



## **2016-17 Legislative Priorities for Osceola Schools**

***Osceola Legislative Delegation Meeting  
Wednesday, January 18, 2017***



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**At-A-Glance Overview**

- 1. Osceola's Capital Funds**
- 2. Osceola's Operating Funds**
- 3. Flexibility for State Assessment and Accountability**

**Osceola's Priority Issues**

**1. Osceola's Capital Funds**

**Issue:** *Osceola capital revenues have not kept pace with student enrollment needs to add and maintain adequate educational facilities. In fact, since 2008-09, Osceola's Public Education Capital Outlay (PECO) funds meant to renovate existing schools have sharply declined. As of January 10, 2017, actual student enrollment is 63,031 students, and for 2020-21, projected student enrollment will be 72,495 students, which reflects a 15% increase in only five (5) years. Without additional capital funding for new student stations, Osceola schools are projected to be at 96% capacity in the 2017-18 school year. This percentage would be higher, but relocatables have been added in the current 2016-17 school year, and two (2) new charter schools have opened.*

**Recommendation(s):**

- Amend Section 1013.64(1), Florida Statutes – Funds for comprehensive educational plant needs; construction cost maximums for school district capital projects, to add subsection (i) "Public Education Capital Outlay funding will be distributed to all public schools, including charter schools and non-charter schools, based on the proportional facilities need as set forth in Section 1002.33(18), Florida Statutes."
- Amend Section 1013.738, Florida Statutes – High Growth District Capital Outlay Assistance Grant Program to ensure that Osceola students receive their fair share of funding due to increased residential construction in Osceola County and the resulting demands upon our public schools.

**Current Law(s) or Regulation(s):**

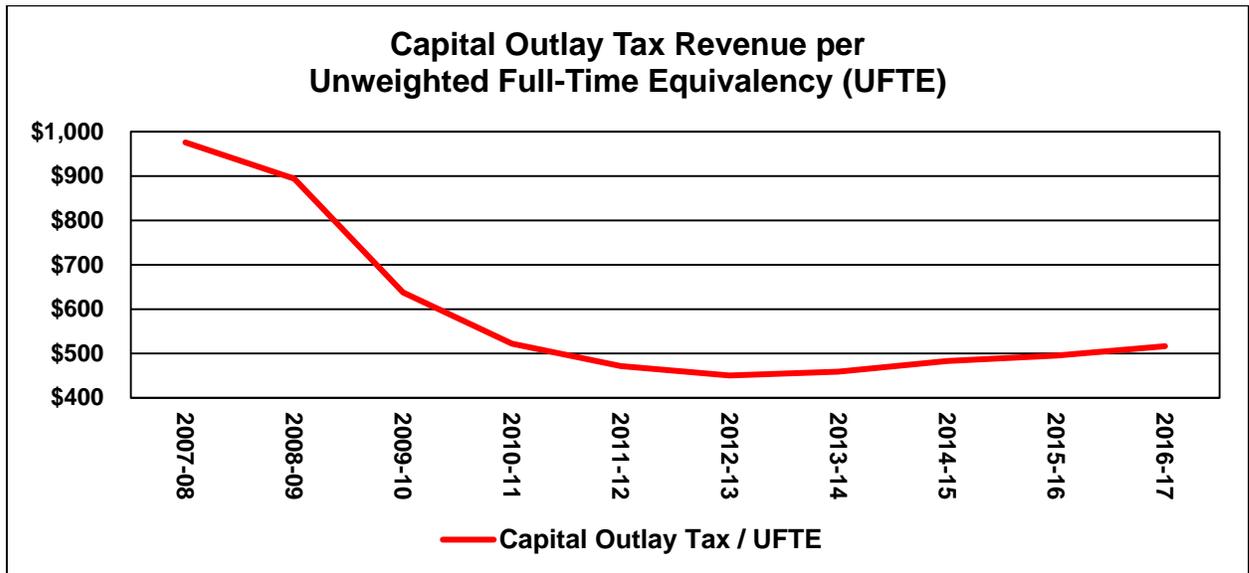
- Section 1013.64, Florida Statutes – Funds for comprehensive educational plant needs; construction cost maximums for school district capital projects.
- Section 1013.738, Florida Statutes – High Growth District Capital Outlay Assistance Grant Program
- General Appropriations Act

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## Osceola's Capital Funding Sources

