# DEPARTMENT OF EDUCATION

## 2024-25 SCHOOL YEAR FUNDING ACCOUNTABILITY CHALLENGES OPERATIONAL AUDIT

SENATE APPROPRIATIONS COMMITTEE ON PRE-K-12 EDUCATION

NOVEMBER 19, 2025

# AUDIT SCOPE

This audit of the Department of Education (Department) focused on examining various 2024-25 school year funding accountability challenges.

## Chart 1
## State Public Education Funding



**General Revenue Fund**

- Composed of several State taxes and selected fees. The State's sales tax is the primary source of general revenue.



**Educational Enhancement Trust Fund**

- Composed of the net proceeds from the Florida Lottery and the tax proceeds on slot machines in Broward and Miami-Dade counties.



**State School Trust Fund**

- Composed of revenue from unclaimed property that has escheated to the State.

Source: Department records.

## Table 1
## 2024-25 Scheduled School Year Survey Dates

| PUBLIC SCHOOL | DEMOGRAPHIC SURVEYS | | FTE MEMBERSHIP SURVEYS | | | |
|---|---|---|---|---|---|---|
| | Survey 6 10 Day | Survey 6 20 Day | Survey 1 | First 90 days of the 180-day School Year Survey 2 | Second 90 days of the 180-day School Year Survey 3 | Survey 4 |
| **Survey Date** | 08/16/24 | 08/30/24 | | | | |
| **Survey Week** | | | 07/08/24 – 07/12/24 | 10/07/24 – 10/11/24 | 02/03/25 – 02/07/25 | 06/16/25 – 06/20/25 |
| **Due Date** | 08/16/24 | 08/30/24 | 07/26/24 | 10/18/24 | 02/14/25 | 07/03/25 |
| **State Processing** | 08/16/24 – 09/06/24 | 08/16/24 – 09/06/24 | 07/22/24 – 09/06/24 | 10/14/24 – 11/01/24 | 02/10/25 – 02/28/25 | 06/23/25 – 07/11/25 |
| **Final Update/ Amendment Date** | | | 09/30/24 | 12/15/24 | 04/15/25 | 08/15/25 |

Source: Department records.

## Chart 2
## 2024-25 FEFP Funding Calculation Schedule

### First Calculation

- Completed by the Florida Legislature and school district allocations for July 10 are to be based on this calculation.

### Second Calculation

- Made upon receipt of the certified tax roll from the Department of Revenue as provided for in Section 1011.62(4), Florida Statutes. School district allocations for July 26 through December are to be based on this calculation.

### Third Calculation

- Made upon receipt of school districts' October survey FTE counts (Survey 2). School district allocations for January through April are to be based on this calculation.

### Fourth Calculation

- In even-numbered years, made upon receipt of school districts' February FTE (Survey 3) counts and estimated June FTE. In odd-numbered years, made upon the close of the State processing window for February FTE survey. District allocations for April/May and June are to based on this calculation.

### Final Calculation

- Made upon receipt of school districts' June FTE counts (Survey 4).

Source: The Department's *Funding for Florida School Districts 2024-25* publication.

## Chart 3
## State Scholarship Programs



### The Family Empowerment Scholarship (FES) Program - Funded by FEFP Funds

- ***Family Empowerment Scholarship Program for Educational Options (FES-EO)*** - Established in 2019 the FES-EO provides additional educational options for all kindergarten through Grade 12 students, such as attending a participating private school. Financial eligibility restrictions for FES were eliminated as of the 2023-24 school year.
- ***Family Empowerment Scholarship Program for Students with Unique Abilities (FES-UA)*** - Established in 2021 the FES-UA offers families of students with disabilities, as young as 3 years of age, access to additional education options. Families may choose to enroll their student in another public school, or they may choose to take the opportunity to receive a personal education savings account for their student.




### The Florida Tax Credit (FTC) Scholarship Program - Funded by Corporate Contributions

- Established in 2001 the FTC Scholarship Program provides that SFOs may solicit and receive eligible contributions that entitle donors to a 100 percent State tax credit against corporate income tax, insurance premium tax, alcoholic beverage excise tax, direct-pay sales tax, and oil and gas severance tax.
- Initially created to award scholarships to students from families with limited financial resources; however, financial eligibility restrictions for the FTC Scholarship Program were eliminated as of the 2023-24 school year.
- For students attending a private school or for students in a personalized education program (PEP), effective for the 2023-24 school year.

Source: Department and legislative records.

