by directing that in counties where interest from the school fund did not provide at least two dollars annually for the education of each child who had attended school for at least three months within the preceding year, the difference would be paid from the state treasury.<sup>40</sup>

#### The School Law of 1853

Although the state's struggling public school operation was still plagued by lack of participation, organization, and educational leadership within the counties, the legislature continued its efforts to develop an effective system

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38. Laws of Florida (1851), Chapter 343, p. 104, cited in Pyburn, The History, p. 56.

39. Ibid., Chapter 341, p. 103.

40. Ibid., Chapter 339, p. 102, cited in Pyburn, The History, p. 56.

of free public schools by enacting the school law of 1853.<sup>41</sup> In addition to revising and expanding on the provisions of the school law of 1849, the new act contained a number of improvements designed to correct the weaknesses of the previous legislation. Most notably, whereas the 1849 law restricted the amount of funds a county could add to the amount apportioned by the state, the new law provided for county commissioners to augment the state's contribution by as much as they wished, thus paving the way for at least some counties to attempt to provide adequate funding for their public schools.<sup>42</sup> Progress was slow, however, and school funds were often distributed among influential teachers of private schools according to their financial needs.<sup>43</sup>

In 1852 only 11 counties were eligible for state school funds<sup>44</sup> and without the state's contribution, the children

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41. Laws of Florida (1853), Chapter 510, pp. 88-92.

42. Grimm, p. 82.

43. Biennial Report of the Superintendent of Public Instruction of the State of Florida (1894) (Tallahassee: John G. Collins, State Printer, 1895), p. 8; hereinafter these reports will be cited with the name of the superintendent in brackets following the biennium; e.g., Biennial Report 1894 [Sheats].

44. Grimm, p. 82.

most in need of public assistance were unable to attend school. The school law of 1853 also abolished the rate bill, a device used to supplement school funds by charging a form of tuition to parents according to the number of children they had attending school. Rather than take an oath swearing that they were too poor to pay the bill in order to have their children educated at public expense, many parents elected to keep their children at home. Thus, the provision directing the state to apportion money to counties according to the number of children residing therein rather than according to the number of children attending school the previous year enabled the underprivileged to take advantage of the available educational resources provided by the state. Although some form of public school operation existed by law, there was virtually no public school system.<sup>45</sup>

#### The War Years and Reconstruction

From 1854 to 1860 the amount of state appropriation increased steadily as did the number of children,<sup>46</sup> but reports submitted to Florida's governor by then State

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45. Biennial Report 1894 [Sheats], p. 8.

46. Pyburn, The History, p. 63.

Superintendent David Walker indicated that the money derived from the interest on the state school fund was not nearly enough to provide adequate funding for the support of public schools.<sup>47</sup> Pyburn reported that during this period "the average amount apportioned yearly for the education of each child was the pitiful sum of thirty-one cents."<sup>48</sup>

By 1860 the reluctance of county commissioners to tax property for the support of schools had begun to wane, but the War Between the States effectively stymied what modest headway Florida's public educational system had made. The schools were closed and the common school funds were turned over to the governor to aid in the war effort. With the exception of an 1864 law enacted to provide for the education of soldiers' children,<sup>49</sup> the war years produced no significant legislation concerned with the financing of the state's public schools.

It is to be noted that prior to 1866, no schools existed for the education of blacks and any discussion of equalization of educational opportunity was concerned with

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47. Grimm, pp. 79-80.

48. Pyburn, The History, p. 85.

49. Laws of Florida (1864), Chapter 1443, pp. 19-20, cited in Grimm, p. 90.

wealth disparities among white children, In January of that year, a system of schools for blacks was provided by a state law which required a tax of one dollar to be levied "upon all male persons of color between the ages of 21 and 55" and the payment of a monthly tuition fee of fifty cents per pupil."<sup>50</sup>

In accordance with the Congressional reconstruction act of 1867, Florida ratified a new state constitution in 1868.<sup>51</sup> Section I of the extensive article on education stated, "It is the paramount duty of the State to make ample provisions for the education of all children residing within its borders, without distinction or preference." In addition to providing for free instruction in the common schools, the article provided for the common school fund to be derived from the following sources:

The proceeds of all lands that have been or may hereafter be granted to the State by the United States for educational purposes; appropriations by the state; the proceeds of lands or other property which may accrue to the State by escheat or forfeiture; the proceeds of all property granted to the State when the purchase of such grant shall not be specified;

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50. Laws of Florida (1866), Chapter 1, pp. 37-39, cited in Cochran, pp. 29-30.

51. Cochran, pp. 34-35.

all moneys which may be paid as an exemption from military duty; all fines collected under the penal laws of this State; such portion of the per capita tax as may be prescribed by law for educational purposes; twenty-five per centum of the sales of public lands which are now or hereafter may be owned by the State.<sup>52</sup>

Most significantly, the 1868 constitution contained two provisions for taxation which would prove to be a spring-board for the future development of Florida's school finance plan. A special tax of not less than one mill on the dollar of all taxable property throughout the state was to be levied and apportioned annually for the support and maintenance of common schools, and for the first time, each county was required to raise annually by tax a sum matching at least one half the amount distributed to each county from the state common school fund. The former provision was to become known as the "one mill Constitutional tax" and had been suggested by the 1867 State Teachers' Convention.<sup>53</sup>

The Florida school law of 1869<sup>54</sup> provided for a uniform system of public schools by implementing these progressive features of the new constitution and placing the primary

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52. Florida Constitution (1868), Article IX, Section 4.

53. Pyburn, The History, p. 89.

54. Laws of Florida (1869), Chapter 1686, pp. 7-19.

responsibility for the management of school funds in the hands of the state-appointed county boards of public instruction. Among other duties, the board was responsible for maintaining accurate financial records, managing county property, and estimating the school budget for determining the amount to be raised by taxation, an amount not to exceed 1 percent of the assessed value of its taxable property. Money was to be disbursed to the schools based on the average daily attendance of pupils ages 6 to 21.

Still, the lack of adequate funds was the major obstacle to be overcome by the state's common schools, many of which were prevented from being opened. During this time the schools relied heavily on the Peabody Fund, which donated almost \$69,000 to the state's schools between 1868 and 1884, the Freedmen's Bureau, which provided funding for black schools, gifts from Northern benevolent associations, and private contributions. In 1868-69 county taxes accounted for roughly only 14 percent of school expenditures,<sup>55</sup> but over the next 15 years of steady growth, the amount of money spent for school purposes would triple and by 1883-84, county taxes would total in excess of school expenditures.

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55. Pyburn, The History, p. 97.

State Superintendent C. Thurston Chase decried the lack of uniformity in the tax rate among the counties in 1870. He reported that in two counties the county commissioners had evidently refused to levy the school tax and that in some "the board of instruction was remiss in its duty." The lack of an organized board or county school superintendent prevented other counties from raising any money at all for educational purposes.<sup>56</sup>

Reconstruction took its toll on Florida and the state's school system, but between 1870 and 1876 growing public interest in the common schools was reflected by increased millage rates in a number of counties. A law enacted in 1874 limited the millage rate to five mills<sup>57</sup> which was less than the rates in effect in five counties at the time.<sup>58</sup> In 1879 the legislature lowered the maximum tax rate to two and one half mills for county school purposes.<sup>59</sup> Because a majority of counties were levying a rate between three and

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56. Biennial Report 1870 [Chase], pp. 59-60.

57. Laws of Florida (1874), Chapter 2030, pp. 101-102, cited in Pyburn, The History, p. 100.

58. Cochran, p. 57.

59. Laws of Florida (1879), Chapter 3100, p. 39, cited in Cochran, p. 57.



five mills at the time, the law resulted in a decrease in school expenditures the following year.<sup>60</sup> Due to public demand, however, the law was again changed in 1881 when the minimum rate was fixed at two and one half mills and the maximum rate allowed was four mills.<sup>61</sup>

#### The Constitution of 1885

The constitution of 1885 contained important changes in the provisions for the financial support of Florida's public school system. Cochran summarized the principal changes as follows:

The new constitution stated definitely what funds should be set apart for a permanent state school-fund; it provided for a definite state tax [one mill], and for the distribution of this tax, together with the interest of the state school-fund, among the different counties in proportion to the number of youth residing therein between the ages of six and twenty-one years; it fixed a minimum and maximum rate for an annual school tax in each county at three and five mills respectively; it provided that the fines and the per capita tax collected in each county, in addition to the county school-tax and the county's proportion of the interest of the state school-fund and of the one-mill state-tax, should constitute a part of the county school fund, to be expended by

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60. Cochran, p. 57.

61. Laws of Florida (1881), Chapter 3222, pp. 45-46, cited in Cochran, p. 57.

the county board of public instruction "solely for the maintenance and support of public free schools"; and if further provided for a district school-tax of not more than three mills on the dollar, whenever a majority of the qualified electors of any district who paid a tax on real and personal property should vote in favor of such a levy.<sup>62</sup>

In 1889 "An Act to Establish a Uniform System of Common Schools and of County High Schools" implemented the educational provisions of the new constitution.<sup>63</sup> It was the duty of the county board of education to submit a budget for the upcoming school year to the county tax assessor who would fix the local millage rate within the range prescribed by the state constitution. Tax revenues were to be turned over to the county treasurer who was now also treasurer of the county school funds. An additional levy not to exceed three mills could be applied to any special school district upon application by the taxpayers residing therein and a concurring decision by the county board of education. Pollock pointed out that after the taxpayers of a school district had voted for the additional tax, it was the county assessor who then arbitrarily fixed the millage rate, thus

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62. Cochran, p. 87.

63. Laws of Florida (1889), Chapter 3872, pp. 73-84.

extending "the long-time practice of withholding from the school leaders the taxing decisions necessary for the operation of the schools."<sup>64</sup>

Nevertheless, the people of Florida continued to show growing interest in the state's common schools as evidenced by the annually increasing public school expenditures and the number of counties willing to tax themselves at the maximum rate allowed by law. By 1892, 16 counties were levying the maximum five mills and although the state had entered a new era of prosperity, the annual expenditure for public schools was increasing much faster than Florida's population and wealth.<sup>65</sup>

An important provision in an 1891 tax law allowed the board of county commissioners to increase or lower the estimated millage rate recommended by the county school board within the prescribed rate limits.<sup>66</sup> The legislation hampered efforts by school officials to provide increased local funding for schools until 1908 when the Florida Supreme

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64. Pollock, p. 64.

65. Cochran, p. 90.

66. Laws of Florida (1891), Chapter 4012, pp. 30-32.

Court ruled that the county commissioners were not authorized by statute to make such revision provided the millage was within the prescribed constitutional limits and contained no illegal items.<sup>67</sup>

Although no special tax school districts existed three years after they were provided for in the school law of 1889,<sup>68</sup> an 1893 law allowed the elected school trustees of the designated subdistricts to set the millage rate to be levied in the district.<sup>69</sup> State Superintendent William N. Sheats complained that the existing statutes concerning school subdistricts were "in too great a muddle to attempt to amend" and should be repealed,<sup>70</sup> but by 1919-20 the special tax school tax districts numbered 883.<sup>71</sup>

An 1893 amendment to the constitution specified a fourth source of income for the state school fund: "25 per cent of the sales of public lands which are now or may

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67. Pollock, p. 75.

68. Ibid., p. 86.

69. Laws of Florida (1893), Chapter 4193, pp. 131-132, cited in Pollock, p. 69.

70. Biennial Report 1894 [Sheats], p. 120.

71. Pollock, p. 86.

hereafter be owned by the State."<sup>72</sup> But Sheats reported no apparent increase in the fund from the new revenue source and urged the legislature to investigate the matter.<sup>73</sup> An accompanying amendment deprived the school fund of revenues received from fines for penal offenses,<sup>74</sup> an amount Sheats suggested could be doubled and added back to the fund by the dutiful enforcement of the collection of the poll-taxes.<sup>75</sup> A third amendment changed the basis for apportionment of the school fund by requiring state aid to be distributed "among the several counties of the State in proportion to the average attendance upon schools in the said counties respectively."<sup>76</sup> The purpose of this latter amendment was to provide relief to those parts of the state having a large proportion of the poor to educate.<sup>77</sup> Cochran wrote that the amendment "helped considerably in equalizing educational

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72. Biennial Report 1894 [Sheats], pp. 128-29.

73. *Ibid.*

74. *Ibid.*, pp. 129-30.

75. *Ibid.*, p. 130.

76. *Ibid.*, p. 131.

77. Biennial Report 1900 [Sheats], p. 25.

opportunities and in stimulating local effort to get the children into school."<sup>78</sup> Concomitantly, Sheats reported early complaints from those counties which realized that funds paid by them were being distributed to other counties under the new method of apportionment.<sup>79</sup>

A fundamental problem that has plagued educational financing since the first tax was levied on personal property for the support of schools was addressed by Superintendent John E. Hanna of Hamilton County at the State Convention of County Superintendents in 1898. He cited the widespread abuse of the county levy and blamed the tax assessors for low property valuations which were depriving the schools of much needed revenues. Taxpayers were required to state under oath the cash value of their property and the assessor was then to place a fair cash valuation upon the property, a duty Hanna maintained was never lawfully executed.<sup>80</sup>

Special appropriations for public education were begun about this time as the different legislatures recognized the need for additional state aid to support and maintain

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78. Cochran, p. 200.

79. Biennial Report 1896 [Sheats], p. 54.

80. Biennial Report 1898 [Sheats], pp. 442-443.

various educational programs. Among the recipients of sizeable appropriations between 1897 and 1919 were teachers' summer training schools and courses, eligible elementary and high schools, rural school inspectors, teacher training departments, and vocational education.<sup>81</sup>

#### School Finance in the Early 1900's

In the early 1900's few legal provisions were made for improving Florida's school finance plan. Due to the state's indebtedness to the United States, revenues were withheld from the state school fund following the settlement of the Indian War Claim Fund. In 1903 an act was passed which sought to reimburse the school fund the amount due plus an amount equal to the interest which would have accumulated.<sup>82</sup>

A 1904 amendment to the state constitution raised the maximum millage rate to be assessed in each county for school purposes to seven mills,<sup>83</sup> but as previously stated, many county commissioners throughout the state were reluctant to assess the levy requested by the county boards of

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81. Cochran, pp. 206-207.

82. Laws of Florida (1903), Chapter 5117, pp. 51-52.

83. Biennial Report 1906 [Holloway], pp. 8-9.

public instruction and refused to do so. In 1908 State Superintendent William M. Holloway declared that if each county would levy the maximum rate allowed by law and convert all of its territory to special tax school districts (which could each assess a maximum levy of three mills), then the state school fund would receive enough revenue, including the state one mill school tax, to adequately operate the schools without the need for such large appropriations from the legislature.<sup>84</sup> However, because of the indebtedness being built up in many of the counties due to the land boom and school construction, the state was not able to provide all the appropriations to which the public schools were entitled at the time.<sup>85</sup>

Prior to 1912 the legislature had passed laws authorizing individual towns and cities to issue bonds for constructing public school buildings. In that year a constitutional amendment authorized school districts to issue bonds for building purposes and assess an additional levy of five mills to float and retire the bonds.<sup>86</sup> Within 18 months,

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84. Biennial Report 1908 [Holloway], pp. 7-8.

85. Ibid., p. 13.

86. Biennial Report 1914 [Holloway], p. 4.



school districts had voted bonds totaling over one million dollars,<sup>87</sup> effectively perpetuating the inefficiency of the small districts. Two and a half years later the amount of bonded indebtedness would quadruple.<sup>88</sup>

A second amendment to the constitution in 1912 allowed an additional five mills school tax to be levied in those special tax school districts where a majority of the voters had opted to issue bonds for public school purposes within their district.<sup>89</sup> Within six years the maximum county school tax would again be raised. A 1918 amendment fixed the maximum levy at ten mills instead of seven<sup>90</sup> and by the next school year, 1919-20, 45 of 54 counties were levying the maximum.<sup>91</sup> As the value of Florida's taxable property increased at rapid rates, so did the public school income vis-à-vis school expenditures.

The development of special tax school districts had been a major factor in the progress of the state's public

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87. Ibid.

88. Biennial Report 1916 [Sheats], p. 34, cited in Cochran, p. 205.

89. Digest of the School Laws of the State of Florida (1915), pp. 8-9, cited in Cochran, p. 198.

90. Laws Relating to Education Enacted by the Florida Legislature of 1917 and 1919, p. 1, cited in Cochran, pp. 198-200.

91. Cochran, p. 204.

school organization, but in the early 1920's their increasing numbers threatened the existing school system by seeking to gain full control of the local schools.<sup>92</sup> Their increasing importance was undermining the political control of the counties while inequalities resulting from the wide range of millage rates levied within the districts throughout the state began to grow. District taxation hurt rural schools especially because of the wide differences in the amount and value of taxable property when compared with that of the town and city schools.

Pollock reported that the creation of the State Road Department in 1915 had encouraged consolidation of schools by providing for the systematic construction of paved roads which made bus transportation a reality.<sup>93</sup> In 1919 the legislature outlined the procedures for consolidating special tax school districts,<sup>94</sup> but it was not until 1947 that Florida's lawmakers enacted a provision which consolidated all special tax school districts in each county.<sup>95</sup>

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92. J. W. Seay, "Florida," in Education in the States: Historical Development and Outlook (Washington, D.C.: National Education Association of the United States, 1969), p. 243.

93. Pollock, p. 79.

94. Laws of Florida (1919), Chapter 7913, pp. 280-282.

95. Laws of Florida (1947), Chapter 23726, pp. 185-234.

In addition to the five primary sources of revenue for the public free schools in 1920--the interest on the state school fund; the state, county, and district property taxes; and the poll taxes--support came from a variety of other sources including "dividends, interest on bank deposits and loans, the sale of bonds, collections for payment of bonds, fines, and forfeitures, and tuition on non-resident pupils."<sup>96</sup> County boards of education were also allowed to borrow money when necessary to pay off the indebtedness contracted for school construction.<sup>97</sup>

Between 1893-94 and 1923-24 school funds derived from state sources had declined from 23 percent to 5.5 percent as local taxation became the primary source for school revenue. In his biennial report to the governor, State Superintendent W. S. Cawthon noted that the unequal distribution of wealth among the counties and the even greater inequities which existed among the school districts made it impossible for the poorer counties and districts to maintain their schools without more state aid.<sup>98</sup>

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96. Cochran, pp. 248-249.