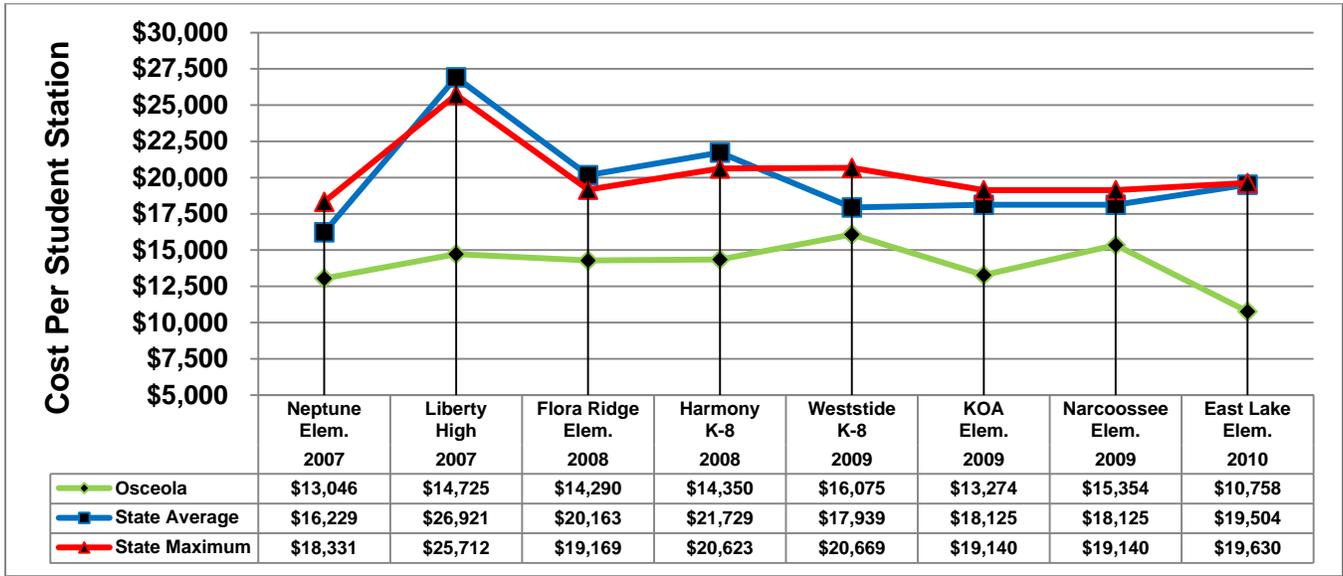
- 1.5 Mill Capital Outlay Tax** – School districts generate capital revenue by levying capital outlay taxes. By law, this tax millage is limited to 1.5 mills and is currently set at the maximum. Due to low property taxes and high student growth, Osceola faces a unique shortfall in ad valorem tax revenue generated for capital needs. The reduction of the 2 mill tax down to 1.5 mills further enhanced this funding shortfall. Since 2007-08, Osceola's capital outlay tax generated per student has declined from \$976 down to \$517, which is a 47% reduction.



- Public Education Capital Outlay** – Public Education Capital Outlay funds (PECO) are one source of state revenue for Capital Projects. PECO funds are derived from utility taxes throughout the state and are allocated by the Legislature each year. PECO funds provide for maintenance and renovation of existing facilities and health and safety needs. In 2013-14, the Florida Legislature allocated all PECO funds for charter schools. In 2014-15, Osceola County received \$1,016,151 in PECO funds. In 2015-16, Osceola County received \$655,269 in PECO funds. In 2016-17, Osceola County received \$982,904 in PECO funds.
- Impact Fees** – Osceola also receives impact fees charged against new residential construction. Osceola's most recent impact fee study was completed in 2014, and as a result of this study, Osceola increased the rates as of July 2015.
- Infrastructure Sales Tax** – Osceola receives a portion of the one-cent infrastructure sales tax levied by the county. Based on an inter-local agreement the District receives 25% of the revenue generated through 2025.
- Half Cent School Capital Outlay Surtax** – In 2016, 57.82% of Osceola taxpayers recognized the School District's growing need for capital funds to repair existing schools and voted to pass an additional half penny sales tax referendum in the General Election. The revenues from this half penny sales tax specifically target an existing backlog of critical comprehensive reconstruction and improvement needs, including safety and security upgrades, facility maintenance needs, and technology infrastructure upgrades that the School District has deferred for several years due to a significant decrease in available capital funding.

## Osceola's Cost Per Student Station Versus the State Average and Maximum

- Osceola maintains its record for cost-effectiveness in school construction. Since 2007, Osceola has built schools with a cost per student station that averages \$5,858 less than the state average.
- The chart below depicts the cost of construction for Osceola's newly built schools compared to the state average and state maximum for calendar years 2007 through 2010. The school district has not constructed any new schools since 2010.