## Table 2
## FES-EO Program
## Enrollment and Payments

| School Year | Scholarship Student Enrollment | Scholarship Payment Total |
|---|---|---|
| 2021-22 | 80,812 | $525,754,805 |
| 2022-23 | 92,232 | $637,279,412 |
| 2023-24 | 156,038 | $1,080,071,603 |
| 2024-25 | 267,413 | $2,004,193,208 |

Source: Department records.

## Table 3
## FES-UA Program
## Enrollment and Payments

| School Year | Scholarship Student Enrollment | Scholarship Payment Total |
|---|---|---|
| 2021-22 | 26,743 | $248,182,732 |
| 2022-23 | 74,446 | $673,499,454 |
| 2023-24 | 93,925 | $939,480,544 |
| 2024-25 | 115,428 | $1,169,614,276 |

Source: Department records.

## Table 4
## FTC Scholarship Program
## Enrollment and Payments

| School Year | Scholarship Student Enrollment | Scholarship Payment Total |
|---|---|---|
| 2021-22 | 85,612 | $568,796,783 |
| 2022-23 | 100,025 | $697,707,460 |
| 2023-24 | 148,222 | $936,281,893 |
| 2024-25 | 114,443 | $804,519,418 |

Source: Department records.

# 2024-25 SCHOOL YEAR FUNDING ACCOUNTABILITY CHALLENGES

**Finding:** The administration and oversight of State education funding for the 2024-25 school year was met with a myriad of accountability challenges that left a Statewide funding shortfall and a system where funding did not follow the child. Improving accountability and predictability in a State education funding landscape faced with greater student mobility will require a multifaceted and coordinated approach. Specifically, our audit focused on:

- Unexpected Funding Demand
- An Extended Budget
- Cross-Checks – Missed Opportunities

# 2024-25 SCHOOL YEAR FUNDING ACCOUNTABILITY CHALLENGES (CONTINUED)

- Survey, Cross-Check, and FEFP Calculation Processing Delays
- Recoupment and Withholding Process Deficiencies
- FTC Scholarship Program Cross-Checks
- Administration of Scholarships
- Scholarship Program Account Balances
- Office Staffing
- When Questions Arose and the Money Ran Short

# 2024-25 SCHOOL YEAR FUNDING ACCOUNTABILITY CHALLENGES (CONTINUED)

- Importance of controls and timely and accurate information
- Challenges to the prudent management of State education funds
- Exponential growth and need for collaboration
- Early funding decisions
- Cross-checks
- Scholarship ineligibility and return of funds

# UNEXPECTED FUNDING DEMAND

**Table 5**
**FEFP FTE Differences**

| FTE | 2024-25 FEFP Conference Calculation First Calculation | 2024-25 FEFP Final Calculation | Difference From Conference Calculation |
|---|---|---|---|
| Unweighted FTE | 3,170,301.01 | 3,179,402.45 | 9,101.44 |
| Weighted FTE | 3,490,098.18 | 3,534,970.24 | 44,872.06 |

Source: Department records.

# AN EXTENDED BUDGET

**Chart 2**
**2024-25 FEFP Funding Calculation Schedule**

**First Calculation**

- Completed by the Florida Legislature and school district allocations for July 10 are to be based on this calculation.

**Second Calculation**

- Made upon receipt of the certified tax roll from the Department of Revenue as provided for in Section 1011.62(4), Florida Statutes. School district allocations for July 26 through December are to be based on this calculation.

**Third Calculation**

- Made upon receipt of school districts' October survey FTE counts (Survey 2). School district allocations for January through April are to be based on this calculation.

**Fourth Calculation**

- In even-numbered years, made upon receipt of school districts' February FTE (Survey 3) counts and estimated June FTE. In odd-numbered years, made upon the close of the State processing window for February FTE survey. District allocations for April/May and June are to based on this calculation.

**Final Calculation**

- Made upon receipt of school districts' June FTE counts (Survey 4).

Source: The Department's *Funding for Florida School Districts 2024-25* publication.

# CROSS-CHECKS – MISSED OPPORTUNITIES

**Table 6**
**Survey Response Rates**

| Survey | Number of Students Matched | Number of Surveys Sent | Number of Surveys with "Yes" Responses | Number of Surveys with "No" Responses | Number of Nonresponses to Surveys Sent | Survey Response Rate Percentage |
|---|---|---|---|---|---|---|
| 6-20 | 19,366 | 17,382 | 4,694 | 1,324 | 11,364 | 35% |
| 2o | 18,342 | 16,471 | 1,778 | 1,381 | 13,312 | 19% |

Source: Analysis of Department records.