97. Ibid., p. 250.

98. Biennial Report 1924 [Cawthon], p. 10.

Cawthon argued that Florida's forefathers had regarded public education as primarily the duty of the state and pointed to early school legislation providing for the sales of school lands to be paid into the state treasury as evidence that the legislators of that session considered "the school money derived from lands sales, in any township, as belonging to the state at large and not as belonging to the people of the township in which the land was situated."<sup>99</sup>

He added,

Another evidence of the realization of state responsibility in those early days was the passage of an Act approved January 10, 1849, providing that county commissioners could not supplement the amount of the state money apportioned to the county by a levy of more than double that amount. The state was thus automatically required to pay at least one-third of the cost of the public schools of a county.<sup>100</sup>

Cawthon recommended an appropriation by the legislature of at least \$200,000 per year over the next two years "for equalizing educational opportunities as between the school children of different counties."<sup>101</sup> He also believed

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99. Biennial Report 1926 [Cawthon], p. 17.

100. Ibid.

101. Ibid., p. 11.

apportionment on the basis of aggregate daily attendance rather than average daily attendance would be a more equitable way to distribute state school funds and should be used in the future.<sup>102</sup>

The 1929 Legislature adopted this new method of apportionment, but as Johns pointed out, it tended to disequalize, rather than equalize financial support because aggregate attendance favored the counties with the greatest wealth and the longest school terms. The provision was later declared unconstitutional, however, and apportionment based on average daily attendance was soon reinstated.<sup>103</sup>

The 1927 Legislature responded to Cawthon's request for additional state funding by increasing the state property tax to one and one fourth mills and levying a gasoline tax of one cent per gallon for education. One half of the newly created Public Free School Fund was apportioned on the basis of average daily attendance to those counties which levied the constitutional ten mill county tax for schools. The other half served as an equalization fund and was to be

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102. Ibid., p. 22.

103. R. L. Johns, The Evolution of the Equalization of Educational Opportunity in Florida 1926 to 1976 (Gainesville, Fl.: Institute for Educational Finance, 1976), pp. 41-42.

conditionally apportioned to the counties as the difference between the total cost of a 120-day educational program in each county and "the total amount of all state and county funds available for the maintenance of the public free schools of that county for that year."<sup>104</sup> Unfortunately, even with the added revenue sources, the fund was never able to provide even a minimum 120-day term during the time the statute was in effect.<sup>105</sup>

Florida's public schools were beset with a myriad of financial problems in the late 1920's. The land boom, which was primarily responsible for the state's most recent surge of prosperity, sputtered to a halt almost overnight three years prior to the Great Depression of 1929. In addition to the growing indebtedness incurred by the schools for building purposes, many counties were forced to issue bonds and secure loans for current operating expenses as well.<sup>106</sup>

An educational survey team appointed by the governor in 1929 and headed by George D. Strayer of Teachers College,

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104. Ibid., pp. 38-39.

105. Ibid., p. 39.

106. Ibid., pp. 34-35.

Columbia University, identified the school district system as the main problem of Florida education and the primary source of the inequalities which pervaded the state's public schools.<sup>107</sup> Summarizing the Commission's findings, Johns reported wide differences among the counties in revenue receipts and expenditures per pupil, in educational facilities provided, in length of school term for whites and blacks, and in teachers' salaries of females compared with males and of blacks compared with whites. Again, the substantial variations in assessed property valuations within the special tax school districts, coupled with the Constitution's requirement that district taxes were to be expended for school purposes within the district where assessed, were primarily responsible for perpetuating the inequities of the existing state school finance plan.<sup>108</sup>

According to Johns, the school legislation enacted in 1929 further exacerbated equalization of financial support by abandoning the equalization fund and adopting the method of apportionment recommended by Cawthon, i.e., aggregate

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107. Pollock, p. 94.

108. Johns, Evolution, pp. 34-35.

days attendance.<sup>109</sup> It would be another 18 years before the major recommendations made by the Educational Survey Commission concerning changes in Florida's school finance law would be enacted.<sup>110</sup> Until then, the Depression years compounded the ills of the state's school finance plan as county and district tax revenues began to decline.

Toward the Minimum Foundation Program

By 1931-32 many counties were levying only three to five mills for the support of schools while in some counties, property assessments were lower than in previous years.

In other counties, property holders were not paying their taxes as promptly as they had in the past.<sup>111</sup> Although the 1931 Legislature passed a law requiring a minimum school term of eight months to be provided by the Board of Public Instruction in each county, the lack of adequate tax revenues produced an appropriation far short of the amount necessary to fulfill the provisions of the act. School appropriations

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109. Ibid., p. 41.

110. Ibid., p. 45.

111. Biennial Report 1932 [Cawthon], p. 39.



were usually prorated the most when state revenues fell short of the amount needed to fulfill the state's obligations, but a constitutional amendment eliminated the practice in 1938 by placing school appropriations on a parity with all other state appropriations.<sup>112</sup>

A separate act introduced a new method of apportionment, the instruction unit, which was based on a teacher-pupil ratio and determined by average daily attendance. The new method tended to equalize financial support because the ratios were differentiated according to school size and level. The act recognized the extra costs of education in less populated, rural areas and allotted money for transportation costs.<sup>113</sup>

Additional legislation in 1931 was less supportive of the schools, however. A law passed in extra session mandated that the board of county commissioners would determine the millage necessary to be levied within the constitutional limits, thus once again depriving those responsible for education of important financial decision-making power.<sup>114</sup>

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112. Johns, Evolution, p. 50.

113. Ibid., pp. 44-47.

114. Pollock, p. 97.

Another act established the State Racing Commission and equally divided tax revenues from race track betting among the counties where county commissioners could opt to convert the moneys received into the county school fund.<sup>115</sup> This option feature tended to disequalize financial support of the schools.<sup>116</sup> Six years later, the duty of levying the local millage rate was returned to the school board which was also charged with approving the superintendent's budget.<sup>117</sup>

A 1934 constitutional amendment provided tax exemptions for homesteads with an assessed valuation of \$5,000 or lower. Although local school revenues were consequently lowered, the legislature checked the decline by doubling the state appropriation between 1934-35 and 1935-36.<sup>118</sup>

A 1935 law appropriated \$800 per instruction unit in an effort to firmly establish and maintain the minimum free school term of eight months legislated in 1931. As Johns

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115. Laws of Florida (1931), Chapter 14832, pp. 679-690.

116. Johns, Evolution, p. 47.

117. Laws of Florida (1936), Chapter 18134, pp. 872-892, cited in Pollock, p. 101.

118. Johns, Evolution, p. 48.

saw it, "This was an important step forward for it recognized, for the first time, that the state appropriation should be based on some measure of need rather than be determined by the yield of certain specified taxes or by being set at some arbitrary amount without reference to need."<sup>119</sup>

In 1939 the comprehensive Florida School Code was adopted "to provide for the reorganization, establishment, operation, maintenance, and support of the State System of Public Education."<sup>120</sup> In Chapter X, "Finance and Taxation," Article I established a State Teachers Salary Fund which replaced the Public Free School Fund. The purpose was to assist the counties in providing the required eight-month school term via full apportionments for instructional salaries and transportation exclusively.<sup>121</sup> To participate, each county was required to submit annual reports to the state superintendent, maintain a minimum school term of eight months, provide written contracts for each member of the instructional staff, adopt a salary schedule, and

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119. Ibid.

120. Laws of Florida (1939), Chapter 19355, pp. 730-972.

121. Johns, Evolution, p. 49.

observe all requirements relating to school budgets as dictated by the school code.<sup>122</sup>

State Superintendent Colin English observed

The present State Teachers Salary Fund is to some extent an equalizing fund because it supplies aid for smaller schools in somewhat greater proportion than for larger schools. In other words, the attendance is so weighted that a smaller number of pupils is needed to provide an instruction unit in a small school than in a large school. This is an advantage to the smaller counties; yet it has the handicap of tending to encourage the perpetuation of schools which could otherwise be discontinued.<sup>123</sup>

Another provision required the school term in special tax districts to be shortened proportionately whenever the taxpayers voted a lower rate than the levy found necessary by the county Board of Public Instruction to maintain the minimum term.<sup>124</sup> Still, the major thrust of the new school code was the codification, reorganization and improvement of laws relating to education in Florida and public school coffers benefited little from the enactment.

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122. Laws of Florida (1939), Chapter 19355, p. 897.

123. Biennial Report 1940 [English], pp. 260-262.

124. Laws of Florida (1939), Chapter 19355, pp. 935-936, cited in Pollock, p. 104.

Tax legislation enacted in 1941 requiring county assessors to assess all real and personal property at full cash value<sup>125</sup> resulted in a dramatic increase in county assessed valuations. In 1939-40 nonexempt county assessed valuations totaled just over \$353 million.<sup>126</sup> In 1941-42 assessments totaled over \$1.6 billion.<sup>127</sup>

In 20 years the state's share of the revenue receipts for public schools had increased from 8.37 percent to 50.99 percent and the current expense per pupil in average daily attendance had almost doubled.<sup>128</sup> While total school revenues increased dramatically during World War II (1939-45), the legislatures of 1941 and 1943 produced few changes in Florida's educational finance structure. An act passed in 1941 was aimed at reducing the number of school districts by half by requiring county superintendents "to prepare a tentative plan for the organization of more adequate [larger]

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125. Laws of Florida (1941), Chapter 20722, p. 1934.

126. Biennial Report 1940 [English], pp. 248-249.

127. Biennial Report 1942 [English], pp. 222-223.

128. Biennial Report 1940 [English], pp. 260-262.

districts."<sup>129</sup> The same legislature further equalized financial support and educational opportunity by allotting additional instruction units for the transportation of physically handicapped pupils.<sup>130</sup>

The State Foundation Program Fund was created in 1945 to provide "substantially equal educational advantages" among the counties based on their educational needs and tax-paying capacity. Fifty dollars from the \$1,050 appropriation for each instruction unit was placed in the fund to be distributed to participating counties which were required to maintain a nine-month school term, employ a supervisor of instruction, and comply with the laws concerning teaching loads and all other legal requirements.<sup>131</sup> For the first time, the legislature had addressed the problem of the educational inequalities associated with the extensive wealth differences among the counties and districts of the state. In just two years the state's commitment to the principle of equalized educational opportunity would evolve into

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129. Laws of Florida (1941), Chapter 20691, pp. 1797-1804.

130. Johns, Evolution, p. 50.

131. Laws of Florida (1945), Chapter 22518, pp. 17-19.

the most celebrated piece of school finance legislation in the 20th century, the Minimum Foundation Program Law.

#### The Minimum Foundation Program

The Minimum Foundation Program<sup>132</sup> was the result of a long and arduous campaign by state and national educational leaders who had advocated consolidation of schools and increased state aid for many years. Although the recommendations of the governor-appointed Florida Citizens Committee on Education were enacted almost in toto, Pollock reported several other factors that contributed to the passage of the precedent-setting act.

Since the turn of the century, state superintendents and numerous other educational leaders had followed the example of Sheats' fervent advocacy of equal educational opportunity and increased state aid. Consequently, by 1947 the legislature was well aware of the finance reforms which the state school system so desperately needed. It was also apparent that to avert chaos, the financial crisis which had developed in the system had to be checked. Inadequate school buildings and low teacher salaries were but two of the

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132. Laws of Florida (1947), Chapter 23725, pp. 185-234.

multifarious problems which threatened the state's schools. Florida, too, was enjoying the prosperity of post-war America and was in a position to provide the support necessary to maintain the Foundation Program. The fact that the Citizens' Committee represented hundreds of outstanding citizens and educational leaders throughout the state who were able to combine their voices to generate the political pressure necessary to insure legislative approval was the key element in establishing a new program.<sup>133</sup>

The heart of the Minimum Foundation Program (MFP) was a budget system which varied allocation of basic instruction units to counties according to school population, teachers' professional training levels, and the extent to which educational services were provided.<sup>134</sup> The developers of the MFP, R. L. Johns of the University of Florida and Edgar Morphet of the Florida State Department of Education, employed a method of determining the cost of the Foundation Program which continued to use instruction units but effectively

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133. Pollock, p. 119.

134. R. L. Johns, "State Financing of Elementary and Secondary Education," in Education in the States: Nationwide Development Since 1900 (Washington, D. C.: National Education Association of the United States, 1969); p. 196.



reduced the pupil-teacher ratios in selected programs. The design involved

1. Calculating the cost of instruction by multiplying the number of instruction units by the appropriate amount provided in a salary allotment scale.
2. Calculating the amount allotted for transportation [\$300 per instruction unit] by a method developed by Johns in his doctoral study.
3. Calculating the amount allotted for other current expenses by multiplying the instruction units by a flat amount per unit determined by the average costs.
4. Calculating the amount allocated for capital outlay and debt service [\$300 per instruction unit] by multiplying the instruction units by a flat amount determined by the average depreciation costs of the school plant.<sup>135</sup>

In addition to the 10 requirements for participation in the Foundation Program,<sup>136</sup> local systems could provide other instructional services and receive additional state financial support without increasing their local effort. Local systems were required to maintain a minimum school term of 180 teaching days to participate.<sup>137</sup> Instruction units were allocated for regular classroom teachers, exceptional

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135. Ibid.

136. Laws of Florida (1947), Chapter 23725, pp. 202-204.

137. Ibid., p. 203, cited in Johns, Evolution, p. 55.

education, adult education, vocational education, summer programs, supervision and administration services, and certain other special instructional services such as art, physical education, music, and guidance.<sup>138</sup> By increasing its required local effort, a county could also include kindergarten and junior colleges in the Foundation Program.<sup>139</sup>

The required local effort was derived by multiplying the county's percentage portion of the total taxpaying ability of the state by 95 percent of the yield of a six mill tax levied on the total nonexempt assessed valuation of the state. To combat inequities in locally assessed valuations of property, an economic index of relative taxpaying ability was used to determine each county's share of the state's calculated financial ability.<sup>140</sup> The required local effort was subtracted from the cost of a county's Foundation Program to determine the amount of state aid which it would receive.<sup>141</sup>

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138. Ibid., pp. 206-210, cited in Johns, Evolution, p. 55.

139. Ibid., p. 230, cited in Johns, Evolution, p. 57.

140. Ibid., pp. 216-217, cited in Johns, Evolution, p. 56.

141. Ibid., pp. 217-218, cited in Johns, Evolution, p. 57.

Seay described another important change in Florida's school finance plan thusly:

Governor Millard Caldwell insisted that if money was to be collected from where it could be found in the state and spent on children wherever they were to be found, the same philosophy had to be followed at the county level. At this time the state was operating under a county system. The Governor insisted that the Legislature eliminate all district lines, which it then did. This meant that all local money raised at the county level could be expended for all the children in the county irrespective of the former school districts. The entire county's wealth could be placed behind all of its children.<sup>142</sup>

Johns noted an equally important provision in the MFP law required that the state appropriations for the Foundation Program fund be paid with general fund revenues rather than earmarked taxes. Instead of being determined by the yield of earmarked taxes, educational appropriations were now based on need as calculated by the MFP formula.<sup>143</sup>

The impact of the MFP on the financial condition of Florida's public schools was immediate. In 1946-47 revenue receipts from combined state, county, and district sources totaled just over \$51 million. For the 1947-48 school year, the total was approximately \$73 million, representing a

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142. Seay, p. 244.

143. Johns, Evolution, p. 57.

one-year increase of almost \$22 million.<sup>144</sup> The MFP also succeeded in making the state responsible for most of the financial burden of public education. In 1946-47 state sources accounted for 37 percent of all school funds. In 1947-48 the state's share was over 52 percent.<sup>145</sup> For the same period, current expenditures per pupil in average daily attendance increased 35 percent.<sup>146</sup> The establishment of the MFP proved to be a milestone unparalleled in the evolution of Florida's school finance plan.

From Progress to Crisis (1949-67)

By 1949 the MFP and other state appropriations had used up the surplus revenues which had accumulated in the state treasury following the war and the schools were suddenly confronted with a foundation program that was unable to meet all of its financial obligations.<sup>147</sup> Only after a special session of the legislature enacted a series of limited sales tax laws later that year<sup>148</sup> was the state able to provide

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144. Biennial Report 1948 [English], pp. 48-49.

145. *Ibid.*, p. 276.

146. *Ibid.*, p. 278.

147. Seay, p. 245.

148. Laws of Florida (Extraordinary Session) (1949), Chapter 26319, pp. 9-49; Chapter 26320, pp. 50-71; Chapter 26321, pp. 71-76; Chapter 26324, pp. 78-80.

the minimum support program for public schools which had been guaranteed in 1947.

Educational appropriations continued to increase during the 1950's as legislators sought to improve the MFP and strengthen support for the state's educational program in almost every session.<sup>149</sup> A 1952 constitutional amendment<sup>150</sup> guaranteed the allocation of the state's automobile license revenues to pay the Foundation Program's appropriation for capital outlay beginning in 1953. The State Board of Education was also authorized to issue bonds for school building purposes in anticipation of the allotment to be generated by the tax. The following year both the MFP allotment for teachers' salaries<sup>151</sup> and the allotment for transportation<sup>152</sup> were increased. The 1953 Legislature also revised the index of taxpaying ability in an effort to upgrade the MFP's formula for determining required local effort.<sup>153</sup> In 1955

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149. Seay, p. 245.

150. Laws of Florida (1951), Senate Joint Resolution No. 96, pp. 1889-1895, cited in Johns, p. 59.

151. Laws of Florida (1953), Chapter 28139, p. 454.

152. *Ibid.*, Chapter 28178, pp. 671-672.

153. *Ibid.*, Chapter 28182, pp. 680-681, cited in Johns, Evolution, p. 60.

the legislature again increased the allotment for instructional salaries, along with the amount for current expenses.<sup>154</sup>

Two separate laws enacted in 1957 provided for additional increases in teacher salary allocations<sup>155</sup> and capital outlay.<sup>156</sup> The latter enactment annually gave each county \$200 for each additional pupil in average daily attendance beginning with the 1955-56 school year, provided the county matched the total allotment received and placed the money in a school construction fund separate from the county school fund. Another law appropriated the first \$18 million collected from the newly revised sales tax to a special "County School Sales Tax Fund" which was to be disbursed monthly in proportion to the number of instruction units in each county.<sup>157</sup>

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154. Laws of Florida (1955), Chapter 29698, pp. 186-187, cited in Johns, Evolution, p. 60.

155. Laws of Florida (1957), Chapter 57-297, pp. 578-582, cited in Johns, Evolution, p. 60.

156. *Ibid.*, Chapter 57-334, pp. 724-727, cited in Johns, Evolution, p. 61.

157. *Ibid.*, Chapter 57-398, pp. 918-919, cited in Johns, Evolution, p. 61.

Over the next nine years, however, the legislature would become lax in providing financial support for the schools. Increased attendance would generate additional revenues under the MFP formula, but without adjustments for the rising costs of education, Florida's schools would soon face yet another crisis situation. In 1961 the county sales tax fund was reenacted, resulting in a revised appropriation of \$550 per instruction unit to each county,<sup>158</sup> and teachers' salaries were increased in 1961<sup>159</sup> and 1963,<sup>160</sup> but the effect of these appropriations on the impending financial crunch was negligible.

