

Merrett R. Stierheim, Superintendent of Schools

**SUBJECT: REQUEST FOR AUTHORIZATION TO RETAIN EXPERTS TO DEFEND
THE CURRENT DISTRICT COST DIFFERENTIAL COMPONENT OF
THE FLORIDA EDUCATION FINANCE PROGRAM FORMULA**

The Senate's Appropriation Subcommittee on Education introduced its 2004-05 baseline budget for K-12 on March 17, 2004. The largest single budget adjustment from the status quo deals with the calculation of the District Cost Differential (DCD) based upon the report from the University of Florida on the Florida Price Level Index (FPLI). The report suggests that the FPLI be adjusted by using a wage index to account for amenities associated with living in desirable areas. Staff analyzed the report and found a potential bias in the methodology used. The Board was advised that this proposal would have a financial impact to the district of approximately \$27-30 million for each of the next three years.

The current position of the House within its budget appropriation bill is to maintain the statutory DCD and the "market basket of goods" concept in the FPLI-P (not adjusted for wages). However, House Bill HB0745 was introduced and is a potential compromise which would adjust only districts with a 2003-04 cost differential that is less than 1.000 up to the 1.000 level over a period of five years. Although this approach does not decrease the funding for Miami-Dade's DCD component of the Florida Education Finance Program, it does have an impact on the District by lowering the Base Student Allocation. At a minimum, we believe the Legislature should agree to find additional funding in lieu of lowering the Base Student Allocation. This approach would prevent districts with a DCD in excess of 1.000 from losing funds; however, it still does not distribute funds equitably.

To protect the existing Florida Education Finance Program formula, it is recommended that the Board authorize the Superintendent and the Attorney's Office to retain outside experts/counsel to review and analyze the University of Florida report in order to best defend the current DCD formula. It is estimated that the costs will not exceed \$100,000.

The appropriation for this item is included in the General Fund of the 2003-04 budget under Fund 0100, Function 7790, Program 9419, Object 5510, Location 9905.

This item does not appear in the regularly published agenda. There is good cause to vary from the published agenda to prevent the reduction in the District Cost Differential prior to the closing of the 2004 Legislative Session.

GOOD CAUSE

A-7

RECOMMENDED:

That The School Board of Miami-Dade County, Florida, do the following:

1. authorize the Board Attorney to retain outside experts and/or counsel to review and analyze the University of Florida report and take all necessary actions in order to best defend the current District Cost Differential formula; and
2. direct the Superintendent, in conjunction with the Attorney's Office, to provide a report to the Board with the progress of this review.

It is estimated that the costs will not exceed \$100,000. The appropriation for this item is included in the 2003-04 Adopted Budget.