**Table 7**
**Department Handling of 6-20 and 2o Cross-Check Matches and Survey Responses**

| Parent or Guardian Response to the Following Survey Question: *"Is one or more FES students in your household currently enrolled in a public school?"* | Department Determined Student Ineligible | Formal Request Made to SFO | Remittance Received from SFO | Number of Matches | Percentage of Matches |
|---|---|---|---|---|---|
| **Cross-Check for Survey 6-20 – EO** | | | | | |
| Nonresponsive | No | No | No | 1,664 | 66.83% |
| Nonresponsive | No | Yes | No | 1 | 0.04% |
| Nonresponsive | N/A | No | No | 443 | 17.79% |
| Nonresponsive | Yes | No | No | 16 | 0.64% |
| "No" | No | No | No | 162 | 6.51% |
| "No" | N/A | No | No | 77 | 3.09% |
| "No" | Yes | No | No | 2 | 0.08% |
| "Yes" | No | No | No | 56 | 2.25% |
| "Yes" | No | Yes | No | 34 | 1.37% |
| "Yes" | N/A | No | No | 30 | 1.20% |
| "Yes" | Yes | No | No | 5 | 0.20% |
| **Cross-Check for Survey 6-20 – UA** | | | | | |
| Nonresponsive | No | No | No | 9,791 | 58.02% |
| Nonresponsive | No | Yes | No | 629 | 3.73% |
| Nonresponsive | No | Yes | Yes | 144 | 0.85% |
| "No" | No | No | No | 1,165 | 6.90% |
| "No" | No | Yes | No | 40 | 0.24% |
| "No" | No | Yes | Yes | 9 | 0.05% |
| "Yes" | No | No | No | 2,376 | 14.08% |
| "Yes" | No | Yes | No | 117 | 0.69% |
| "Yes" | No | Yes | Yes | 36 | 0.21% |
| "Yes" | Yes | No | No | 23 | 0.14% |
| "Yes" | Yes | Yes | No | 2,153 | 12.76% |
| "Yes" | Yes | Yes | Yes | 393 | 2.33% |
| **Cross-Check for Survey 2o – EO** | | | | | |
| Nonresponsive | No | - | - | 4,601 | 86.45% |
| "No" | No | - | - | 492 | 9.24% |
| "Yes" | No | - | - | 47 | 0.88% |
| "Yes" | Yes | - | - | 182 | 3.42% |
| **Cross-Check for Survey 2o – UA** | | | | | |
| Nonresponsive | No | - | - | 10,284 | 78.99% |
| "No" | No | - | - | 1,042 | 8.00% |
| "Yes" | No | - | - | 216 | 1.66% |
| "Yes" | Yes | - | - | 1,478 | 11.35% |

Source: Analysis of Department records.

## Table 8
## Department Cross-Check Results for FES-EO Program

| Date **FES-EO** Cross-Check Performed | 09-16-2024 | 11-13-2024 | 02-12-2025 | 03-11-2025 | 07-18-2025 |
|---|---|---|---|---|---|
| Survey | Survey 6 20-Day | Survey 2 Preliminary | Survey 2 Final | Survey 3 Preliminary | Survey 3 Final |
| **Total Matches** (Unique and Repeat) | **2,490** | **5,322** | **4,886** | **3,434** | **424** |
| **Unique Matches On 1 Cross-Check** | **2,490** | **3,636** | **3,249** | **2,931** | **14** |
| **Repeat Matches:** | | | | | |
| On 2 Cross-Checks | - | 1,686 | 810 | 266 | 196 |
| On 3 Cross-Checks | - | - | 827 | 237 | 89 |
| On 4 Cross-Checks | - | - | - | - | 125 |
| **Total Repeat Matches** | **-** | **1,686** | **1,637** | **503** | **410** |

Source: Department records.

## Table 9
## Department Cross-Check Results for FES-UA Program

| Date **FES-UA** Cross-Check Performed | 09-13-2024 | 11-13-2024 | 02-10-2025 | 03-11-2025 | 07-18-2025 |
|---|---|---|---|---|---|
| Survey | Survey 6 20-Day | Survey 2 Preliminary | Survey 2 Final | Survey 3 Preliminary | Survey 3 Final |
| **Total Matches** (Unique and Repeat) | **16,876** | **13,020** | **18,162** | **2,895** | **4,688** |
| **Unique Matches On 1 Cross-Check** | **16,876** | **1,609** | **3,539** | **2,044** | **15** |
| **Repeat Matches:** | | | | | |
| On 2 Cross-Checks | - | 11,411 | 4,581 | 189 | 423 |
| On 3 Cross-Checks | - | - | 10,042 | 662 | 3,035 |
| On 4 Cross-Checks | - | - | - | - | 1,215 |
| **Total Repeat Matches** | **-** | **11,411** | **14,623** | **851** | **4,673** |

Source: Department records.