A law requiring all property to be assessed at 100 percent of "just value" was upheld in a 1965 Florida Supreme Court ruling which accounted for increased valuations in many counties shortly thereafter.<sup>161</sup> Reacting to the possibility of large increases in local property taxes, the legislature passed a law effective in 1966 which required local

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158. Laws of Florida (1961), Chapter 61-255, pp. 458-459, cited in Johns, p. 62.

159. Johns, Evolution, p. 62.

160. Laws of Florida (1963), Chapter 63-300, p. 781.

161. Johns, Evolution, pp. 63-64.

taxing authorities to reduce the millage to be levied from what it was the preceding year in proportion to the increase in the general level of assessed valuations for the current year.<sup>162</sup> Consequently, assessments in many counties remained well below the "just value" standard and even though market values were increasing, some counties were still unable to generate the necessary revenue.<sup>163</sup> The Southern Association's disaccreditation of all of Jacksonville's high schools<sup>164</sup> was but one example of the progressive deterioration of the state's public schools.

#### The Modern Era

Since 1959, school finance reform in Florida has been the product of a coalition of influential decision-makers at the state level as well as the larger teacher organizations from Dade, Pinellas, and Hillsborough Counties and the Association of District School Superintendents. Certain legislators (especially in the House of Representatives), the governor, the commissioner of education, and the State

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162. Laws of Florida (1965), Chapter 65-258, pp. 948-954.

163. F. DePalma, State Policy Making for the Public Schools of Florida, Ohio State University, The Educational Governance Project, 1974, p. 56.

164. *Ibid.*, pp. 56-57.



Department of Education (DOE) have all been prime movers of significant changes in school finance policy.<sup>165</sup> The extent of their influence on Florida's school finance structure would never be more apparent than during the political upheaval in education in 1967 and 1968.

DePalma described the situation thusly.

Several forces were operating in 1967 concerning school finance. First, many county districts were unable to adequately fund their schools. Second, taxpayers were revolting because of increasingly high property taxes. Third, educators, especially teachers through the Florida Education Association [FEA], were more vocal than ever about their position that education was poorly funded. Fourth, legislators were aware that many local county districts were in financial trouble.<sup>166</sup>

The FEA had provided a strong voice in educational leadership since 1929 by working closely with the state school superintendents in their efforts to bring about the equalization of fiscal resources and increased state aid for the support of schools. Other groups such as the School Boards Association, the State Congress of Parents and Teachers, and the Continuing Education Council had long

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165. Ibid., p. 55.

166. Ibid., p. 58.

provided invaluable support in the push to develop a sound finance policy for Florida's schools.<sup>167</sup> But in 1967, the FEA stood to lose nearly all of the political influence it had acquired over the years.

Although the legislature included \$77 million for teacher salaries in their appropriation for education over the next two years, the FEA remained dissatisfied and re-affirmed their strike threat. Using his veto power, Governor Kirk had reduced part of the appropriation because he wanted to avoid new taxes, but as the FEA's threat of a state-wide teacher walkout gained momentum, he was forced to call a special session of the legislature in January of 1968 to address the school finance situation.<sup>168</sup>

After much controversy, the legislature approved an increase of \$242 million over the previous year's appropriation. The required local effort for counties to participate in the MFP was reduced to three mills in light of rapidly increasing property assessments, and a 10 mill cap was put on local property tax rates to increase the state's share of the financial burden and to appease disgruntled taxpayers

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167. Johns, Evolution, p. 75.

168. DePalma, p. 59.

in "property rich, pupil poor" counties. A one percent increase in the state sales tax would more than compensate for the reduction in local funds the next year and would provide the financial base needed for the increased educational appropriations.<sup>169</sup>

Separate legislation allowed district voters to exceed the cap "to replace any decrease in funds from Public Law 874 from the previous year"<sup>170</sup> and to provide for "district building and bus, required debt service, and the millage required for junior college minimum effort."<sup>171</sup> The FEA, however, was unsatisfied and struck on the last day of the special session. The ill-advised decision would cost the FEA "membership, prestige, close ties with DOE and other educational interest groups, and political influence in the legislature."<sup>172</sup>

As a result of the special session legislation increasing both the equalization and the adequacy of school support, legislators showed a greater commitment to equalization and

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169. Johns, Evolution, pp. 64-65.

170. Florida Statutes (1969), Chapter 236.251(3), p. 1168.

171. Ibid., Chapter 236.251(1).

172. DePalma, p. 62.

became more involved in school finance matters.<sup>173</sup> They became especially attuned to the local districts' demands for more state funding as evidenced by the 1970 School Equalization Act.

The 1970 educational finance legislation was originally vetoed by Governor Kirk, but the legislature overrode the veto in a demonstration of the lawmakers' strong desire to achieve equity in school finance.<sup>174</sup> In moving toward providing increased state support to education in a less pressured political atmosphere, the legislature passed a bill which resulted in several changes in Florida's school finance plan. The bill featured the following provisions: 1) Over the next four years, the allotment per instructional unit would be increased by \$1100 each year; 2) The index of tax-paying ability for determining required local effort was discontinued in favor of tax ratio studies based on property assessments at 100 percent of market value. The ratio of locally assessed valuations to 100 percent valuation would be computed to determine the local effort required to participate in the MFP; 3) The equalized millage rate would be

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173. Ibid., p. 61.

174. Ibid., p. 64.

raised by one mill a year for four consecutive years. By 1973-74 the required local effort would be 97 percent of seven mills levied on the adjusted 100 percent tax roll; 4) Districts that had a 100 percent valuation per pupil in average daily attendance which was less than the state average were allocated additional state funds in an effort to equalize county ad valorem taxes up to the state average yield; 5) To compensate for cost variations, a cost of living adjustment was to be included in the MFP formula in 1974-75.<sup>175</sup>

The 1970 Legislature helped close the gap in per pupil expenditures between the wealthy and poor districts by increasing aid to the poorer districts.<sup>176</sup> Unlike the political upheaval of 1967-68, however, school finance reform in 1970 was a product of the concerns of a small group of legislators and the technical expertise of the DOE legislative staff.<sup>177</sup> By 1973 the complexities of Florida's school finance structure would require the assistance of selected school finance experts whose impact would have a direct bearing on most of the fiscal changes incorporated in the Florida Education Finance Act of 1973.

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175. Laws of Florida (1970), Chapter 70-94, pp. 214-226, cited in Johns, Evolution, pp. 65-67.

176. DePalma, p. 66.

177. *Ibid.*, p. 71.

In 1972 an act provided for the allocation of additional capital outlay funds for the K-12 program by making annual allotments based on the number of instruction units in excess of the number in 1967-68.<sup>178</sup> A state corporate income tax levied the same year helped the legislature increase educational appropriations by almost \$90 million for 1972-73.<sup>179</sup>

#### The Florida Education Finance Program

It was again R. L. Johns who directed a special National Educational Finance Project (NEFP) study of Florida's school finance structure for the Florida DOE in 1973.<sup>180</sup> Although the Citizens Committee on Education appointed in 1971 by Governor Askew was generally credited with originating the basic thrust of the 1973 school finance bill, DePalma reported that the DOE was closely involved in writing the Committee's final report and provided the bulk of the technical and statistical computations which were initially

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178. Laws of Florida (1972), Chapter 72-329, pp. 1202-1204, cited in Johns, Evolution, p. 68.

179. Johns, Evolution, p. 68.

180. S. K. Alexander, R. L. Johns, & K. F. Jordan, Financing the Public Schools of Florida (Gainesville, Fl.: National Educational Finance Project, 1973).

presented in the NEFP study.<sup>181</sup> Regardless of the source, the recommendations which were enacted into the Florida Education Finance Act of 1973 were aimed at equalizing the financial resources necessary for improving equalization of educational opportunity in the state.

The MFP was renamed the Florida Education Finance Program (FEFP) in 1973 and featured the following changes:

1) The local standard for determining the state allocation was changed from the instruction unit based on average daily attendance to the weighted pupil unit based on the full-time equivalent (FTE) student enrollment in each district.

Weights, or computed cost differentials, were applied to each of 26 student programs: three basic programs for regular students in grades K-3, 4-8, and 9-12; fifteen special programs for exceptional students; six vocational-technical programs; and two programs for adult general education.

This provision of the FEFP recognized the cost variations of educational programs due to specific student needs.

2) The separate teachers' salary allocation schedule was abandoned and the allotments for instructional salaries and current expenses were combined. 3) Additional allotments

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181. DePalma, p. 72.

were computed for transportation and a number of categorical programs (e.g., occupational specialists, elementary school counselors, driver education, community schools). 4) District cost of living differentials were added to the allocation formula. 5) A "power equalizing" provision guaranteed each district the same dollar yield for the same property tax rate (over eight mills, but not more than ten) regardless of local property market values. The provision equalized local leeway dollars only if a district levied the full 10 mills allowed.<sup>182</sup> 6) The ratio method of determining required local effort had been rejected by the Supreme Court<sup>183</sup> and local effort was computed on a percentage basis by determining the district's percentage share of the total net non-exempt assessed valuation of the state.<sup>184</sup>

In 1973-74 revenue receipts of public elementary and secondary schools totaled over \$1.8 billion, an increase of \$440 million over the previous year.<sup>185</sup> Of this amount,

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182. Florida Senate Committee on Ways and Means, Financing Florida's Public Schools (Tallahassee, Fl.: State of Florida, 1980), p. 6.

183. Johns, Evolution, p. 71.

184. Laws of Florida (1973), Chapter 73-345, pp. 1235-1253.

185. Johns, Evolution, p. 23.



state sources accounted for just over \$1 billion, or 56.3 percent; and local sources contributed \$628 million, or 33.8 percent.<sup>186</sup> Although the 1970 School Equalization Act had seemingly "set Florida squarely in the direction of full state funding,"<sup>187</sup> the percentage of school revenue from state sources had actually declined somewhat.<sup>188</sup>

It is ironic to note that although the FEFP was specifically intended to simplify the financing program for elementary and secondary education, the amendments which have been made to the original legislation have made it far more complex than the 1972-73 MFP it replaced.<sup>189</sup> Nevertheless, the establishment of the FEFP was a landmark in the development of the state's school finance plan and its promise of equalized educational opportunity provided the touchstone for subsequent school finance legislation in the 1970's and 1980's.

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186. Digest of Education Statistics, 1976 edition (Washington, D. C.: National Center for Education Statistics, U. S. Government Printing Office, 1977), p. 70.

187. DePalma, p. 70.

188. Johns, Evolution, p. 19.

189. Ibid., p. 73.

Evolution of the FEFP (1974-81)

A 1974 law discontinued the provision for supplemental ad valorem tax equalization and limited the required local effort to no more than eight mills of tax levied on 95 percent of the nonexempt assessed valuation.<sup>190</sup> The Public Education Act of 1975 provided for the computation of a compensatory education supplemental cost factor beginning in 1976-77. A sparsity supplement was to be added to the basic amount for district current operations beginning the same year.<sup>191</sup> By 1974-75 the push for equalization was beginning to reap substantial rewards due to the unflagging efforts of legislators, the commissioner, key DOE staff members, educational leaders across the state, and school finance experts who shared the same goals and objectives for Florida's schools. In 1974-75 the median per pupil expenditure in the 10 poorest districts was 89.8 percent as much as the median expenditure in the 10 wealthiest districts.<sup>192</sup> For the

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190. Laws of Florida (1974), Chapter 74-227, pp. 608-630, cited in Johns, Evolution, p. 72.

191. Laws of Florida (1975), Chapter 75-284, pp. 1014-1040, cited in Johns, Evolution, p. 72.

192. Johns, Evolution, p. 77.

year, the FEFP formula appropriation was increased by approximately \$97 million.<sup>193</sup>

A 1976 law established the Special Facility Construction Account to provide funds to school districts which lacked sufficient resources for immediate construction needs.<sup>194</sup> In 1977 legislators again expressed their "commitment to guaranteeing each student in this state an equal opportunity to an appropriate education commensurate with his or her abilities" by requiring a minimum level of funding for compensatory education of \$26.5 million for the 1978-79 fiscal year.<sup>195</sup> The required local effort was raised to 6.4 mills.<sup>196</sup>

Based on a study of actual program costs for 1977-78,<sup>197</sup> the 1978 Legislature adjusted the cost factors for many educational programs under the FEFP.<sup>198</sup> The legislation avoided major disruptions in district educational programs

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193. Florida Senate Committee on Ways and Means, p. 73.

194. Laws of Florida (1976), Chapter 76-280, pp. 758-767.

195. Laws of Florida (1977), Chapter 77-417, pp. 1728-1927.

196. *Ibid.*, Chapter 77-465, p. 1932.

197. Florida Senate Committee on Ways and Means, p. 75.

198. Laws of Florida (1978), Chapter 78-405, pp. 1288-1294.

by making gradual yearly changes in the program cost factors, rather than using the actual cost figures to compute the relative differences all at once. By 1980-81, 75 percent of the actual costs for FEFP programs was used to calculate the FEFP formula appropriation.<sup>199</sup> Cost factors for educational alternative programs and profoundly handicapped programs were added in 1978 while appropriations for several categorical programs were deleted.

Legislation in 1979 contributed to the burgeoning complexity of Florida's school finance structure by again modifying the method for computing state allocations for current operations.<sup>200</sup> Additional funding was provided for school districts with declining FTE enrollments and for the development of a cost of education index which would be used instead of the FEFP formula's district cost differential factors. In regard to the latter provision, the legislature's intent was again stated clearly: "Such index, if used, shall guarantee, to a greater degree than the Florida Price Level Index, to each student in Florida's public schools the availability of programs and services appropriate

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199. Florida Senate Committee on Ways and Means, p. 75.

200. Laws of Florida (1979), Chapter 79-312, pp. 1116-1123.

to his education needs which are substantially equal to those available to any similar student."<sup>201</sup> The establishment of the Florida Primary Education Program the same year required special funding for FTE students in grades K-3 in addition to the amount generated for the K-3 basic program.<sup>202</sup>

The appropriations act for the 1979-80 fiscal year lowered the required local effort to 5.15 mills and reduced the maximum allowable nonvoted tax levy to 6.75 mills.<sup>203</sup> The legislature, wishing to provide a measure of tax relief for property owners, but not wanting to deprive the school districts of anticipated revenues, appropriated the amount that would have been generated had the full 6.4 mills been levied.<sup>204</sup> The subsequent \$1.4 billion FEFP formula appropriation for 1979-80 represented a one-year increase of 21.6 percent.<sup>205</sup>

A 1980 constitutional amendment increasing homestead tax exemptions<sup>206</sup> did not result in a loss of school revenue

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201. Ibid., Chapter 79-373, pp. 1867-1869.

202. Ibid., Chapter 79-288, pp. 1522-1540.

203. Ibid., Chapter 79-212, pp. 911-1116.

204. Florida Senate Committee on Ways and Means, p. 86.

205. Ibid., p. 73.

206. Florida Constitution (1980), Article VII, Section 6.

due to a legislative act which provided for each school district to be reimbursed an amount equal to the revenue lost because of the exemption increase.<sup>207</sup> The Truth in Millage Act (TRIM) passed that year extensively amended local assessment and taxation practice and included a provision which allowed school boards to set millage rates at a level necessary to raise up to 110 percent of the prior year discretionary revenue, thus insuring local FEFP revenues per weighted FTE at least equal to the state average.<sup>208</sup>

Though the millage rate was originally set at 6.4 mills for 1980-81,<sup>209</sup> the TRIM legislation required the commissioner to adjust the required local effort millage of each district in 1982-83 by applying an equalization factor based on the difference between the district's assessment level and the state-wide average assessment level.<sup>210</sup> This provision was aimed at removing the perceived incentive in the

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207. Laws of Florida (1979), Chapter 79-332, pp. 1730-1736.

208. State of Florida Department of Education, Summary of Laws Affecting Public Schools (Tallahassee, Fl.: Department of Education, 1980), p. 30.

209. Laws of Florida (1979), Chapter 79-212, p. 957.

210. Laws of Florida (1980), Chapter 80-274, pp. 1143-1195.

FEFP to underassess property.<sup>211</sup> A separate act authorized school boards to levy an additional two mills on nonexempt assessment valuation for capital outlay.<sup>212</sup> The total required local effort for the state was specified as a dollar amount rather than a millage rate for 1980-81 and was set at \$750 million.<sup>213</sup>

For 1981-82 the Legislature appropriated \$1.69 billion for the FEFP and another \$323 million for categorical programs and special allocations.<sup>214</sup> Minor changes in Florida's school finance plan included a new transportation formula and a provision for compensating school districts for reductions in federal assistance.<sup>215</sup> (See Appendix A for a Department of Education description of the state distribution for 1981-82.)

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211. State of Florida Department of Education p. 30.

212. Ibid., p. 7.

213. Ibid., pp. 31, 34.

214. State of Florida Department of Education, Statistical Report on 1981-82 FEFP (Tallahassee, Fl.: Department of Education, 1981).

215. State of Florida Department of Education, The 1981 Legislature in Review (Tallahassee, Fl.: Department of Education, 1981).

An act requiring the Department of Education to conduct a periodic review and evaluation of the program cost factors in the FEFP<sup>216</sup> further evidenced the legislature's continued support of Florida's guarantee of equalized educational opportunity for the state's public school students. Subsequent Department of Education recommendations to the legislature will be based on a comprehensive analysis of

- 1) the relationship between the program cost factors by comparing program expenditures with the FEFP revenues generated;
- 2) the relationship, among programs, of actual expenditures for delivering program services;
- 3) the relationship between the actual cost of delivering program services and the level of identified need for each program; and
- 4) variations in the actual cost of providing program services among school districts.<sup>217</sup>

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216. Ibid., p. 38.

217. Ibid.



### CHAPTER III

#### RELATIONSHIPS BETWEEN REVENUE MEASURES AND SELECTED INDEPENDENT VARIABLES

The analysis presented in this chapter will focus on changes in the relationship between per pupil revenues and the selected independent variables before and after the FEFP's enactment in 1973. The Pearson product moment correlation was used to assess the extent to which changes in per pupil revenues are associated with changes in the independent variables identified in Chapter I, i.e., other state revenue, district cost differential factor, exceptional student programs, vocational-technical programs, local tax rate, assessed valuation, and personal income. Using each of the six years studied--1970-71, 1972-73, 1974-75, 1976-77, 1978-79, and 1980-81--matrices were constructed which show the correlation between each of the independent variables and the four per pupil revenue measures--total state revenue per pupil, total local revenue per pupil, total state and local revenue per pupil, and total foundation funds per pupil.