## Osceola's Remaining Shortfall in Capital Funding

- Osceola maximizes its available capital revenues and takes cost-saving measures wherever feasible yet still has a shortfall in capital funding. Osceola generates the maximum allowable for the 1.5 mill capital outlay tax, impact fees, infrastructure sales tax, and one-half cent school capital outlay surtax, yet our district is still falling behind due to the enormous backlog of deferred maintenance coupled with the expected continuance of high student growth over the next several years.
- According to the current ten-year growth projection (2016-17 through 2025-26), Osceola has over \$300 million in unfunded capital needs, which include 1 high school, 2 middle schools, 2 K-8 combination schools, 3 elementary schools, 2 high school classroom wing additions, and land purchases. This projection includes all currently operating and proposed charter schools.
- The Florida Legislature recognized the need to assist school districts in such circumstances when it created *Section 1013.738 - High Growth District Capital Outlay Assistance Grant Program, Florida Statutes*. However, funds for this program have not been appropriated in recent years.

## 2. Osceola's Operating Funds

**Issue:** *Osceola has limited resources to meet the state's increasing number of unfunded mandates and serve our growing number of students and parents.*

**Recommendation(s):**

- Review the Florida Education Finance Program (FEFP) formula to ensure equitable funding by:
  - Adjusting the district cost differential (DCD) calculation, and
  - Removing the cap on Group 2 weighted full time equivalency (WFTE) program funding.
- Establish a long-term plan to make Florida's public education system world-class with adequate and stable funding for hiring and retaining high quality educators.

**Current Law(s) or Regulation(s)**

- *Section 1011.62 – Funds for operation of schools*

**Contact Information:**

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### Extraordinary Student Growth

- The School District of Osceola County is the second largest employer in Osceola County with 8,369 employees (e.g., 185 Administrators; 3,683 Instructional; 3,215 Professional Support Staff, and 1,286 On-Call Employees). Walt Disney World is Osceola's largest employer.
- Since 2000-01, Osceola has consistently ranked in the top 12 school districts in its student enrollment growth rate.
- Osceola has a conservative balanced budget with lean administration costs. Osceola's administrator to teacher ratio of 1:21 ranks second lowest in the state. The statewide ratio is 1:16.

### Why Does Osceola Receive Less Operational Funding?

- Osceola is currently ranked 66<sup>th</sup> out of 67 school districts in the State in operational dollars received per student at \$6,876. This is \$328 below the state average and \$2,236 below the district receiving the most funding per student.
- Osceola's property tax values remain low while student growth in our district continues to rise. The combination of these two trends results in lower funding available per student. Osceola is currently ranked 19<sup>th</sup> in the value of 1 mill, yet 40<sup>th</sup> in the value of 1 mill per student.
- The FEFP formula is designed to equalize the required local effort (RLE) portion of ad valorem tax generated by school districts throughout the state. The 0.748 mill discretionary tax is compressed to the state average for 48 school districts that generate below the average in collections. However, the nineteen school districts that generate above the state average receive \$209,551,215 more from the 0.748 mill discretionary tax, which causes further disparity in the operational funds available among school districts.
- Osceola's district cost differential (DCD) of 0.9855 results in a further reduction in funding available per student of \$65. With 12 of the 67 districts having a DCD over 1.000, an additional \$122,586,423 is being shifted from the lowest-generating 55 to the top 12 school districts.

### 3. Flexibility for State Assessment and Accountability

**Issue:** Florida's accountability system, which assigns school grades of "A" through "F," has been in place since 1999 for eighteen (18) years. Like the Florida Association of District School Superintendents, Osceola County supports a rigorous accountability system that is fair, ensures that decisions are made in the best interests of students, and that recognizes the complexities of serving students with diverse needs. The passage of the federal Every Student Succeeds Act (ESSA) provides an opportunity to develop a better accountability system that will lead to increased student performance and provide parents and the community with a more comprehensive report on student and school performance.

#### **Recommendation(s):**

- Amend Section 1008.22, Florida Statutes – Student Assessment Program for Public Schools and Section 1008.34, Florida Statutes – School grading system; school report cards; district grade, to support home rule and local control and to permit local School Boards the following flexibility:
  - **Alternate Assessment** – Require the Florida Department of Education to:
    - approve a list of nationally recognized high school assessments (e.g., SAT or ACT) from which school districts may select in lieu of the Florida Standards Assessment (FSA) for Grade 10 English Language Arts;
    - continue to make the FSA available for students who need a concordant score on an alternate assessment; and
    - include the student's highest score, regardless of the assessment, within Florida's Accountability System. [ESSA allows states the flexibility of selecting a nationally recognized high school assessment.]
  - **Paper/ Pencil Test Administration** – Require the Florida Department of Education to provide school districts a paper and pencil version of each state test to use until efficient and affordable technology is available that substantially reduces the amount of time that students are tested and that classroom instructional time is disrupted.

#### **Current Law(s) or Regulation(s)**

- Section 1008.22 – Student Assessment Program for Public Schools
- Section 1008.34 – School grading system; school report cards; district grade

#### **Contact Information**

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