# SURVEY, CROSS-CHECK, AND FEFP CALCULATION PROCESSING DELAYS

**Table 10**
**2024-25 School Year Actual Survey, Cross-Check, and FEFP Calculation Dates**

| Surveys | Survey 6-20 Demographic Survey | Survey 2 – FTE Membership Survey | | Survey 3 – FTE Membership Survey | |
|---|---|---|---|---|---|
| | | 2o | 2F | 3o | 3F |
| **Survey Date/Week** | | | | | |
| *Scheduled* | 08/30/24 | 10/07/24 – 10/11/24 | | 02/03/25 – 02/07/25 | |
| **Survey Processing** | | | | | |
| *Scheduled* | 08/16/24 – 09/06/24 | 10/14/24 – 11/01/24 | 10/14/24 – 11/01/24 | 02/10/25 – 02/28/25 | 02/10/25 – 02/28/25 |
| *Actual* | 09/16/24 | 11/03/24 | 01/28/25 | 03/03/25 | 07/13/25 |
| **Cross-Checked Performed** | | | | | |
| *FES-EO* | 09/16/24 | 11/13/24 | 02/12/25 | 03/11/25 | 07/18/25 |
| *FES-UA* | 09/16/24 | 11/13/24 | 02/10/25 | 03/11/25 | 07/18/25 |
| *FTC* | 09/24/24 [a] | | 02/11/25 [b] | | 07/18/25 |
| **FEFP Calculations Performed** | | | | | |
| *Scheduled* | | | January 2025 *(Survey to support Third FEFP Calculation)* | | May 2025 *(Survey to support Fourth FEFP Calculation)* |
| *Actual* | | | 03/03/25 | | Not Completed |

[a] Cross-check only conducted for Step Up For Students. See the **FTC Scholarship Program Cross-Checks** section of this finding for a further description of the issues noted on audit.

[b] While the Department indicated that cross-checks were performed for both AAA Scholarship Foundation and Step Up For Students, documentation could only be provided for Step Up For Students. See the **FTC Scholarship Program Cross-Checks** section of this finding for a further description of the issues noted on audit.

Source: Department records.

# RECOUPMENT AND WITHHOLDING PROCESS DEFICIENCIES

- We noted that the Department could not evidence the reconciliation of the requested return of funds to the actual amounts received back from the SFOs by student.
- We also noted that, in addition to the recoupment process, at times the Department utilized a withholding process whereby in lieu of receiving funds due to the State from an SFO, the Department would withhold the amount of funds due back from future payments to the SFO. In response to our audit inquiry, the Department indicated that these transactions were either verbally authorized or done via e-mail. However, in no instance was the Department able to provide for audit records with the detail necessary to support the propriety of the withholding process or that demonstrated proper accountability and transparency.

# FTC SCHOLARSHIP PROGRAM CROSS-CHECKS

- Pursuant to State law, the Department was to conduct cross-checks of the verified lists of eligible FTC Program students from both AAA Scholarship Foundation and Step Up For Students against public school enrollment data (Surveys 2F and 3F) to avoid duplication.
- Our audit found that, although the Department indicated that cross-checks against the Survey 2F data were performed for both SFOs, Department records only evidenced a cross-check for Step Up For Students participants.

# ADMINISTRATION OF SCHOLARSHIPS

**Table 11**
**FES-UA Scholarship Program Balances Greater Than $50,000**
**2024-25 School Year**

| Quarter | Number of Accounts Over $50,000 | Total in Accounts Over $50,000 | Excess Funds in Accounts Over $50,000 |
|---|---|---|---|
| 1 | 158 | $ 9,232,304 | $1,332,304 |
| 2 | 197 | 11,350,435 | 1,500,435 |
| 3 | 341 | 19,219,253 | 2,169,253 |
| 4 | 299 | 17,277,918 | 2,327,918 |

Source: Analysis of Department records.

# SCHOLARSHIP PROGRAM ACCOUNT BALANCES

- We found hundreds of FES-UA Program participant balances that had excess balances totaling over $2.3 million at the end of the school year.
- Additionally, our analysis of Department records found that, as of June 30, 2025, participant balances in the FES-EO Program totaled $35,977,636, while participant balances for the FES-UA Program totaled $367,173,230.

# OFFICE STAFFING

- As of January 2025, the Office was authorized 36 full-time equivalent positions and, according to Office management, had 4 positions assigned to the cross-check process, including the Deputy Executive Director who split oversight responsibilities between the cross-check process and other duties.