To aid in the interpretation of changes in the strength of the indicated relationships, the coefficient of determination, symbolized by  $r^2$ , is also reported with each correlation coefficient. The coefficient of determination is the square of the correlation coefficient and is a measure of the proportion of variance in one variable that is associated with the variance in the other.

The selected independent variables are defined as follows:<sup>1</sup>

Other state revenue per pupil. In addition to the FEFP allocation which is distributed to districts by a formula based on the number of students participating in particular educational programs, districts also receive categorical program funds and other special allocations as part of the total state allocation. Among these other state revenue sources which have been included at one time or another in the total state allocation from 1970-71 through 1980-81

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1. Unless otherwise specified, data for the 1970-71 and 1972-73 school years were obtained from the Florida Commissioner of Education Report on Pupil, Personnel, and Financial Data published each of the years, State of Florida: Tallahassee, Florida. For the 1974-75, 1976-77, 1978-79, and 1980-81 school years, data were obtained from Profiles of Florida School Districts published for each of the years, State of Florida: Tallahassee, Florida.

are school lunch supplements, driver education funds, racing commission funds, motor vehicle and mobile home license fees, state forest funds, school construction funding, transportation funds, and allocations for the K-3 improvement program, migrant education, law education, enhancement of writing skills, gifted programs, and compensatory education. Because these additional revenues are not distributed on a comparable formula basis, the extent to which districts vary in their eligibility for these funds may be disequalizing. For the 1970-71 and 1972-73 school years, the total MFP allotment per district exclusive of capital outlay, debt service, and transportation was subtracted from the total state revenue received by each district to obtain "other state revenue" which was then divided by the district's ADM. For the remaining years, the net state FEFP allocation for each district was subtracted from the total state revenue received by each district and then divided by the district's membership.

Exceptional student programs. While both the MFP and FEFP allocation formulas included cost factors for students who participated in exceptional education programs, significant differences in the ratio of exceptional students to total student membership among the districts could also ultimately result in disequalizing revenues depending on the

degree to which exceptional students were identified and placed in appropriate programs in each district. Although the legislature places a cap on the total number of weighted FTE's in a number of programs in grades 7 through 12, the maximums are derived from a review of each district's educational needs and a membership survey which are reported by the districts and are therefore dependent on the extent to which individual districts identify and place eligible students. For the 1970-71 and 1972-73 school years, the number of MFP instruction units allotted for exceptional child education in each district was divided by the total number of K-12 MFP instruction units per district to obtain an exceptional child education index. For the remaining four years, the total number of weighted FTE's participating in exceptional education programs in each district was divided by the district's membership to obtain a comparable index.

Vocational-technical programs. For the first two years studied, the number of MFP instruction units allotted to each district for vocational education was divided by the total number of K-12 instruction units for each district to obtain a vocational education index. For the remaining school years, 1974-75, 1976-77, 1978-79, and 1980-81, the total number of weighted FTE's in vocational programs in

each district was divided by the district's membership to obtain an index comparable to that used for 1970-71 and 1972-73.

Local tax rate. Because the discretionary millage included in the local tax rate can generate potentially dis-equalizing revenues among districts of varying wealth, the relationship between per pupil revenues and the local tax rate, before and after the FEFP was enacted, was of interest. The local discretionary millage was added to each district's required local effort to get the local tax rate.

Assessed valuation per pupil. A traditional measure of fiscal capacity in school finance equity studies, the property tax base is the nonexempt value of property against which taxes are levied. The assessed value of property in each district was divided by the district's student membership to obtain the assessed value per pupil.

Per pupil income. This wealth measure was obtained by dividing the total personal income<sup>2</sup> in each school district by the district's student membership.

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2. Data from records provided by the Bureau of Economic and Business Research, College of Business Administration, University of Florida. Published in part in Florida Statistical Abstract 1981, Ralph B. Thompson, ed. (Gainesville, Fl.: Bureau of Economic and Business Research, The University Presses of Florida, 1981).

District cost differential factor. Cost of living factors for the state's school districts are included in the FEFP formula, but were not a part of the MFP. The factor is intended to compensate districts for significant differences in the cost of living based on an annual study and survey of an identical "market basket" of goods and services priced in each county.<sup>3</sup> Because the district cost differential factor is an index, the variable was not measured per pupil in the correlation matrices.

Because the product moment coefficient of correlation assumes that the relationship between the two variables is a linear one, scatterplots were constructed and inspected for each correlation to determine if relationships were possibly curvilinear. If two variables are closely related curvilinearly, the computed Pearson r can underestimate the true

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3. Florida Senate Committee on Ways and Means, Financing Florida's Public Schools (Tallahassee, Fl.: State of Florida, 1980), p. 24.

strength of the relationship. Therefore, for those scatterplots which appeared to depict pronounced curvilinear relationships, a second-order polynomial regression model was created in order to obtain a more appropriate indicator of the strength of the relationship between the variables. A second-order equation was determined to be adequate for improving the accuracy of the measured relationships because the corresponding scatterplots revealed no more than one bend in the apparent curvilinear nature of the relationship. Thus, additional polynomial terms added to the equation would result in inconsequential increases in the multiple correlation coefficient,  $R^2$ .

Table 1 shows the relationship between total state revenue per pupil and the aforementioned independent variables of interest at two-year intervals from 1970-71 through 1980-81. In addition to the reported Pearson product moment correlation coefficients, symbolized by  $r$ , corresponding coefficients of determination ( $r^2$ ) are also presented. The multiple correlation coefficient,  $R^2$ , and its square root,  $R$ , are given in parentheses alongside those product moment correlations and coefficients of determination which substantially underestimated the strength of relationships due to their curvilinearity. (All multiple correlation coefficients are positive.)

TABLE 1  
 PRODUCT-MOMENT AND MULTIPLE CORRELATIONS BETWEEN SELECTED INDEPENDENT VARIABLES  
 AND TOTAL STATE REVENUE PER PUPIL

Year	(1) Other State Revenue per Pupil	(2) Exceptional Child Education Index	(3) Vocational Education Index	(4) Local Tax Rate	(5) Assessed Value per Pupil	(6) Personal Income per Pupil	(7) District Cost Differential
	$r$ $r^2$ (R) ( $R^2$ )	$r$ $r^2$ (R) ( $R^2$ )	$r$ $r^2$ (R) ( $R^2$ )	$r$ $r^2$ (R) ( $R^2$ )	$r$ $r^2$ (R) ( $R^2$ )	$r$ $r^2$ (R) ( $R^2$ )	$r$ $r^2$ (R) ( $R^2$ )
1970-71	.88 .78	.15 .02 (.38) (.14)	.45 .20	-.49 .24 (.60) (.36)	-.37 .14 (.52) (.27)	-.69 .48 (.79) (.62)	---
1972-73	.75 .57	.26 .07 (.42) (.18)	.55 .30	-.46 .21	-.60 .36	-.69 .48	---
1974-75	.58 .34	-.10 .01	.54 .29	-.23 .05	-.78 .61	-.64 .41	-.59 .35
1976-77	.53 .28	-.02 .00	.48 .23	-.22 .05	-.68 .46	-.47 .22	-.48 .23
1978-79	.73 .53	-.16 .03	.32 .10	-.48 .23 (.55) (.30)	-.79 .62	-.57 .32	-.49 .24
1980-81	.47 .22	.06 .00	.21 .04	-.21 .04 (.31) (.10)	-.84 .71 (.96) (.92)	-.48 .23 (.55) (.30)	-.49 .24
Total State Revenue per Pupil							



As can be seen in column 1, the size of the direct relationship between total state revenue per pupil and other state revenue per pupil has decreased steadily with the exception of one year. In 1970-71, 78 percent of the variance in total state revenue per pupil was associated with variance in other state revenue per pupil. By the 1980-81 school year, this percentage had declined to 22 percent. Although the most recent correlation of .47 indicates a moderate relationship still exists between the two revenue measures, it also represents an apparent trend toward a much smaller degree of relationship than that which existed prior to the FEFP.

The relationship between total state revenue per pupil and the index of exceptional child education was moderately positive in 1970-71 and 1972-73. Following the FEFP's enactment, no relationship was evident. The vocational education index also correlated positively with total state revenue per pupil for each year studied. By 1980-81, however, the moderate relationship reported in 1972-73 had declined to a modest  $r$  of .21. The lower correlation in 1980-81 could also represent a declining trend similar to that in the first column, although much slower.

Local tax rate was negatively correlated with total state revenue per pupil over the 11-year span. Correlation coefficients of  $-.49$  in 1970-71 and  $-.48$  in 1978-79 compared with the correlations in the remaining years suggest no trend or pattern to changes in the relationship between the two variables.

A much stronger inverse relationship appears to have developed between total state revenue per pupil and assessed valuation per pupil as shown in column 5. By 1980-81, 71 percent of the variance in one variable was associated with variance in the other variable, an increase of 57 percentage points over the coefficient of determination of the same variables in 1970-71. The difference between the first and last year correlation coefficients for total state revenue per pupil and assessed valuation per pupil shows a substantially greater degree of negative relationship--a greater equalizing effect under the FEFP.

By contrast, the inverse relationship between the wealth measure, personal income per pupil, and total state revenue per pupil has fluctuated slightly. In each of the

four years studied after the FEFP's enactment, weaker correlations than those before the FEFP were obtained and in no year was the coefficient of determination greater than in 1970-71. Though still negatively related, the weaker relationship between total state revenue per pupil and personal income per pupil in 1980-81 compared with 1970-71 represents a decline in the degree of equality associated with Florida's school finance plan.

The moderate negative relationship between state revenue per pupil and the FEFP's district cost differential factor depicted in column 7 of Table 1 remained relatively stable across the selected years of study.

The matrix presented in Table 2 shows the correlations between total local revenue per pupil and the seven independent variables of interest for the selected years of study. Correlation coefficients much different from those found in the first three columns would have been of interest as would much variation in the coefficients presented in the last three columns.

Though the moderate positive relationship between local tax rate and total local revenue per pupil remained

TABLE 2  
 PRODUCT-MOMENT AND MULTIPLE CORRELATIONS BETWEEN SELECTED INDEPENDENT VARIABLES  
 AND TOTAL LOCAL REVENUE PER PUPIL

Year	(1) Other State Revenue per Pupil	(2) Exceptional Child Education Index	(3) Vocational Education Index	(4) Local Tax Rate	(5) Assessed Value per Pupil	(6) Personal Income per Pupil	(7) District Cost Differential
	$r$ $r^2$ (R) ( $R^2$ )	$r$ $r^2$ (R) ( $R^2$ )	$r$ $r^2$ (R) ( $R^2$ )	$r$ $r^2$ (R) ( $R^2$ )	$r$ $r^2$ (R) ( $R^2$ )	$r$ $r^2$ (R) ( $R^2$ )	$r$ $r^2$ (R) ( $R^2$ )
1970-71	-.27 .07	-.06 .00	-.03 .99	.39 .15	.87 .76	.73 .53	---
1972-73	-.25 .06	-.16 .03	-.10 .01	.32 .10	.94 .88	.70 .49	---
1974-75	-.20 .04	.18 .03	-.15 .02	.24 .06	.96 .92	.70 .49	.63 .40
1976-77	.07 .00	.23 .05	-.12 .01	.49 .24	.97 .94	.75 .56	.67 .45
1978-79	-.32 .10	.27 .07	-.07 .00	.43 .18	.98 .96	.70 .49	.64 .41
1980-81	-.15 .02	.13 .02 (.33)	-.11 .01	.32 .10	.96 .92	.72 .52	.66 .44

Total Local Revenue per Pupil

relatively stable, it is to be noted that the range of size for this particular correlation was determined by the back-to-back coefficients for 1974-75 and 1976-77. The 1974-75 coefficient of determination in column 4 indicates that 6 percent of the variance in one variable was associated with variance in the other, while the 1976-77 coefficient of determination shows 24 percent of the variance in local tax rate was associated with variance in total local revenue per pupil. Overall, Table 2 shows the FEFP's impact on the relationship between total local revenue per pupil and the selected independent variables to have been negligible.

Table 3 displays correlations between total state and local revenue per pupil and each of the selected independent variables of interest. In the first column, a moderately high positive relationship is consistently reported for every year except 1980-81 when the relationship between total state and local revenue per pupil and other state revenue per pupil was substantially weaker.

Again, the relationship between the exceptional child education index and the selected revenue measure remained weak over the 11-year period of study. The vocational education index maintained a moderate relationship with total state and local revenue per pupil for the selected years

TABLE 3  
 PRODUCT-MOMENT AND MULTIPLE CORRELATIONS BETWEEN SELECTED INDEPENDENT VARIABLES  
 AND TOTAL STATE AND LOCAL REVENUE PER PUPIL

Year	(1) Other State Revenue per Pupil		(2) Exceptional Child Education Index		(3) Vocational Education Index		(4) Local Tax Rate		(5) Assessed Value per Pupil		(6) Personal Income per Pupil		(7) District Cost Differential	
	r	r <sup>2</sup> (R)	r	r <sup>2</sup> (R)	r	r <sup>2</sup> (R)	r	r <sup>2</sup> (R)	r	r <sup>2</sup> (R)	r	r <sup>2</sup> (R)	r	r <sup>2</sup> (R)
1970-71	.63	.40	.08	.01	.45	.20	-.08	.01	.60	.36	.09	.01	.32	.10
1972-73	.61	.37	.11	.01	.55	.30	-.13	.02	.52	.27	.09	.01	.30	.09
1974-75	.55	.30	.15	.02	.57	.32	.05	.00	.42	.18	.21	.04	.18	.03
1976-77	.69	.48	.28	.08	.37	.14	.40	.16	.52	.27	.47	.22	.36	.13
1978-79	.62	.38	.18	.03	.38	.14	-.05	.00	.37	.14	.25	.06	.36	.13
1980-81	.27	.07	.27	.07	.04	.00	.28	.08	.62	.38	.63	.40	.52	.27

Total State & Local Revenue per Pupil

preceding the FEFP and the year immediately following. A weaker relationship was reported for the remaining years with an  $r$  of .04 recorded for 1980-81, suggesting a considerable change in the level of association between the two variables. A comparison of changes in the coefficient of determination ( $r^2$ ) for the six years underscores this observation.

Fluctuations in the degree of inverse and direct relationship between the variables correlated in column 4 represent a random level of association apparently without regard for changes in the method for distributing revenues to Florida school districts.

In column 5, total state and local revenue per pupil is correlated with assessed valuation per pupil. The moderate positive relationship between the two variables had remained relatively stable over the 11-year period with virtually identical correlation coefficients reported for 1970-71 and 1980-81. The static condition of this particular relationship is not a characteristic of a school finance plan which has moved or is moving toward fiscal neutrality. The apparent development between personal income per pupil and total state and local revenue per pupil is even more striking.

In 1970-71 and 1972-73 the multiple correlation coefficients ( $R$ ) associated with income per pupil and total

state and local revenue per pupil were a relatively modest .32 and .30 respectively. Higher positive correlations were derived for three of the four selected years following the FEFP's enactment, with the maximum correlation of .63 in 1980-81 representing the possibility of a strong disequalizing development in the distribution of state aid.

Because a higher district cost differential factor is supposed to be a result of the higher cost of living in a particular county, the moderate positive relationship reported in column 7 for 1980-81, which is considerably stronger than the correlation for 1974-75, may be of greater interest if a strong relationship exists between the district cost differential factor and a district's fiscal capacity.

It has been argued that the FEFP's cost of living factor in effect primarily measures differences in the standard of living among the districts rather than differences in the cost of the same standard of living--a viewpoint supported by the fact that residents of wealthier districts tend to purchase a greater amount and higher quality of goods and services than do those who live in poorer districts.<sup>4</sup>

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4. R. L. Johns, "The Cost of Delivering Equivalent Educational Services," in Futures in School Finance: Working Toward a Common Goal, K. F. Jordan & K. Alexander, eds. (Bloomington, In.: Phi Delta Kappa, 1975), pp. 86-100.



Table 4 shows the district cost differential factor correlated with assessed valuation per pupil and personal income per pupil for the selected years of study after the FEFP was enacted. The relatively high, positive relationship between the FEFP's cost of living factor and the wealth measures lends credence to this criticism of the function of the state's cost of living differential.

TABLE 4  
PRODUCT-MOMENT CORRELATIONS BETWEEN  
MEASURES OF FISCAL CAPACITY AND  
FLORIDA'S DISTRICT COST DIFFERENTIAL

Year	Assessed Value per Pupil	Personal Income per Pupil
1974-75	.63	.79
1976-77	.66	.67
1978-79	.65	.71
1980-81	.65	.79

Returning to column 7 of Table 3, the 1980-81 coefficient of determination of .27 means that the FEFP's district cost differential explains or is associated with approximately 27 percent of the variation in total state and

local revenue per pupil. Given this degree of association between this particular measure of state aid and the district cost differential for 1980-81, Johns' earlier caveat remains pivotal:

If there are real variations among the counties of the state in the costs of living for the same standard of living, the legislature should take those variations into consideration in the Finance Act because approximately 80 percent of the current expenses of schools is required to pay the salaries and wages of school employees. However, the legislature defeats the purpose of providing for substantially equal educational programs and services if it allocates school funds in such a manner as to provide for a higher standard of living in some counties than in others.<sup>5</sup>

Table 5 displays the correlations between total foundation funds per pupil and the selected independent variables. Column 1 shows a moderate positive relationship between other state revenue per pupil and total foundation funds per pupil for the first two years of study, with little or no relationship evident in subsequent years under the FEFP.

The exceptional child education index maintained a modest positive correlation with total foundation funds per

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5. Ibid., p. 92.

TABLE 5  
 PRODUCT-MOMENT AND MULTIPLE CORRELATIONS BETWEEN SELECTED INDEPENDENT VARIABLES  
 AND TOTAL FOUNDATION FUNDS PER PUPIL

Year	(1) Other State Revenue per Pupil		(2) Exceptional Child Education Index		(3) Vocational Education Index		(4) Local Tax Rate		(5) Assessed Value per Pupil		(6) Personal Income per Pupil		(7) District Cost Differential	
	r	r <sup>2</sup> (R)	r	r <sup>2</sup> (R)	r	r <sup>2</sup> (R)	r	r <sup>2</sup> (R)	r	r <sup>2</sup> (R)	r	r <sup>2</sup> (R)	r	r <sup>2</sup> (R)
1970-71	.50	.25	.26	.07	.64	.41	-.37	.14 (.42)	-.15	.02	-.40	.16 (.52)	---	---
1972-73	.54	.29 (.57)	.24	.06 (.33)	.78	.61	-.32	.10	-.20	.04	-.30	.09 (.44)	---	---
1974-75	.17	.03	.27	.07 (.34)	.71	.50	-.12	.01	.33	.11	.33	.11 (.37)	.33	.11 (.45)
1975-76	.04	.02	.34	.12	.72	.52	.23	.05	.08	.01	-.39	.15	.24	.06
1978-79	-.08	.01	.36	.13	.80	.63	-.02	.00 (.44)	.32	.10	.45	.20	.38	.15
1980-81	-.11	.01	.37	.14 (.44)	.05	.00 (.37)	.18	.03	.70	.49	.68	.47	.59	.35

Total Foundation Funds per Pupil

pupil, while the vocational education index maintained a relatively steady, moderately high, positive relationship for each year studied except 1980-81 when a correlation of .37 was reported.

The relationship between local tax rate and total foundation funds per pupil has fluctuated considerably with an  $r$  of .23 reported in 1976-77, and an  $r$  of  $-.37$  in 1970-71. Likewise, the relationship between assessed valuation per pupil and total foundation funds per pupil in column 5 and the relationship between personal income per pupil and total foundation funds per pupil in column 6 have changed dramatically over the six years of study. Comparing the relatively high 1980-81 correlation coefficients of .70 and .68 in columns 5 and 6, respectively, with the corresponding coefficients obtained for the 1970-71 and 1972-73 school years suggests that the degree of equalization achieved by the MFP in the distribution of foundation funds has not been maintained by the FEFP.

## CHAPTER IV

### MEASURES OF DISTRIBUTIONAL EQUALITY

A primary objective of the school finance reform movement has been the reduction of state-wide disparities in the distribution of per pupil revenues.<sup>1</sup> In this chapter the effect of the FEFP on the degree of distributional equality achieved by the state's school finance plan will be analyzed at four different levels of revenue aggregation: total state and local revenue per pupil, total state revenue per pupil, total local revenue per pupil, and total foundation funds per pupil. To facilitate assessment of changes in the distribution of the selected per pupil revenue measures across the state's school districts, six school years have been selected for analysis over an 11-year time span--1970-71 and 1972-73, prior to the FEFP's enactment, and every other subsequent year, 1974-75, 1976-77, 1978-79, and 1980-81.

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1. S. J. Carroll, The Search for Equity in School Finance: Results from Five States (Santa Monica, Ca.: Rand Corporation, 1979).

Although several of the measures of central tendency and variations selected to summarize the changes in the distributional effects of Florida's school finance plan essentially provide the same information, the utilization of these particular measures is a function of their frequency of use by other school finance researchers and their comparability with the results of similar studies. Discussion and analysis of the data pertaining to one of the seven selected measures, the Gini coefficient, will be presented in Chapter V.

The remaining six measures are provided for each of the per pupil totals for each year as follows:

Percentile ranks. A percentile rank is a value on a transformed scale which corresponds to the percentile point. For example, if \$618 per pupil is an amount at or below which 75 percent of the school districts fall, then 75 is the corresponding percentile rank. The districts were ranked according to the per pupil revenue amount of interest from highest to lowest. Values are listed for the 100th (highest), 95th, 75th, 50th (median), 25th, 5th, and 1st (lowest) percentile rank. A commonly used measure of central tendency, the median is the point on a scale or distribution such that half the observations fall above it and half below it.

Range. The simplest measure of variation is the range which is the difference between the lowest and highest measurements in a distribution. Although the range is not very stable because it is based on only two measurements or values and does not provide any information about the variability of those per pupil amounts lying between the largest and smallest revenue measurements, it facilitates the comparison of changes in a particular aspect of distributional equality which may lead to the discovery of less obvious disparities lying elsewhere.

Restricted range. A measure less sensitive to extreme values than the range, the restricted range is the difference between two selected values in a distribution, usually in terms of percentiles. For purposes of this study, the restricted range is the difference between the 5th and 95th percentile of per pupil revenues.

Mean. The mean is the sum of a set of measurements divided by the number of measurements in the set. Unlike the median, the mean is based on all the values in a distribution and the quantity of the measurements. Its measurement over time facilitates assessment of the growth in the average per pupil revenue amount received by school districts.

Standard deviation. A better index of dispersion or variability than either of the range measures, the standard deviation is equal to the square root of the variance which is the mean of the squared deviation scores. The standard deviation is by far the most commonly used measure of variability and is based upon all the values in a distribution.

Coefficient of variation. The coefficient of variation is the standard deviation divided by the mean of a distribution and measures equality relative to the mean. The lower the coefficient of variation, the more equal the distribution.

Data for Florida for the pre-FEFP years 1970-71 and 1972-73 were obtained from The Annual Report of the Commissioner of Education. Data for the 1974-75, 1976-77, 1978-79, and 1980-81 school years were obtained from Profiles of Florida School Districts.

Table 6 presents the percentile ranks for the distribution of total state and local revenue per pupil across the selected years of study. With the exception of the first two-year interval at the 100th percentile, total state and local revenue per pupil has increased steadily across the percentile ranks since 1970-71. From 1970-71 to 1980-81 total state and local revenue per pupil at the 95th



TABLE 6  
 PERCENTILE DISTRIBUTIONS OF TOTAL STATE AND  
 LOCAL REVENUE PER PUPIL

Percentile	1970-71	1972-73	1974-75	1976-77	1978-79	1980-81
100th	1164.83	1129.87	1647.37	1951.39	2210.67	2745.60
95th	1003.20	1114.64	1463.89	1770.89	2086.37	2587.57
75th	862.71	964.13	1293.76	1562.84	1782.46	2184.75
50th (median)	793.95	887.40	1236.22	1393.38	1667.44	2061.07
25th	734.54	829.56	1153.54	1290.21	1549.98	1912.76
5th	663.94	758.57	1101.13	1158.28	1459.30	1793.31
1st	610.77	673.46	986.71	1063.23	1346.13	1756.22

percentile increased 158 percent while the 5th percentile increased only a slightly higher 170 percent. The median fluctuated in the degree of percentage change in total state and local revenue per pupil with a minimum increase of 11.7 percent between 1970-71 and 1972-73 and a maximum of 39.3 percent between 1972-73 and 1974-75, the years immediately before and after the establishment of the FEFP.

The first percentile, representing the district which received the least total state and local revenue per pupil, shows the greatest increase from 1970-71 to 1980-81, i.e., 187 percent. The 100th percentile, representing the district which received the most total state and local revenue per pupil, increased the least of the percentile ranks, i.e., 136 percent. From 1970-71 to 1980-81 the median increased 160 percent.

The districts above the 95th percentile in 1970-71 were also the first, second, and fourth richest districts in the state in terms of assessed valuation per pupil. The districts below the 5th percentile were the fourth, sixth, and seventeenth poorest districts. By contrast, none of the districts above the 95th percentile in 1980-81 were among the 10 wealthiest districts and none of the districts below the 5th percentile were among the 15 poorest districts.

However, of the 17 districts lying above the 75th percentile in 1970-71, 11 were also above the upper quartile of the wealthiest districts. Of the 16 districts lying below the 25th percentile, only 5 were below the lower quartile of poor districts. In 1980-81, 12 of the 17 districts above the 75th percentile could be found above the upper quartile of the wealthiest districts in terms of assessed valuation per pupil, and 10 of the 17 districts below the 25th percentile in 1980-81 were also below the lower quartile of poor districts. Thus, while there appears to have been an equalization effect across the 95th and 5th percentile ranks between 1970-71 and 1980-81, the ranks represent roughly only 10 percent of the total number of districts, and a comparison of districts' wealth and their total state and local revenue receipts per pupil above and below the upper and lower quartiles (half the number of districts) indicates movement away from fiscal neutrality, a disequalization effect.

Table 7 presents the range, restricted range, mean, standard deviation, and coefficient of variation for the distribution of total state and local revenue for the selected years of study. Total state and local revenues per pupil increased by about 185 percent between 1970-71 and 1980-81.

TABLE 7  
 MEASURES OF THE VARIATION IN THE DISTRIBUTION  
 OF TOTAL STATE AND LOCAL REVENUE PER PUPIL

Measure	1970-71	1972-73	1974-75	1976-77	1978-79	1980-81
Range	554.06	456.41	660.66	888.16	864.54	989.38
Restricted Range	339.26	356.07	362.76	612.61	627.07	794.26
Mean	811.26	900.10	1239.10	1433.46	1689.66	2091.12
Standard Deviation	110.38	103.01	117.24	193.28	187.65	233.40
Coefficient of Variation	.136	.114	.095	.135	.111	.112

In 1972-73 and 1978-79 the range decreased in relation to its size two years earlier. For the 11-year period of study, the range grew by about 79 percent while the restricted range increased steadily by about 135 percent, the largest increase coming between 1974-75 and 1976-77. For the same period, the mean increased almost 158 percent.

The standard deviation has doubled between 1970-71 and 1980-81 with decreases corresponding to reductions in the size of the range for 1972-73 and 1978-79. The smallest increase in the variability of the distribution of total state and local revenue per pupil between any of the selected years was between the year immediately prior to the FEFP's establishment, 1972-73, and the year immediately following, 1974-75.

Fluctuations in the coefficient of variation prohibit estimations of distributional equalizing or disequalizing effects, although it is worth noting that the coefficient of variation for the year immediately preceding the FEFP and the coefficient for the most recent year are virtually the same.

Table 8 shows that total state revenue per pupil has increased steadily across the percentile ranks except for the first and last two-year intervals at the 1st percentile

TABLE 8  
 PERCENTILE DISTRIBUTIONS OF TOTAL STATE REVENUE PER PUPIL

Percentile	1970-71	1972-73	1974-75	1976-77	1978-79	1980-81
100th	922.09	984.44	1397.91	1577.74	1896.99	2262.73
95th	768.58	839.75	1093.60	1282.76	1716.93	1727.10
75th	618.33	687.35	911.18	1058.85	1204.10	1540.98
50th (median)	533.19	593.42	815.57	922.20	1022.78	1442.46
25th	480.79	537.89	702.45	829.12	819.79	1273.75
5th	427.82	445.30	536.84	557.84	604.88	1032.69
1st	382.30	363.98	366.84	409.34	548.47	544.55

and the period between 1976-77 and 1978-79 at the 25th percentile. From 1970-71 to 1980-81 the median increased 170 percent, the largest increase of any percentile rank for the same period. During the same period, the 100th percentile rank, representing the district which received the most state revenue per pupil each of the six years, increased 145 percent as compared to the 1st percentile rank, representing the district which received the least state revenue per pupil, which increased only 43 percent.

In Table 9 the range of the distribution again increased steadily with the greatest percentage change coming between 1972-73 and 1974-75, the years immediately prior and subsequent to the establishment of the FEFP. From 1970-71 to 1980-81 the range more than tripled in size while the restricted range, which excludes only 6 of the state's 67 school districts, only doubled. The substantial decrease in the size of the restricted range between 1978-79 and 1980-81 is reflected by the coefficient of variation and standard deviation recorded for 1980-81.

The mean total state revenue per pupil increased 151 percent between 1970-71 and 1980-81. For the same period, the standard deviation grew by almost 111 percent with a

TABLE 9  
 MEASURES OF THE VARIATION IN THE DISTRIBUTION  
 OF TOTAL STATE REVENUE PER PUPIL

Measure	1970-71	1972-73	1974-75	1976-77	1978-79	1980-81
Range	539.79	620.46	1031.06	1168.40	1348.52	1718.17
Restricted Range	340.56	394.45	556.76	724.92	1112.05	694.41
Mean	560.14	621.47	813.95	931.22	1054.66	1407.66
Standard Deviation	117.58	128.66	176.65	215.39	293.66	247.68
Coefficient of Variation	.210	.207	.217	.231	.278	.176



19 percent decrease in size between 1978-79 and 1980-81. Overall, disparities in the distribution of total state revenue appear to have increased for each year except 1980-81, when the coefficient of variation was the lowest of any year studied.

Table 10 presents the percentile distribution of total local revenue per pupil which combines the local discretionary effort with the required local effort per pupil. The percentile ranks show a steady increase over the 11-year period except for a nominal decrease at the 5th percentile rank between 1970-71 and 1972-73 and a 13 percent decline at the 1st percentile rank between 1974-75 and 1976-77. From 1970-71 to 1980-81 the median increased 175 percent.

During the same period, the largest increase in total local revenue per pupil across all percentile ranks was between 1972-73, the year before the FEFP was enacted, and 1974-75, the year immediately after. The measures of variation presented in Table 11 along with the mean summarize the changes in the distribution of total local revenue per pupil over the 11-year period of study.

Both the range and the restricted range nearly doubled in size with the largest percentage change in the range again coming between the years immediately preceding and

TABLE 10  
 PERCENTILE DISTRIBUTIONS OF TOTAL LOCAL REVENUE PER PUPIL

Percentile	1970-71	1972-73	1974-75	1976-77	1978-79	1980-81
100th	679.91	727.24	1129.81	1246.43	1390.76	1971.77
95th	486.48	530.76	756.74	1041.33	1251.91	1339.94
75th	316.92	347.68	539.00	650.35	864.70	907.34
50th (median)	221.00	246.16	391.69	446.28	569.09	606.68
25th	150.54	167.89	276.83	311.77	374.82	393.93
5th	107.02	106.37	176.98	213.39	228.18	243.66
1st	80.84	99.16	161.62	142.66	203.81	217.64

TABLE 11  
 MEASURES OF THE VARIATION IN THE DISTRIBUTION  
 OF TOTAL LOCAL REVENUE PER PUPIL

Measure	1970-71	1972-73	1974-75	1976-77	1978-79	1980-81
Range	599.07	628.08	968.19	1103.77	1186.95	1754.13
Restricted Range	379.46	424.39	579.78	827.94	1023.73	1096.28
Mean	251.12	278.63	425.16	502.24	635.00	683.46
Standard Deviation	126.26	138.85	197.01	254.12	308.38	369.68
Coefficient of Variation	.503	.498	.463	.506	.486	.541

following the year the FEFP was implemented. The mean grew by 172 percent and, like the standard deviation, experienced the largest percentage increase during the same years as the range and restricted range. The relatively large increase in per pupil local revenues between 1972-73 and 1974-75 may be attributable to a variation in the required local effort set by the legislature for the same period.

Although the coefficient of variation fluctuated, it was approximately 8.5 percent higher in 1980-81 than in the year before the FEFP. This observation coupled with the steady increase in the standard deviation between 1970-71 and 1980-81 reflects the growing disparities in the distribution of total local revenue per pupil.

Table 12 shows the selected percentile ranks of the distribution of total foundation funds per pupil, under the MFP in 1970-71 and 1972-73 and under the FEFP from 1974-75 to 1980-81. While the median increased 224 percent between 1970-71 and 1980-81, the district which received the most foundation funds per pupil, represented by the 100th percentile rank, experienced a 243 percent increase in the per pupil foundation amount. The district which received the fewest foundation funds per pupil, represented by the 1st percentile rank, experienced a comparable increase of 215 percent in per pupil foundation revenue.

TABLE 12  
 PERCENTILE DISTRIBUTIONS OF TOTAL FOUNDATION FUNDS PER PUPIL

Percentile	1970-71	1972-73	1974-75	1976-77	1978-79	1980-81
100th	580.27	829.32	1247.92	1332.19	1641.94	1990.86
95th	570.76	734.42	1018.88	1111.16	1358.67	1881.20
75th	517.66	651.53	970.35	1020.05	1227.61	1670.15
50th (median)	479.22	622.40	917.12	971.25	1175.87	1553.28
25th	463.04	595.80	874.21	932.03	1133.86	1462.56
5th	429.82	567.66	837.95	865.27	1068.86	1354.31
1st	421.90	534.57	810.91	780.21	1061.59	1330.96

The school district represented by the 1st percentile experienced a decrease in the per pupil amount of foundation funds between 1974-75 and 1976-77 unlike the per pupil amounts at the other percentiles which increased steadily over the 11-year period of interest.

Table 13 shows that the range of the distribution of total foundation funds per pupil has more than quadrupled since 1970-71 while the restricted range has more than tripled. For the same period, the mean increased 224 percent. Again, the continual increase in the standard deviation and the higher coefficients of variation recorded for the years 1976-77 and 1980-81 under the provisions of the FEFP are indicative of an increase in the disparities associated with the distribution of per pupil revenues.

TABLE 13  
 MEASURES OF THE VARIATION IN THE DISTRIBUTION  
 OF TOTAL FOUNDATION FUNDS PER PUPIL

Measure	1970-71	1972-73	1974-75	1976-77	1978-79	1980-81
Range	158.36	294.76	437.01	551.98	580.35	659.90
Restricted Range	140.94	166.76	180.93	245.89	289.81	526.89
Mean	486.93	630.83	926.85	981.41	1190.69	1579.66
Standard Deviation	38.32	51.79	68.73	89.91	96.72	157.62
Coefficient of Variation	.079	.082	.074	.092	.081	.100

## CHAPTER V

### ASSESSING DISTRIBUTIONAL PATTERNS OF PER PUPIL REVENUES USING LORENZ CURVES AND GINI COEFFICIENTS

The purpose of this chapter is to examine the overall pattern of the distribution of revenues per pupil among Florida school districts using an analysis separate from the measures presented in Chapter IV to assess changes in the degree of inequality associated with school revenue distribution between 1970-71 and 1980-81. Probably the most widely used measure of equality,<sup>1</sup> the Gini coefficient, which is based on the Lorenz Curve, has often been used by economists and school finance researchers to study various distributional patterns. In this section, the equalizing or disequalizing effect of the four selected per pupil revenue measures--total state and local revenue, total state revenue, total local revenue, and total foundation funds--is analyzed

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<sup>1</sup>R. Berne, "Alternative Equity and Equality Measures: Does the Measure Make a Difference?" in Selected Papers in School Finance 1978 (Washington, D. C.: U. S. Department of Health, Education and Welfare, 1978), p. 28.



using the Lorenz Curve and the Gini coefficient to assess the role each plays in the degree of fiscal neutrality achieved by the state's school finance plan.

Figure 1 illustrates a hypothetical Lorenz Curve constructed as follows: The X axis depicts the cumulative percentage increase of the state's pupil population ordered from poor to rich based on the assessed valuation per pupil in each district. As each district's pupil population is accounted for, the membership figure represents a percentage of the total state pupil population. The Y axis is the cumulative percentage of total school revenues accruing to the population on the X axis. The 45 degree "line of equality" which bisects the graph represents a distribution where total school revenues per pupil are the same for the entire population if we assume equal units on each axis. Thus, 25 percent of the pupil population would receive 25 percent of the total school revenues, half of the population would receive half the revenues, etc.