# WHEN QUESTIONS AROSE AND THE MONEY RAN SHORT

**Table 12**
**Comparison of Legislative Potential Student Matches to Department Cross-Check Matches**

| Survey | 09/16/2024 Survey 6-20 | 11/13/2024 Survey 2o (Preliminary) | 02/10/2025 Survey 2 Final | 03/11/2025 Survey 3o (Preliminary) | 07/18/2025 Survey 3 Final | Department Did Not Deem Ineligible | Did Not Appear in a Department Cross-Check | Total |
|---|---|---|---|---|---|---|---|---|
| **Number of Legislative Matches Identified in a Department Cross-Check** | | | | | | | | |
| FES-EO | 676 | 843 | 3,076 | - | - | - | 3 | 4,598 |
| FES-UA | 14,230 | 497 | 3,302 | 38 | 2 | - | 33 | 18,102 |
| **Totals** | **14,906** | **1,340** | **6,378** | **38** | **2** | **-** | **36** | **22,700** |
| **Number of Legislative Matches the Department Deemed as Ineligible Students** | | | | | | | | |
| FES-EO | 16 | 66 | 4,512 | - | - | 1 | - | 4,595 |
| FES-UA | 2,323 | 1,324 | 14,200 | 96 | 19 | 107 | - | 18,069 |
| **Totals** | **2,339** | **1,390** | **18,712** | **96** | **19** | **108** | **-** | **22,664** |

Source: Analysis of Department records.

# RECOMMENDATION

**Recommendation**: To promote greater accountability over State education funding, funding following the student, and to improve budget predictability, we recommend that:

- The Legislature move the FES-EO and FES-UA Program into a separate silo of the FEFP.
- Given the inherent uncertainty in school participation choices, the Legislature ensure that sufficient financial support is available to avoid disruptions in scholarship and public school funding.
- The Legislature reevaluate the timing of scholarship program application windows to better align to funding decision time frames.

# RECOMMENDATION (CONTINUED)

- The Department work with the Legislature to identify and provide the staff resources necessary to timely, accurately, and effectively oversee the cross-check process.
- The Department strengthen controls to ensure the prompt processing of membership surveys and completion of FEFP calculations.
- The Department establish a uniform and documented process for handling cross-check and parent and guardian survey responses that promptly halts duplicate payments, maximizes the return of funds due to the State, and facilitates the timely adjustment of State funds allocated to school districts. As necessary, the Department should work with the Legislature to ensure the Department has sufficient authority for such actions.

# RECOMMENDATION (CONTINUED)

- The Department establish a uniform, documented, transparent, and validated recoupment and withholding process with the SFOs.
- The Department work, as necessary, with the SFOs to ensure compliance with scholarships program balance limits.
- The Department work in concert with the Legislature to revisit scholarship program account balance limits and whether, individually or in total, such limits balance the needs of the programs with the wholistic needs for State education funding.




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FLAuditor.gov

STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2026-046
November 2025

# DEPARTMENT OF EDUCATION

# 2024-25 School Year Funding Accountability Challenges

Sherrill F. Norman, CPA
Auditor General

## Commissioner of the Department of Education

Pursuant to Article IX, Section 2 of the State Constitution and Section 20.15, Florida Statutes, the State Board of Education supervises the system of free public education and is the head of the Department of Education. The State Board of Education appoints the Commissioner of Education who serves as the Executive Director of the Department. Manny Diaz, Jr. served as Commissioner of Education during the period of our audit.

The Auditor General conducts audits of government entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The team leader was David Cain, CPA, and the audit was supervised by Christi Alexander, CPA.

Please address inquiries regarding this report to Christi Alexander, CPA, Audit Manager, by e-mail at christialexander@aud.state.fl.us or by telephone at (850) 412-2786.

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# DEPARTMENT OF EDUCATION

# 2024-25 School Year Funding Accountability Challenges

## SUMMARY

This operational audit of the Department of Education (Department) focused on examining various 2024-25 school year funding accountability challenges. Our audit disclosed the following:

**Finding 1:** The administration and oversight of State education funding for the 2024-25 school year was met with a myriad of accountability challenges that left a Statewide funding shortfall and a system where funding did not follow the child. Improving accountability and predictability in a State education funding landscape faced with greater student mobility will require a multifaceted and coordinated approach. The Legislature should create a separate Florida Education Finance Program (FEFP) silo for the Family Empowerment Scholarship (FES) Program for Educational Options and FES Program for Students with Unique Abilities, align scholarship application timelines with funding decision time frames, and ensure adequate financial support to avoid disruptions in scholarship and public school funding. The Department should collaborate with scholarship-funding organizations to enforce balance limits, strengthen controls to ensure the prompt processing of membership surveys and completion of FEFP calculations, and standardize and document transparent processes for cross-checks and fund recoupment that promote the prompt halting of duplicate payments, maximize the return of funds due to the State, and facilitate the timely adjustment of State funds allocated to school districts. The Department should work with the Legislature to revisit scholarship program account balance limits and whether, individually or in total, such limits balance the needs of the programs with overall education funding needs.

## BACKGROUND

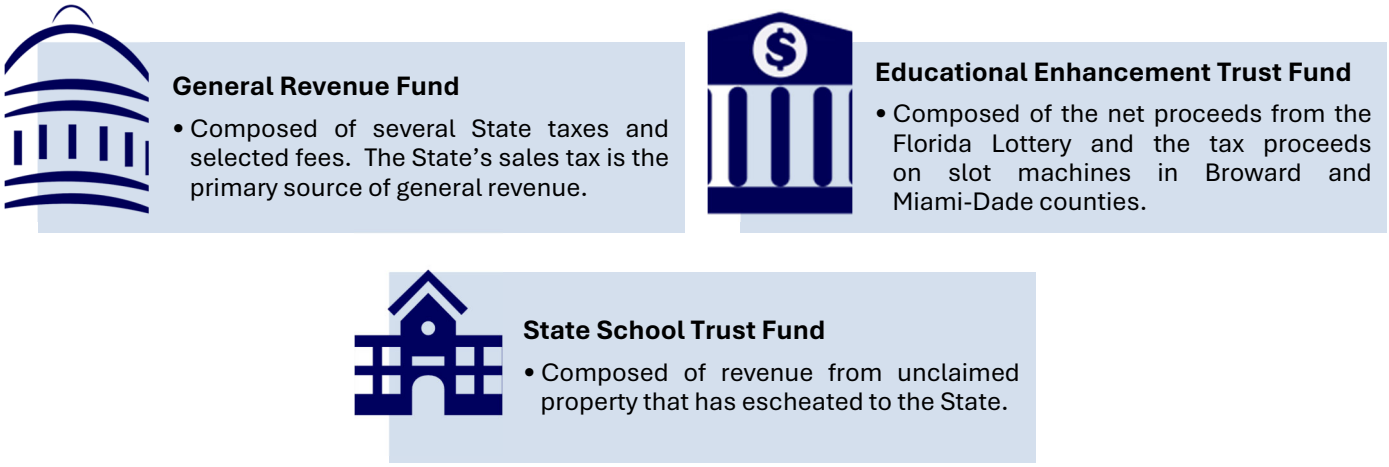
Pursuant to State law,[1] the Department of Education (Department) is to assist in providing professional leadership and guidance in carrying out the policies, procedures, and duties authorized by law or by the State Board of Education or found necessary by it to attain the purposes and objectives of the Florida Early Learning-20 Education Code.[2] Under the direction of the State Board of Education and executive oversight of the Commissioner of Education (Commissioner), the Department plans, administers, and delivers its programs and services through 8 divisions and 4 offices. The offices include the Office of Independent Education and Parental Choice and, within, the Office of K-12 School Choice, whose mission is to support quality public and private educational choice programs by providing information and assistance to promote successful outcomes for students, families, institutions, and communities.

Funding sources for public education in the State include: State general revenue and trust funds, including lottery funds (See Chart 1); local revenue, almost entirely derived from property taxes; and Federal funds that typically supplement State and local funds.

[1] Section 1001.20(2), Florida Statutes.

[2] Chapters 1000 through 1013, Florida Statutes.

**Chart 1**
**State Public Education Funding**




Source: Department records.

**Florida Education Finance Program** The primary mechanism to fund State school districts for prekindergarten (Pre-K) through Grade 12 public school operations is the Florida Education Finance Program (FEFP). The FEFP was established by the Legislature in 1973 to guarantee to each student in the State's public education system, including charter schools, the availability of programs and services appropriate to the student's educational needs that are substantially equal to those available to any similar student, notwithstanding geographic differences and varying local economic factors. To provide equalization of educational opportunity, the FEFP formula recognizes:

- Variances in local property tax bases.
- Variances in educational program costs.
- District cost differentials.
- Differences in per-student costs for equivalent educational programs due to sparsity and dispersion of the student population.