The Lorenz Curve shows that at point A the poorest 30 percent of the state's pupils only receive approximately 18 percent of the state's school revenues, while point B shows that the richest 30 percent of the pupils receive 45 percent of the revenues. A Lorenz curve which coincided with the

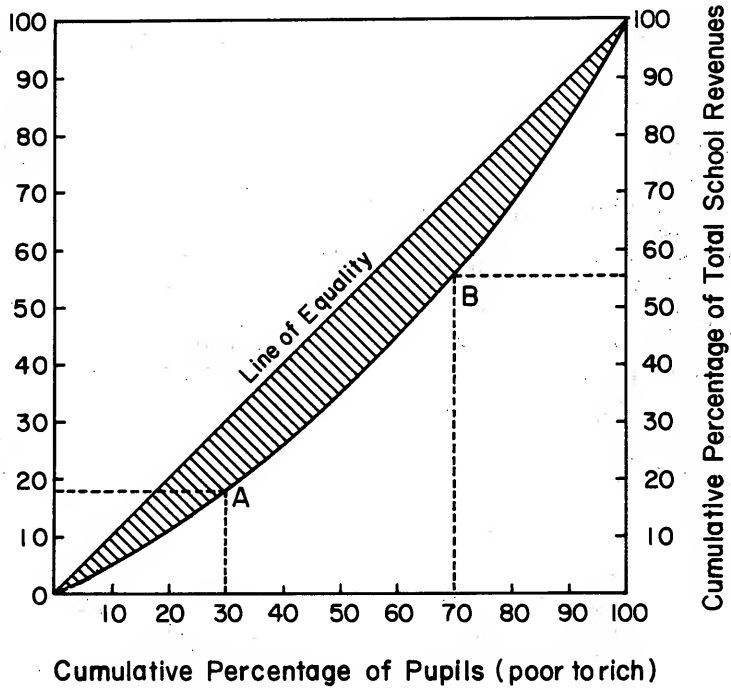


FIGURE 1

A SAMPLE LORENZ CURVE

line of equality would indicate perfect fiscal neutrality, since pupils in each district would receive an equal share of the total state school revenues.

The Gini coefficient is derived by dividing the area between the Lorenz Curve and line of equality by the area of the triangle below the line of equality. The resulting quotient characterizes the degree of inequality in a distribution and is shown by the formula:

$$GC = \frac{A}{B}$$

where GC is the Gini coefficient, A is the area between the Lorenz Curve and line of equality, and B is the triangular area below the line of equality. For example, if the shaded area in Figure 1 equaled 1.5 square inches and the triangular area under the line of equality six square inches, the Gini coefficient for total school revenues would be:

$$GC = \frac{1.5}{6} = .250.$$

If the Lorenz Curve were to lie above the line of equality, the Gini coefficient would carry a negative sign, thus reflecting the disproportionately larger percentage of revenues received by the poorer students. As school revenues are more equally distributed among districts of varying fiscal

capacity, the area between the Lorenz Curve and line of equality becomes smaller. The closer the Gini coefficient approaches zero, the greater the degree of fiscal neutrality achieved by the state's school finance plan.

Table 14<sup>2</sup> shows the differences among the distributions plotted in Figure 2. Column 1 represents the X axis or the cumulative percentage of pupils ranked from poor to rich in terms of assessed valuation per pupil in each district. Column 2 gives data for the line of equality which represents revenues absolutely uniformly distributed. Column 3 presents the data for the hypothetical other extreme, absolute inequality, which is represented by the right angle line formed by the X axis and the vertical line on the right side in Figure 2. Absolute inequality would be the result of one person or district receiving all the revenue; thus 100 percent of the pupils, which includes the pupils in the only district to receive funds, would have all the revenue. The actual revenue distributions, in this instance for the 1970-71 school year, fall between these extremes and are presented in columns 4, 5, 6, and 7.

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<sup>2</sup>P. A. Samuelson, Economics, 8th edition (New York: McGraw-Hill Book Company, 1970), p. 111.

TABLE 14

## INEQUALITY TABLE

Percentage of Pupils	Absolute Equality	Absolute Inequality	Actual 1970-71		Actual 1970-71		Actual 1970-71		Actual 1970-71	
			Total State and Local Revenues	Total Foundation Funds	Total State Revenues	Total Local Revenues	Total State Revenues	Total Local Revenues		
0	0	0	0	0	0	0	0	0	0	0
20	20	0	18	20	22	12				
40	40	0	36	40	42	24				
60	60	0	56	60	63	45				
80	80	0	77	80	81	69				
95	95	0	94	95	95	91				
100	100	100	100	100	100	100				

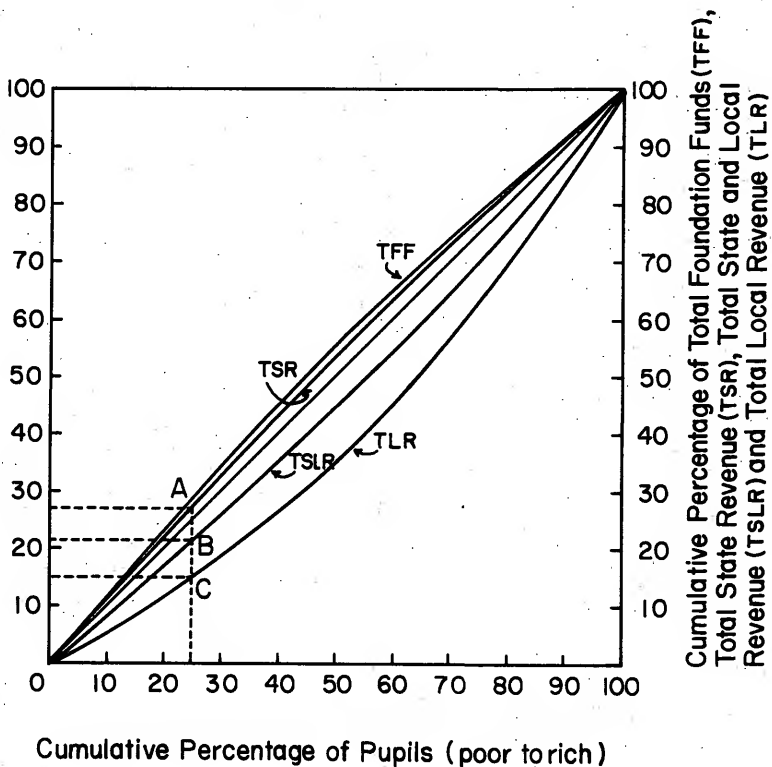


FIGURE 2

LORENZ CURVES DEPICTING THE 1970-71 DISTRIBUTIONS  
OF TOTAL FOUNDATION FUNDS, TOTAL STATE  
REVENUE, TOTAL STATE AND LOCAL  
REVENUE, AND TOTAL LOCAL REVENUE

The Lorenz Curve TSLR in Figure 2 shows the distribution of total state and local revenues among the pupils in the state's school districts for the 1970-71 school year. Curves TFF, TSR, and TLR show the distribution of total foundation funds, total state aid, and total local revenues, respectively. In order to help offset the unequal distribution of local district revenues, curve TSR must lie above both curve TLR and the line of equality. Greater fiscal neutrality is achieved as the state concentrates more of its aid (curve TSR) in the poorer districts.

The Gini coefficient representing the degree of inequality in the distribution of total state revenues carries a negative sign because the poorest 25 percent of the pupils receive more than 25 percent of total state revenues, as shown at point A. As the value of the negative Gini coefficient for total state revenues increases, the coefficient of total state and local revenue inequality is reduced. Points A, B, and C in Figure 2 are illustrative of this relationship. The poorest 25 percent of the pupils reside in districts which generate only 15 percent of the state's total local revenues (point C), but receive 27 percent of total state revenues (point A). Concomitantly, the poorest 25 percent receive 22 percent of total state and local

revenues (point B). Thus, equalization occurs as the state distributes appropriations to offset the unequal distribution of local revenues which are a function of local fiscal capacity.

Lorenz Curves for the distribution of total local revenues across each of the six selected years are presented in Figure 3. Although there is little difference between the distributions for 1970-71, 1972-73, and 1980-81, it is to be noted that immediately following establishment of the FEFP total local revenues were more equally distributed than at any other time during the selected years of study. The graph for total local revenue depicted in Figure 7 shows the marked decline in the value of the Gini coefficient between the 1970-71 and 1974-75 school years followed by a relatively fast increase in local revenues in the richer districts. (See Appendix B for actual values of Gini coefficients.) The inequality in the distribution of total local revenues was greater in 1980-81 than in any of the earlier years of study.

The Lorenz Curves in Figure 4 show that the distributional pattern for total foundation funds remained virtually the same for the 1974-75, 1976-77, 1978-79, and 1980-81 school years. The foundation fund Gini coefficients for



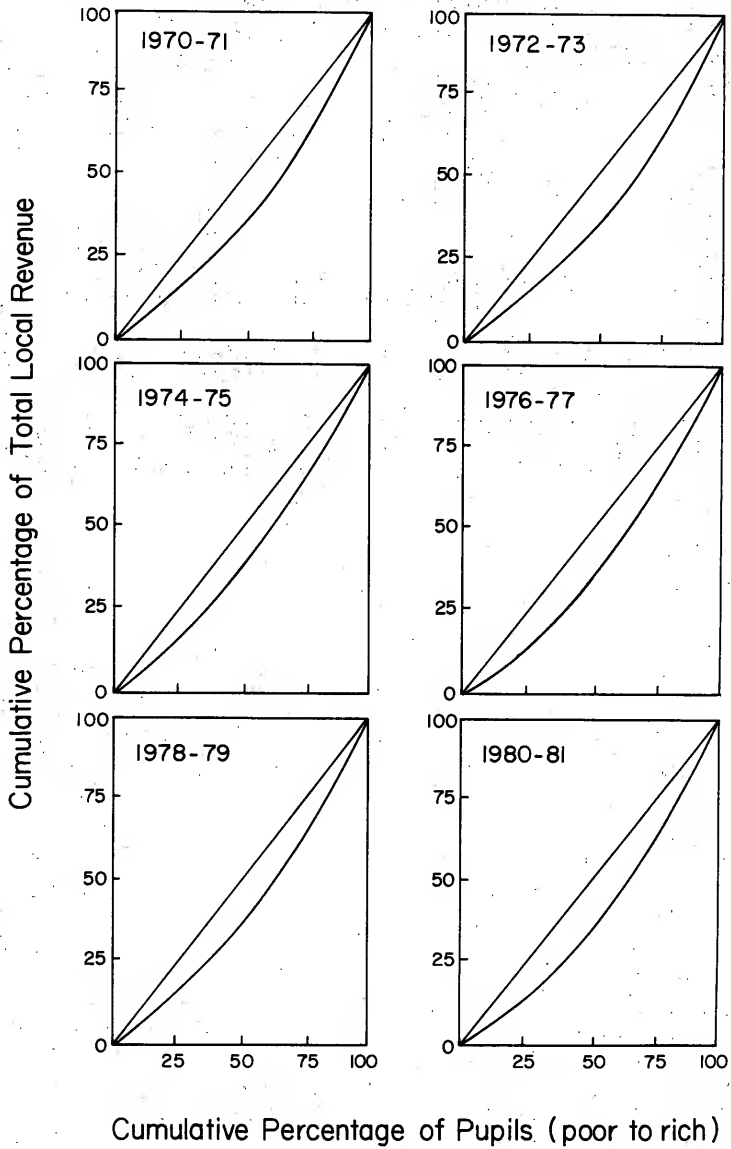


FIGURE 3

LORENZ CURVES FOR THE DISTRIBUTION  
OF TOTAL LOCAL REVENUE

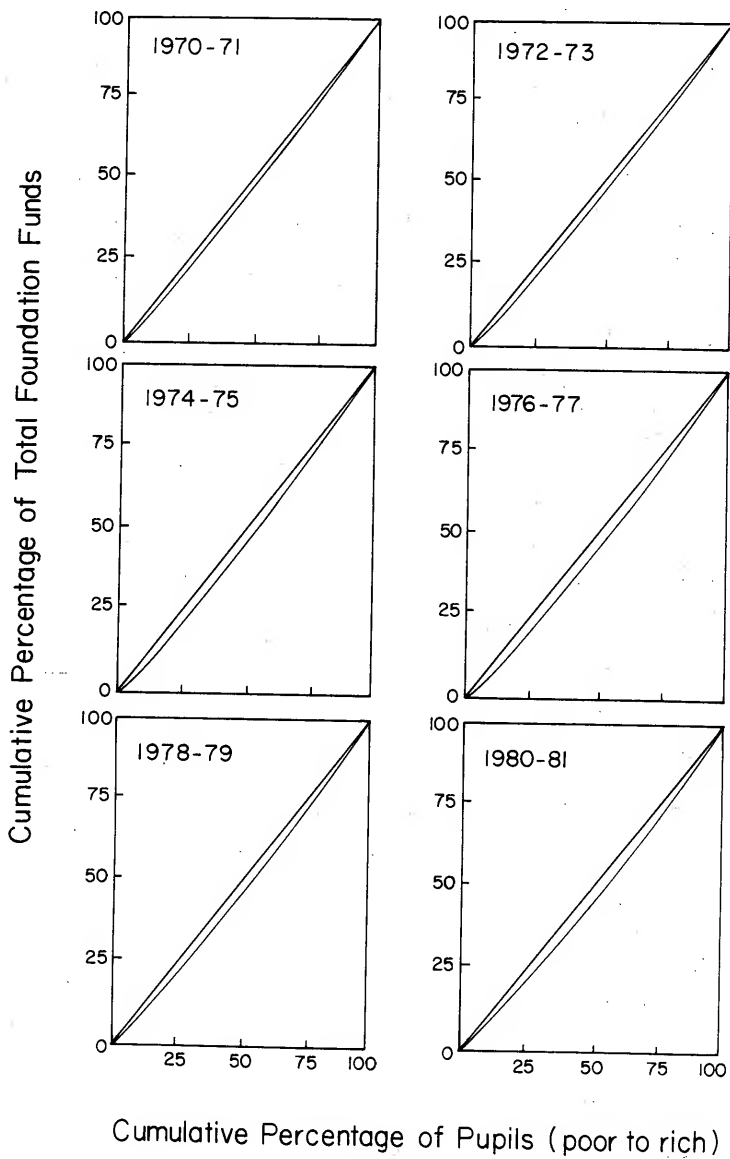


FIGURE 4

LORENZ CURVES FOR THE DISTRIBUTION  
OF TOTAL FOUNDATION FUNDS

1970-71 and 1972-73 which were relatively smaller than the positive coefficients derived for subsequent years (see Figure 7) differed only slightly. The smaller Gini coefficients characterize the equality of the 1970-71 and 1972-73 distributions of total foundation funds. Gini coefficients for the four years studied subsequent to the enactment of the FEFP indicate a decline in equalization. As indicated in Appendix B, the coefficients for 1970-71 and 1972-73 were .0006 and .0019, respectively, while the Gini coefficients for 1974-75, 1976-77, 1978-79, and 1980-81 were .0304, .0332, .0302, and .0465, respectively.

The Lorenz Curves for total state and local revenues and total state revenues for each year are presented in Figures 5 and 6, respectively. Total state revenues were distributed in favor of the poorer districts in each year, as indicated by the total state revenue Lorenz Curves lying above the line of equality. The equalizing power of total state revenue to the poorest districts, however, actually decreased between 1972-73 and 1980-81, as evidenced by the 1972-73 total state revenue Lorenz Curve which lies farther away from the line of equality than any of the curves for the remaining years. A comparison of the Gini coefficients for total state revenues (Figure 7) reveals that in 1980-81,

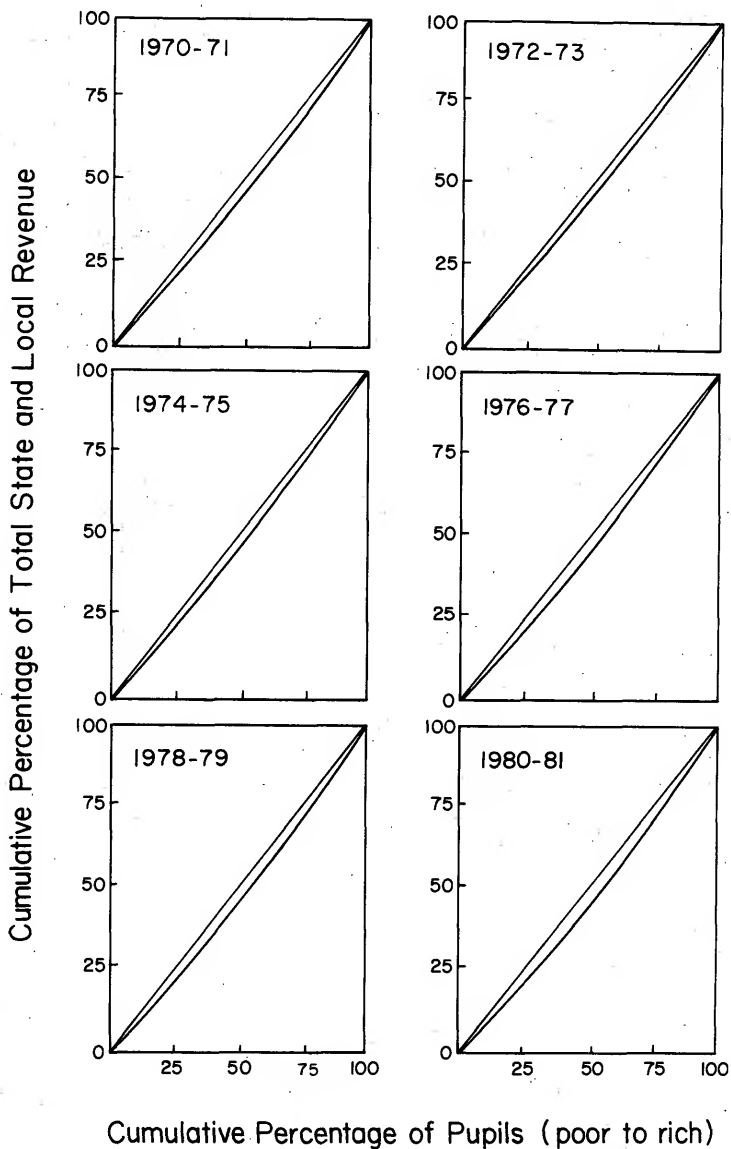


FIGURE 5

LORENZ CURVES FOR THE DISTRIBUTION OF TOTAL  
STATE AND LOCAL REVENUE

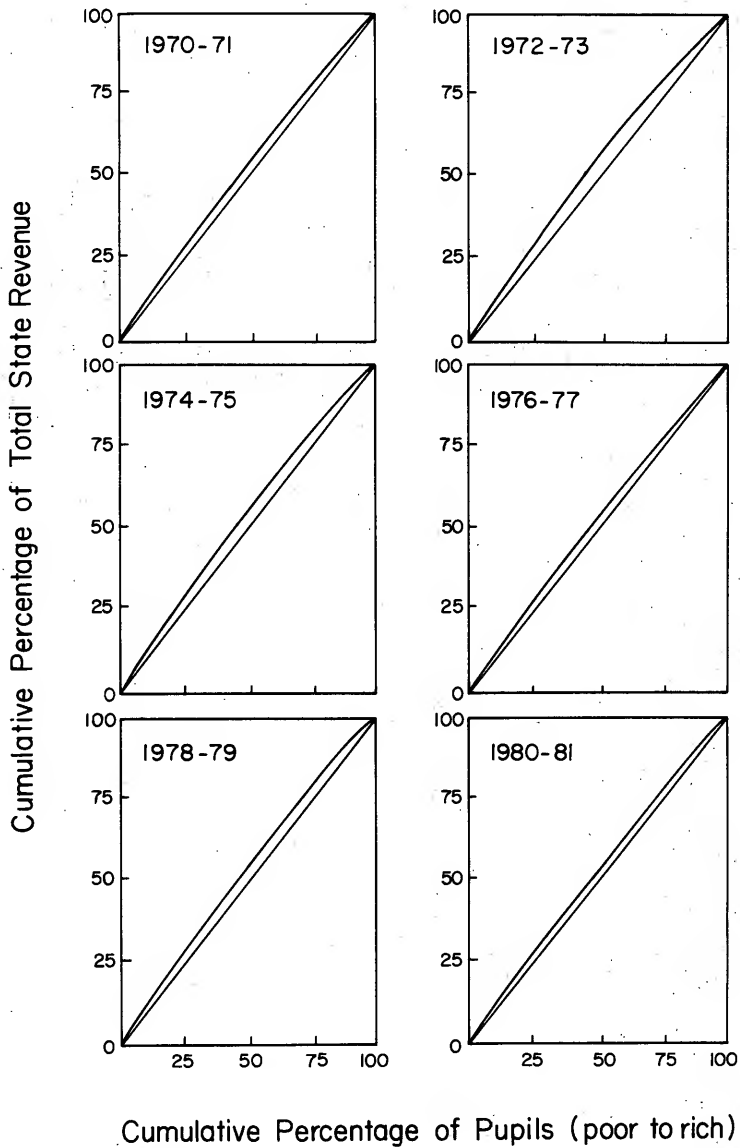


FIGURE 6

LORENZ CURVES FOR THE DISTRIBUTION  
OF TOTAL STATE REVENUE

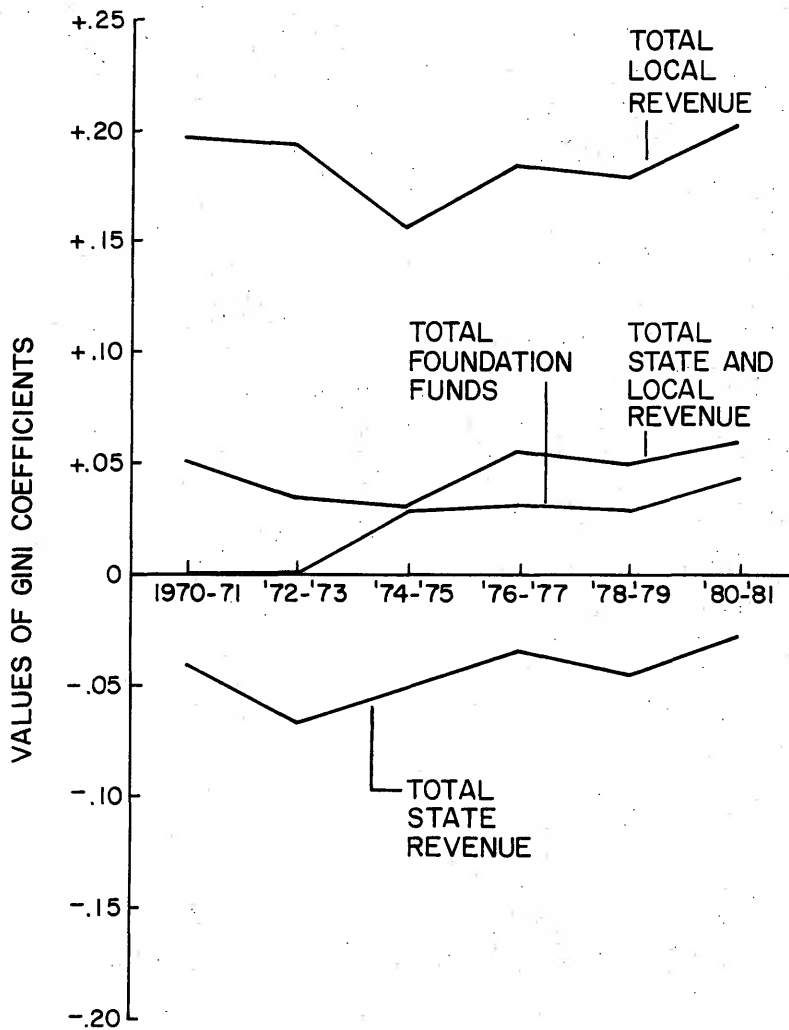


FIGURE 7

A COMPARISON OF GINI COEFFICIENTS ACROSS THE  
SELECTED YEARS OF STUDY

state aid was less effective in offsetting the unequal distribution of total local revenues than in any other year. Again, the larger the value of the negative total state revenue Gini coefficient, the more effectively it contributes to fiscal neutrality by reducing the Gini coefficient of total state and local revenue inequality.

Gini coefficients derived from two of the four total state revenue Lorenz Curves measured after the FEFP's enactment indicate that the 1976-77 and 1980-81 curves actually lay closer to the line of equality than either of the Lorenz Curves for 1970-71 and 1972-73. When compared with the Lorenz Curves for the other years, the position of the 1972-73 total state revenue Lorenz Curve in relation to the line of equality indicates that the pupils residing in the poorest districts received a smaller share of total state revenue in 1974-75, 1976-77, 1978-79, and 1980-81 than they did in 1972-73. Thus, total state revenues were distributed more in favor of high fiscal capacity districts for the years subsequent to the FEFP's establishment than they had been in 1972-73.

Although the Lorenz Curves for the distribution of total state and local revenues varied less than the curves for the other three revenue distributions and are nearly

identical, an examination of the Gini coefficients of total state and local revenue inequality presented in Figure 7 reveals that total state and local revenues were distributed more in favor of the richer districts in 1980-81 than in any of the earlier years of study. The most equal distribution of total state and local revenues came in 1974-75, the year immediately following establishment of the FEFP. It is to be noted, however, that the corresponding Gini coefficients for 1970-71 and 1972-73 suggest a declining trend over time in the degree of total state and local revenue distributional inequality prior to the FEFP. Total state and local revenue Lorenz Curves for both 1976-77 and 1980-81 lay farther away from the line of equality than either of the curves for 1970-71 and 1972-73.



CHAPTER VI  
SUMMARY AND CONCLUSIONS

Summary

The purpose of this study was to determine the impact of state aid on equalization among school districts in the State of Florida based on fiscal trends before and after the enactment of the Florida Education Finance Program (FEFP) in 1973. In order to provide a working background for assessing recent changes in the FEFP, a review of the historical development of the state's support for public schools was included.

To examine changes in the distribution of four different revenue measures (total state revenue per pupil, total local revenue per pupil, total state and local revenue per pupil, and total foundation funds per pupil) across the state's 67 school districts (counties), seven measures of central tendency and variation were applied to the data obtained by district for the school years 1970-71, 1972-73, 1974-75, 1976-77, 1978-79, and 1980-81. To aid in the assessment of variations in the degree of distributional

equality and fiscal neutrality achieved by the state's school finance plan over the 11-year period of study, seven independent variables directly and indirectly related to the distribution of school revenues were correlated against the per pupil revenue measures.

Analysis of the data resulted in the following findings:

1. The strength of the relationship between total state revenue per pupil and other state revenue per pupil has decreased steadily since 1970-71 with the exception of one year.

2. No relationship between district exceptional education programs and total state revenue per pupil was evident since the FEFP's enactment.

3. The relationship between vocational education programs and total state revenue per pupil has remained relatively steady since 1970-71, with the exception of the most recent year studied, 1980-81.

4. The negative relationship between total state revenue per pupil and assessed valuation per pupil has increased notably since 1970-71.

5. The negative relationship between total state revenue per pupil and personal income per pupil has weakened somewhat since 1970-71.

6. The moderate negative relationship between total state revenue per pupil and the FEFP's cost differential factor has remained relatively stable.

7. The change in the relationship between total local revenue per pupil and the selected independent variables over the 11-year period of study was inconsequential.

8. A moderately high positive relationship between other state revenue per pupil and total state and local revenue per pupil was maintained since 1970-71 with the exception of 1980-81 when the relationship was notably weaker.

9. The relationship between exceptional education programs and total state and local revenue per pupil remained weak over the 11-year period of study, while the relationship between vocational-technical programs and total state and local revenue per pupil appears to have weakened considerably since 1974-75.

10. The moderate positive relationship between total state and local revenue per pupil and assessed valuation per pupil has remained relatively stable since 1970-71.

11. Since the FEFP's enactment, the correlation between total state and local revenue per pupil and personal income per pupil has increased dramatically for the selected years of study.

12. The moderate positive correlation between total state and local revenue per pupil and the district cost differential reported for 1980-81 was considerably greater than the correlation reported for the first year after the FEFP's enactment.

13. The positive relationship between vocational-technical programs and total foundation funds per pupil was relatively high for every year except 1980-81.

14. By 1980-81, the moderate negative relationship between personal income per pupil and the per pupil distribution of foundation funds reported in 1970-71 and 1972-73 had become relatively high positive, as had the negative correlation between assessed value per pupil and total foundation funds.

15. Changes in the percentile distributions of total state and local revenue per pupil between 1970-71 and 1980-81 indicate that a greater number of the state's wealthier districts now receive the largest amounts of total state and local revenue per pupil.

16. Changes in the percentile distributions of total state revenue per pupil between 1970-71 and 1978-79 indicate increased disparities, although a substantial decrease was observed between measurements taken in 1978-79 and 1980-81.

17. Disparities in the distribution of both total local revenues and total foundation funds per pupil have also increased.

18. The Gini index of inequality in the distribution of total local revenues was greater in 1980-81 than in any other year of study.

19. Subsequent to the enactment of the FEFP, the distributional patterns of total foundation funds as measured by the Gini coefficient were characterized by greater inequality than in 1970-71 and 1972-73.

20. The equalizing power of total state revenue to the poorer districts has decreased between 1972-73 and 1980-81.

21. In 1980-81 total state and local revenues were distributed more in favor of Florida's wealthier districts than in any of the previous years of study.

#### Conclusions

Based on the measures of fiscal equality used in this study, the findings listed above do not support the view that Florida's method of financing education has achieved "greater equity, simplicity, and flexibility" since the enactment of the FEFP. Of the four revenue measures used in this study, the two most meaningful for making this determination were total state and local revenue and the total

foundation funds received per pupil by each district for each of the six years of study.

While the disparities in the distribution of total state and local revenue amounts per pupil have widened since 1970-71, the fact that in 1980-81 a greater percentage of the state's wealthier school districts received the largest amounts of total state and local revenue per pupil than in 1970-71 indicates disequalization. Evidence of (1) a stronger relationship between personal income per pupil and total state and local revenue per pupil and (2) the fact that the moderate relationship between assessed valuation of property per pupil in each district and total state and local revenue per pupil was virtually the same in 1980-81 as in 1970-71 are not indicative of a school finance plan which has moved or is moving toward greater fiscal equalization. Furthermore, the higher values of the positive total state and local revenue Gini coefficients for 1976-77, 1978-79, and 1980-81 show that fiscal neutrality is further from realization than it was in 1972-73 and 1974-75.

The fiscal equalization among school districts was not clearly enhanced by the state's enactment of the FEFP. In fact, the various equalization measures employed in this study suggest a greater tendency toward equalization under

the MFP than was found for subsequent years when the FEFP was used as the major state equalization fund.

Though not a primary objective of this particular study, researching the historical background of Florida's school finance plan and observations made while gathering the data base for the statistical analysis contained herein suggest that the FEFP has evolved into a much more complex system of financing public education than the MFP it replaced.

## APPENDICES



APPENDIX A  
DESCRIPTION OF  
STATE DISTRIBUTION\*

FLORIDA EDUCATION FINANCE PROGRAM (FEFP)

LEGAL AUTHORIZATION--Sections 236.012-236.68, Florida Statutes  
Item 302, Chapter 81-206, Laws of Florida  
(1981-82 Appropriations Act)

1981-82 APPROPRIATION--\$1,694,023,329

REQUIREMENTS FOR PARTICIPATION--Each district participating in the state appropriations for the Florida Education Finance Program (FEFP) must provide evidence of its effort to maintain an adequate school program throughout the district and must meet at least the following requirements:

- (1) Maintain adequate and accurate records including a system of internal accounts for individual schools, and file with the Department of Education, in correct and proper form, on or before the date due, each annual or periodic report which is required by the Rules of the State Board.
- (2) Operate all schools for a term of at least 180 actual teaching days or the equivalent on an hourly basis. Upon written application, the State Board may prescribe procedures for altering this requirement.
- (3) Provide written contracts for all instructional personnel and require not less than 196 days of service for all members of the instructional staff.
- (4) Expend funds for salaries in accordance with a salary schedule or schedules adopted by the School Board in accordance with the provisions of the laws and rules of the State Board.

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\*Florida Department of Education, Division of Public Schools MIS, 1981-82 Florida Education Finance Program Statistical Report, Series 82-02, August 1981.

- (5) Observe all requirements of the State Board relating to the preparation, adoption, and execution of budgets for the district school system.
- (6) Levy the required local effort millage rate (4.512 mills for 1981-82) on the nonexempt assessed valuation of the district. In addition an amount equal to \$145 for each postsecondary vocational student is to be added to and become a part of the required local effort for each district.
- (7) Maintain an ongoing systematic evaluation of the educational program needs of the district and develop a comprehensive annual and long-range plan for meeting the needs.

DISTRIBUTING STATE DOLLARS (FLOW CHART)

Overview--The STATE AND LOCAL FEFP DOLLARS for each school district is determined in the following manner:

FTE	x	program cost factors	x	base student allocation	+	(not appropriated) sparsity supplement	x	district cost differential factor
(A)		(B)		(C)		(D)		(E)
					+	declining enroll- ment supplement & guaranteed minimum levels		STATE & LOCAL FEFP DOLLARS
						(F)		

- A - The full-time equivalent student membership in each program; multiplied by
- B - The cost factor for each program as adjusted; multiplied by
- C - The base student allocation; plus
- D - The sparsity supplement (not appropriated) multiplied by
- E - The district cost differential factor; plus
- F - The declining enrollment supplement and guaranteed minimum levels.

The NET STATE FEFP ALLOCATION for the support of public school education is derived from the STATE AND LOCAL FEFP DOLLARS in the following manner:

$$\begin{array}{rccccccccc} & & & \text{required} & & & & & \text{NET STATE} & & \\ & & & \text{local} & = & \text{STATE FEFP} & + & \text{adjustments} & = & \text{FEFP} & \\ \text{STATE \& LOCAL} & - & & \text{effort} & & \text{DOLLARS} & & & & \text{ALLOCATION} & \\ \text{FEFP DOLLARS} & & & & & & & & & & \\ & & & \text{(H)} & & & & & & & \text{(I)} \end{array}$$

- H - The required local effort is subtracted and
- I - Adjustments are added or subtracted.

The TOTAL STATE ALLOCATION for the support of public education is derived from the NET STATE FEFP ALLOCATION in the following manner:

$$\begin{array}{rccccccccc} & & & \text{categorical} & & & & & & & \\ & & & \text{program} & + & \text{special} & = & \text{TOTAL STATE} & & & \\ \text{NET STATE} & + & & \text{funds} & & \text{allocations} & & \text{ALLOCATION} & & & \\ \text{FEFP} & & & & & & & & & & \\ \text{ALLOCATION} & & & \text{(J)} & & & & & & & \text{(K)} \end{array}$$

- J - The categorical program funds are added and
- K - Any special allocations due are added.

The pages which follow more fully describe each component of the funding formula. As each component is described, it will be titled by the appropriate headings from the above diagram. Other associated headings may also appear, but they will be indicated by an asterisk (\*).

## (A) FTE

The following statements define a full-time equivalent (FTE) student in accordance with the provisions of the FEFP:

- (1) A full-time student in any of the programs listed in the FEFP.

(a) Kindergarten-Grade 3 (regular session)

One student on the membership roll of one school program or a combination of school programs for five school days (one school week) or the equivalent consisting of not less than 20 net hours.

(b) Kindergarten-Grade 3 (double session)

One student on the membership roll of one school program or a combination of school programs for five school days (one school week) or the equivalent of not less than 17-1/2 net hours.

(c) Grades 4-12 (regular session)

One student on the membership roll of one school program or a combination of school programs for five school days (one school week) or the equivalent consisting of not less than 25 net hours.

(d) Grades 4-12 (double session)

One student on the membership roll of one school program or a combination of school programs for five school days (one school week) or the equivalent consisting of not less than 22-1/2 net hours.

- (2) A combination of full-time or part-time students in one of the programs listed in the FEFP which is the equivalent of one full-time student based on the following calculations:

(a) A full-time student, except postsecondary and adult, in a combination of programs listed in the FEFP is a fraction of a full-time equivalent membership in each program equal to the number of net hours per week for which the student is a member divided by 25.

- (b) A student in the basic half-day kindergarten program of not less than 12-1/2 net hours earns 1/2 of a full-time equivalent membership.
  - (c) A part-time student, except postsecondary and adult, is a fraction of a full-time equivalent membership in each basic and special program equal to the number of net hours or major fraction thereof per week for which the student is a member divided by 25.
  - (d) All postsecondary and adult students are a portion of a full-time equivalent membership in each special program equal to the net hours or major fraction thereof per fiscal year for which he or she is a member, divided by 900. Senior high school students enrolled in adult education when the courses are required for high school graduation qualify under this provision also.
- (3) A student who lacks three credits or less for graduation and who is in membership for only that portion of the school day or of the school year necessary to earn such credits shall be considered a full-time equivalent student. A student shall attend class at least three periods a day during the semester the student is in membership and computed membership shall be reported in the Basic 10-12 program.

For the purposes of calculating the full-time equivalent student membership, a student is considered in membership until he withdraws or until the sixth consecutive school day of his absence. A student is eligible for full-time equivalent membership if both of the following conditions are satisfied:

- (1) The student is in program membership at least one day during the survey period, and
- (2) The student is in attendance at least one of the days of the survey period or one of the six days preceding the survey period on which students were in attendance in school.