The funding provided by the FEFP is based on the numbers of individual students participating in particular educational programs. A numerical value is assigned to each student according to the student's hours and days of attendance in those programs. The individual student thus becomes equated to a numerical value known as an unweighted full-time equivalent (FTE) student enrollment. To ensure that each educational program (e.g., Basic Education programs, programs for Exceptional Student Education, English for Speakers of Other Languages) receives an equitable share of funds in relation to its relative cost per student, the State accounts for program cost factors. Multiplying the number of unweighted FTE in each educational program by the program's specific cost factor produces weighted FTEs. Weighted FTEs are multiplied by the base student allocation amount and appropriate cost differential factors to determine the base funding from State and local FEFP funds. Various adjustments (e.g., safe schools, student transportation) are added to the base funding to arrive at the total gross State and local FEFP dollars. Further adjustments are then made, including removal of required local effort, to arrive at the net State FEFP allocation. All cost factors, the base student allocation amount, cost differential factors, and various adjustment figures are established by the Florida Legislature.

Pursuant to Department rules,[3] at least four FTE membership surveys are to be conducted by district and school management under the administrative direction of and on a schedule provided by the Commissioner. Each survey is a determination of the FTE membership (public school student enrollment) for a period of 1 week. As outlined in Table 1, for the 2024-25 school year, four FTE membership surveys (Surveys 1-4) and two demographic surveys (6-10 and 6-20) were scheduled at the applicable schools.

**Table 1**
**2024-25 Scheduled School Year Survey Dates**

| | DEMOGRAPHIC SURVEYS | | FTE MEMBERSHIP SURVEYS | | | |
|---|---|---|---|---|---|---|
| PUBLIC SCHOOL | Survey 6 10 Day | Survey 6 20 Day | Survey 1 | First 90 days of the 180-day School Year<br>Survey 2 | Second 90 days of the 180-day School Year<br>Survey 3 | Survey 4 |
| **Survey Date** | 08/16/24 | 08/30/24 | | | | |
| **Survey Week** | | | 07/08/24 – 07/12/24 | 10/07/24 – 10/11/24 | 02/03/25 – 02/07/25 | 06/16/25 – 06/20/25 |
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| **Final Update/ Amendment Date** | | | 09/30/24 | 12/15/24 | 04/15/25 | 08/15/25 |

Source: Department records.

For purposes of calculating the FTE student membership, a student is considered in membership until they withdraw or until the eleventh consecutive school day of their absence. A student is eligible for FTE student membership reporting if they are in program membership at least 1 day during the survey period in an approved course of study and they are in attendance at least 1 day during the survey period or one of the six scheduled meetings preceding the survey period when students were in attendance in school. As described in Chart 2, the FEFP funding calculation is performed five times throughout the year to arrive at each year's final appropriation.

[3] Department Rule 6A-1.0451(4), Florida Administrative Code.

**Chart 2**
**2024-25 FEFP Funding Calculation Schedule**

**First Calculation**

- Completed by the Florida Legislature and school district allocations for July 10 are to be based on this calculation.

**Second Calculation**

- Made upon receipt of the certified tax roll from the Department of Revenue as provided for in Section 1011.62(4), Florida Statutes. School district allocations for July 26 through December are to be based on this calculation.

**Third Calculation**

- Made upon receipt of school districts' October survey FTE counts (Survey 2). School district allocations for January through April are to be based on this calculation.

**Fourth Calculation**

- In even-numbered years, made upon receipt of school districts' February FTE (Survey 3) counts and estimated June FTE. In odd-numbered years, made upon the close of the State processing window for February FTE survey. District allocations for April/May and June are to based on this calculation.

**Final Calculation**

- Made upon receipt of school districts' June FTE counts (Survey 4).

Source: The Department's *Funding for Florida School Districts 2024-25* publication.

**State Scholarship Programs** In addition to the myriad of public education options, the State offers to parents and students several scholarship programs administered through Department-approved scholarship-funding organizations (SFOs) that allow parents of an eligible student to register their child to attend a private school[4] that may better serve the student's particular needs, provide educational options for their student with a disability, or direct the education of their child (e.g., home education programs). As illustrated in Chart 3, the State's scholarship programs include, but are not limited to, the Family Empowerment Scholarship Program and the Florida Tax Credit Scholarship Program.

**SCHOLARSHIP-FUNDING ORGANIZATIONS**

*SFOs are nonprofit organizations approved by the Department to administer (determine student eligibility and issue scholarships) the State's Pre-K through Grade 12 scholarship programs.*

**APPROVED SFOs:**

**Step Up For Students – Florida, Inc.**
**AAA Scholarship Foundation – FL, LLC**

[4] Pursuant to Section 1002.421(1), Florida Statutes, a private school participating in an educational scholarship program must be a State private school as defined in Section 1002.01, Florida Statutes, and be registered and in compliance with all requirements of Section 1002.421, Florida Statutes, the private school requirements outlined in Section 1002.42, Florida Statutes, specific requirements identified within respective scholarship program laws, and other provisions of State law that apply to private schools.