Full-time equivalent student membership in programs scheduled for more than 180 days shall be limited to driver's education, educational alternatives, migrant students who were in PREP program the last 45 days of the 180-day year and who

require additional remediation, special exceptional student, vocational-technical, and adult general education programs and to other basic programs offered for promotion or course credit instruction. Remedial, enrichment, or recreational activities do not qualify as promotion instruction in the basic programs. As specified above, there is an exception to allow remediation in the PREP program. Instruction received by a public high school student in a community college which represents credit toward the student's high school diploma may be added to the count of full-time equivalent student membership at the student's high school.

Exceptional Student Mainstreaming: If a student is properly classified in a full-time special exceptional student program and is assigned to a basic program on a part-time basis with required special services, aids, or equipment as a condition of the student's individual educational plan, the basic program cost factor for the student shall be doubled for the time the student is in the basic program.

Section 6A-1.451(3), State Board of Education Rules, establishes that during the year, at least four full-time equivalent student membership surveys are conducted under the administrative direction of and on the schedule provided by the Commissioner. Section 236.081(1)(a), F.S. specifies that the number of full-time equivalent student membership surveys shall not exceed nine in a fiscal year. The four survey weeks for the 1981-82 school year are July 6-10, 1981; October 26-30, 1981; February 15-19, 1982; and June 21-25, 1982.

The Commissioner has the authority to establish for any school district or school an alternate period for a full-time equivalent student membership survey within six weeks subsequent to the regular state-wide survey period. Evidence must be submitted by the school district indicating an abnormal fluctuation in student membership occurred at the time of the state-wide survey period. The Commissioner must limit his consideration of "abnormal fluctuation" to changes of more than 25 percent in any school or 5 percent in any district between the full-time equivalent student membership at the time of the regular state-wide survey and the later period. The "abnormal fluctuation" must be caused by factors such as major student boycotts; civil disturbances; in- or out-migration in agricultural, industrial, or federal installations or contractors; or providential causes beyond the control of the district school board.

Classification for special program FTE requires (1) proper qualification of students, (2) proper qualification of teachers, and (3) appropriate subject matter in accordance with State Board of Education Rules.

(B) FTE* x	program cost factors	
		1981-82 Cost Factors
<b>Basic Programs</b>		
	Kindergarten and Grades 1, 2, and 3	1.234
	Grades 4, 5, 6, 7, 8, 9	1.000
	Grades 10, 11, and 12	1.089
	Educational Alternatives	1.869
 (Note: The Basic Program Cost Factors are doubled for exceptional student mainstreaming.)		
<b>Exceptional Student Programs</b>		
	Educable mentally retarded	2.139
	Trainable mentally retarded	2.803
	Physically handicapped	3.455
	Physical & occupational therapy, part-time	6.493
	Speech and hearing therapy, part-time	7.316
	Deaf	3.775
	Visually handicapped, part-time	10.983
	Visually handicapped	3.927
	Emotionally disturbed, part-time	5.507
	Emotionally disturbed	3.287
	Specific learning disability, part-time	4.767
	Specific learning disability	2.279
	Gifted, part-time	2.524
	Hospital & homebound, part-time	14.389
	Profoundly handicapped	5.628
 <b>Adult General Education Programs</b>		
	Adult Basic Education & Adult High School	1.066

Vocational-Technical Programs (Grades 7-12 Job Preparatory, Adult Job Preparatory, and Adult Supplemental)

	7-12 Vocational	Job Preparatory	Adult Supplemental
Agriculture	2.170	2.130	2.052
Business & Office	1.627	1.651	1.453
Distributive	1.508	1.585	1.296
Diversified	1.404	1.433	---
Health	2.097	2.157	1.491
Public Service	2.358	2.380	1.787
Home Economics	1.665	1.696	1.342
Industrial	2.077	2.023	1.683
Exploratory (no adult program)	1.399	---	---

The legislature placed the following weighted full-time equivalent student constraints or caps on the level of state support in certain of the program areas:

- (1) Exceptional Student programs cap is 242,914.
- (2) Grades 7 through 12 Vocational-Technical programs cap is 195,942.
- (3) Adult Vocational-Technical programs cap is 78,039.
- (4) Adult Basic and High School program cap is 43,427.
- (5) Adult Supplemental Vocational programs cap is 9,570.

In administering the maximums, the Department of Education reviews each district's program and needs with each scheduled student membership survey and reassigns the authorized weighted membership within the maximums provided from the weighted membership reported. Reassignment priorities go to those districts with the lowest incidence of programs to students identified to be in need of such programs. Weights for FTE above reassigned caps are reduced.

In any district in which the actual full-time equivalent membership multiplied by the appropriate cost factors exceeds the assigned maximum, such excess or ineligible weighted full-time equivalent student membership is computed



at a cost factor of 1.00. However, Adult Basic excess is computed at a cost factor of 0.5.

The 1981 Legislature continued the special cap on membership in the Specific Learning Disability Part-Time program by the following appropriation act provision, ". . . any unweighted FTE assigned to the SLD PT program in any district which is in excess of .87 percent of the total K-12 unweighted FTE for that district shall be adjusted to a cost factor of 1. However, no district shall receive less than the unweighted FTE generated in 1978-79."

The 1981 Legislature set a special cap on the Educational Alternatives Program (including Mainstream Educational Alternatives) at 2.0 percent of the Basic 4-12 program of the district. FTE in excess of 2.0 percent will be adjusted to the Basic 4-9 weight (1.000), except the computation and administration of this cap shall not include FTE's earned by HRS clients whose education is provided by public schools.

$$(C) \quad \text{FTE}^* \times \frac{\text{program}^*}{\text{cost factors}} \times \frac{\text{base}}{\text{student allocation}}$$

The base student allocation is determined annually by the legislature. For the 1981-82 fiscal year, the base student allocation is \$1,238.99. The State Board of Education shall use funds from the Working Capital Fund to maintain the Base Student Allocation at this amount if the FEFP appropriation is insufficient.

$$(D) \quad \frac{\text{base}^*}{\text{student allocation}} + \frac{\text{(not appropriated)}}{\text{sparsity supplement}}$$

Some school districts will qualify annually for a supplement for the extra costs of equivalent educational programs which have been caused by the sparsity of the student population. However, for 1981-82, the legislature appropriated no funds for the sparsity supplement.

$$(E) \quad \frac{\text{(not appropriated)}^*}{\text{sparsity supplement}} \times \frac{\text{district}}{\text{cost differential}}$$

The district cost differential used to adjust each district's FEFP allocation is based upon an average of the previous

three years of the Florida Price Level Index as determined by the Department of Administration. These three years averages are adjusted as provided in Section 236.081(2), F.S. The 1981-82 district cost differentials are as follows:

Alachua	0.9817	Lake	0.9745
Baker	0.9590	Lee	1.0048
Bay	0.9572	Leon	0.9669
Bradford	0.9562	Levy	0.9608
Brevard	0.9885	Liberty	0.9752
Broward	1.0213	Madison	0.9543
Calhoun	0.9566	Manatee	0.9890
Charlotte	0.9842	Marion	0.9750
Citrus	0.9694	Martin	1.0157
Clay	0.9815	Monroe	1.0721
Collier	1.0168	Nassau	0.9641
Columbia	0.9634	Okaloosa	0.9758
Dade	1.0442	Okeechobee	0.9783
De Soto	0.9703	Orange	0.9827
Dixie	0.9642	Osceola	0.9789
Duval	0.9805	Palm Beach	1.0203
Escambia	0.9640	Pasco	0.9684
Flagler	0.9873	Pinellas	0.9974
Franklin	0.9818	Polk	0.9750
Gadsden	0.9603	Putnam	0.9511
Gilchrist	0.9716	St. Johns	0.9786
Glades	0.9909	St. Lucie	0.9862
Gulf	0.9618	Santa Rosa	0.9538
Hamilton	0.9655	Sarasota	1.0041
Hardee	0.9674	Seminole	0.9872
Hendry	0.9770	Sumter	0.9679
Hernando	0.9681	Suwannee	0.9608
Highlands	0.9687	Taylor	0.9594
Hillsborough	0.9894	Union	0.9656
Holmes	0.9540	Volusia	0.9911
Indian River	0.9929	Wakulla	0.9842
Jackson	0.9636	Walton	0.9670
Jefferson	0.9708	Washington	0.9576
Lafayette	0.9678		

$$\begin{array}{rclcl}
 & \text{district*} & & \text{declining enroll-} & \\
 \text{(F)} & \text{cost} & + & \text{ment supplement} & = \text{STATE \& LOCAL*} \\
 & \text{differential} & & \text{\& guaranteed} & \text{FEFP DOLLARS} \\
 & & & \text{minimum level} &
 \end{array}$$

The FEFP contains three guaranteed minimum level funding provisions. The first of these is the declining enrollment provision. In those districts where there is a decline in the unweighted FTE's, 50 percent of the decline is to be multiplied by the prior year calculated FEFP program per unweighted FTE and added to the allocation of the district.

A second guaranteed minimum level of funding provision is then applied to the total of all of the preceding dollars, including the declining enrollment provision. It guarantees that each district will receive the greater of the total potential funding per full-time equivalent student in 1981-82 or the total funding available per full-time equivalent student in 1980-81, multiplied by the 1981-82 full-time equivalent students.

The 1980-81 total funding available was determined by (1) full-time equivalent students, (2) multiplied by the respective program cost factors as adjusted, (3) multiplied by the base student allocation, (4) multiplied by the district cost differential, (5) plus postsecondary vocational fees, (6) plus the calculated yield of the actual nonvoted millage levied in 1980-81 on 95 percent of the 1980 official final tax roll for school purposes.

The 1981-82 total potential funding available is determined by (1) the full-time equivalent students, (2) multiplied by the respective program cost factors as adjusted, (3) multiplied by the base student allocation, (4) multiplied by the district cost differential, (5) plus postsecondary vocational fees, (6) plus the calculated yield of 4.512 mills plus maximum allowable discretionary millage as applied to 95 percent of the 1981 official final tax roll for school purposes.

The 1981 Appropriations Act provides that in addition to all other hold harmless provisions, each school district is entitled to receive additional state funds through the FEFP to compensate for the following reductions in funding:

- (1) the difference between the actual amount of federal assistance received pursuant to the provisions of PL 95-561 (Federal Impact Aid), and 75 percent of the official district entitlement for 1980-81;
- (2) the difference between the actual amount of federal assistance received in 1981-82, pursuant to the provisions of PL 87-510 (Migration and Refugee Assistance Act of 1962), and 75 percent of the official district entitlement for 1981-82;
- (3) 75 percent of the amount of the 1980-81 federal assistance for educational services for Cuban-Haitian entrants who arrived in this country in 1980 and 1981, if the amount of the 1981-82 allocation is less than the amount received in 1980-81; and
- (4) 75 percent of the amount of the 1980-81 federal assistance, pursuant to the provisions of PL 94-565 (payment in lieu of ad valorem taxes paid to counties because of the purchase of land by the federal government), if the amount of the 1981-82 allocation is less than the amount received in 1980-81 for the same purpose.

For this purpose, federal assistance received by school districts and the determination of entitlements for any specific year is to be based on the school year as defined in Section 228.041(17), F.S. The maximum amount allowed for this hold harmless is \$20 million and is to be paid from the state's Working Capital Fund. If this amount is not sufficient to fully fund the provisions of this hold harmless, the Department is to prorate each district's entitlement.

$$(H) \quad \begin{array}{l} \text{STATE \& LOCAL*} \\ \text{FEFP DOLLARS} \end{array} \quad \begin{array}{l} \text{required} \\ \text{- local} \\ \text{effort} \end{array} \quad = \quad \begin{array}{l} \text{STATE FEFP*} \\ \text{DOLLARS} \end{array}$$

The district required local effort is subtracted from the basic amount for current operation. The amount (required local effort) that each district must provide to participate in the Florida Education Finance Program shall be calculated as described below.

Local required effort for 1981-82 was set by the legislature at \$838,673,038. The Commissioner of Education determines the state-wide property tax millage levy necessary to raise \$838,673,038. Using the latest available data from the Department of Revenue, the Commissioner certified by July 25, the required local effort millage rate of 4.512 mills. In calculating the FEFP during 1981-82, each district's deduction for local required effort will be 4.512 mills on 95 percent of the nonexempt assessed valuation of the district.

In addition, an amount equal to \$145 for each postsecondary vocational unweighted full-time equivalent student is to be added to and become a part of the required local effort for each district.

$$(I) \quad \begin{array}{l} \text{STATE FEFP*} \\ \text{DOLLARS} \end{array} + \text{adjustments} = \begin{array}{l} \text{NET STATE} \\ \text{FEFP} \\ \text{ALLOCATION} \end{array}$$

Prior Year Adjustment--A provision is also added to authorize the Department of Education to make prior-year adjustments in the allocation of funds to a district for arithmetical errors, assessment roll changes, full-time equivalent student membership errors, or allocation errors revealed in an audit report.

$$(J) \quad \begin{array}{l} \text{NET STATE*} \\ \text{FEFP} \\ \text{ALLOCATION} \end{array} + \begin{array}{l} \text{categorical} \\ \text{program} \\ \text{funds} \end{array} + \begin{array}{l} \text{special*} \\ \text{allocations} \end{array} = \begin{array}{l} \text{TOTAL STATE} \\ \text{ALLOCATION} \end{array}$$

Categorical program funds are added to the FEFP allocation which is distributed to districts.

<u>Legal Authorization</u> <u>in Florida Statutes</u>	<u>Categorical Programs</u>	<u>1981-82</u> <u>Appropriation</u>
228.071	Community Schools	\$ 2,355,242
233.067	Comprehensive Health Education	1,272,868
235.435	Comprehensive School Construction and Debt Service	
	(1) PECO--Public Education Capital Outlay Program appropriation includes the following:	92,035,935

Legal Authorization  
in Florida Statutes

Categorical Programs

1981-82  
Appropriation

	Maintenance, \$31,705,858 Repair and Renovation	
	New Construc- 33,000,000 tion--formula allocation to districts	
	Special Fa- 12,489,300 cilities Construction Account	
	Asbestos 3,737,050 removal	
	Designated 11,103,727 district projects	
	(2) Motor Vehicle License Sales--approximate entitlement for capital outlay and debt service	58,000,000
229.832	Diagnostic and Learning Resource Centers	817,479
236.122	Instructional Materials--(in- cludes \$3,710,000 for library media materials and equipment)	36,290,000
228.195	School Lunch	9,321,676
236.088	Student Development Services	20,659,148
236.083	Student Transportation	70,382,079

(K) FEFP\*  
ALLOCATION + categorical\*  
program + special  
funds allocations + TOTAL STATE\*  
ALLOCATION

Special allocations are added to the FEFP allocation which is distributed to districts. Special allocations include all other sources of state aid for districts not classified by Florida Statutes as FEFP or categorical program funds. The allocations indicated by two asterisks are special programs funded to the Department of Education which directly benefit district programs.

<u>Legal Authorization in Florida Statutes or Laws of Florida</u>	<u>Special Allocations</u>	<u>1981-82 Appropriation</u>
81-206(241A), L.F.	Community Instructional Services	\$ 4,889,963
236.088, F.S.	Compensatory Education Supplement	33,176,646
**229.555(1)(b), F.S.	Educational Improvement Grants	469,673
81-206(313), L.F.	Environmental Education	325,437
230.2312, F.S. 81-206(303), L.F.	K-3 Improvement Program	79,899,792
233.0615, F.S.	Law Education	185,179
81-206(319), L.F.	Migrant Education for 3 and 4 year olds	2,000,000
81-206(310), L.F.	School Volunteer Program	319,929
81-206(321), L.F.	School Bus Replacement	12,144,040
81-206(333A), L.F.	School Safety Fund--pilot program, Dade County	2,500,000
81-206(317A), L.F.	Writing Skills Enhancement	6,000,000
**81-206(318A), L.F.	Governor's Summer Program for Gifted	223,500

## APPENDIX B

## GINI COEFFICIENTS

Year	Total State Revenue		Total Local Revenue		Total State and Local Revenue		Total Foundation Funds
	State Revenue	Total Revenue	Local Revenue	Total Revenue	State and Local Revenue	Foundation Funds	
1970-71	-.0376	.1996	.1996	.0534	.0534	.0006	
1972-73	-.0650	.1959	.1959	.0366	.0366	.0019	
1974-75	-.0498	.1582	.1582	.0324	.0324	.0304	
1976-77	-.0335	.1863	.1863	.0560	.0560	.0332	
1978-79	-.0443	.1817	.1817	.0506	.0506	.0302	
1980-81	-.0259	.2044	.2044	.0605	.0605	.0465	



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## BIOGRAPHICAL SKETCH


The author, son of Lee Sr., and Sarah Shiver, was born March 12, 1955, and grew up in Perry, Florida, the celebrated Tree Capital of the South. He was graduated from Taylor County High School in 1973 and following summer studies at the University of St. Andrews, Scotland, entered the University of Florida in the fall. Shiver received his B.A. in education in 1976 and was snatched up by the Coffee County Board of Education in Douglas, Georgia, where he taught high school English for the next two years.

In 1977 he married his high school sweetheart, Linda Sue Flowers. During the summers, Shiver returned to the University of Florida to work on a master's degree in educational administration which he received in 1979. He taught two more years at Windsor Forest High School in Savannah, Georgia, and in the summer of 1980 returned once again to the University of Florida to work full time on his doctorate.

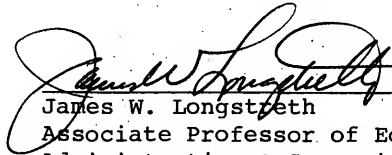
During this time, Shiver toiled as a graduate research assistant in the Department of Educational Administration and the Institute for Educational Finance while reveling in the glory of two Gator teams, which made it to bowls in the second and third years of the Pell Era.

In January of 1982, a daughter, Brittany, was born. In June Shiver was named principal of Kelley Smith Community School in Palatka, Florida. In July he joined Gator Boosters, and in August of that year, he received the Doctor of Philosophy degree from the University of Florida.

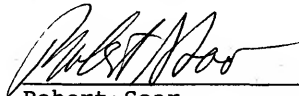
I certify that I have read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Doctor of Philosophy.

  
S. Kern Alexander, Chairman  
Professor of Educational  
Administration & Supervision

I certify that I have read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Doctor of Philosophy.


  
James W. Longstreth  
Associate Professor of Educational  
Administration & Supervision

I certify that I have read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Doctor of Philosophy.

  
Robert Soar  
Professor of Foundations of  
Education

This dissertation was submitted to the Graduate Faculty of the Department of Educational Administration & Supervision in the College of Education and to the Graduate Council, and was accepted as partial fulfillment of the requirements for the degree of Doctor of Philosophy.

August 1982

  
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Dean for Graduate Studies  
and Research