**Chart 3**
**State Scholarship Programs**



**The Family Empowerment Scholarship (FES) Program - Funded by FEFP Funds**

- ***Family Empowerment Scholarship Program for Educational Options (FES-EO)*** **-** Established in 2019 the FES-EO provides additional educational options for all kindergarten through Grade 12 students, such as attending a participating private school. Financial eligibility restrictions for FES were eliminated as of the 2023-24 school year.
- ***Family Empowerment Scholarship Program for Students with Unique Abilities (FES-UA)*** - Established in 2021 the FES-UA offers families of students with disabilities, as young as 3 years of age, access to additional education options. Families may choose to enroll their student in another public school, or they may choose to take the opportunity to receive a personal education savings account for their student.




**The Florida Tax Credit (FTC) Scholarship Program - Funded by Corporate Contributions**

- Established in 2001 the FTC Scholarship Program provides that SFOs may solicit and receive eligible contributions that entitle donors to a 100 percent State tax credit against corporate income tax, insurance premium tax, alcoholic beverage excise tax, direct-pay sales tax, and oil and gas severance tax.
- Initially created to award scholarships to students from families with limited financial resources; however, financial eligibility restrictions for the FTC Scholarship Program were eliminated as of the 2023-24 school year.
- For students attending a private school or for students in a personalized education program (PEP), effective for the 2023-24 school year.

Source: Department and legislative records.

SFO responsibilities include accepting applications from families, determining student eligibility, and distributing payments to private schools and other providers on behalf of families. Accordingly, State law[5] authorizes an SFO to use from tax credit contributions received up to 3 percent of the total amount of all FES Program scholarships and 3 percent of the total amount of FTC Scholarship Program scholarships and stipends for administrative expenses.

Effective July 2024, school choice legislation[6] converted the State's existing FES-EO and FTC Programs into education savings account programs and opened them to every child in the State who wished to enroll in a non-public school option, like private school or homeschool. Financial eligibility restrictions for both the FES-EO and FTC Programs were also eliminated starting with the 2023-24 school year. However, while all families are eligible to participate, low-income families[7] and children in foster or out-of-home care receive priority, followed by middle-income families,[8] and then all other families until the funding cap is met. Additionally, in 2024, the FES-UA Program was expanded to include families

[5] Sections 1002.394(11)(c) and 1002.395(6)(l)1., Florida Statutes.
[6] Chapter 2023-016, Laws of Florida.
[7] Households whose income does not exceed 185 percent of the Federal poverty level (FPL).
[8] Households whose incomes does not exceed 500 percent of the FPL.

with Pre-K students and the enrollment cap was raised to more than 72,000 students.[9] As a result of these legislative changes and, as demonstrated in Tables 2, 3, and 4, student enrollment and payments for both scholarship programs grew exponentially from the 2021-22 through the 2024-25 school years.

**Table 2**
**FES-EO Program**
**Enrollment and Payments**

| School Year | Scholarship Student Enrollment | Scholarship Payment Total |
|---|---|---|
| 2021-22 | 80,812 | $525,754,805 |
| 2022-23 | 92,232 | $637,279,412 |
| 2023-24 | 156,038 | $1,080,071,603 |
| 2024-25 | 267,413 | $2,004,193,208 |

Source: Department records.

**Table 3**
**FES-UA Program**
**Enrollment and Payments**

| School Year | Scholarship Student Enrollment | Scholarship Payment Total |
|---|---|---|
| 2021-22 | 26,743 | $248,182,732 |
| 2022-23 | 74,446 | $673,499,454 |
| 2023-24 | 93,925 | $939,480,544 |
| 2024-25 | 115,428 | $1,169,614,276 |

Source: Department records.

**Table 4**
**FTC Scholarship Program**
**Enrollment and Payments**

| School Year | Scholarship Student Enrollment | Scholarship Payment Total |
|---|---|---|
| 2021-22 | 85,612 | $568,796,783 |
| 2022-23 | 100,025 | $697,707,460 |
| 2023-24 | 148,222 | $936,281,893 |
| 2024-25 | 114,443 | $804,519,418 |

Source: Department records.

Parents are to apply for the FES and FTC Programs by filling out one application that applies to all Programs. Families who participate in either Program can use scholarship funds for approved learning expenses, from homeschool curriculum to digital learning materials. The SFO must verify each FES-EO

[9] Chapter 2024-163, Laws of Florida. However, State law provides various exemptions to the cap for students who meet specified requirements, such as students who received specialized instructional services under the Voluntary Prekindergarten Education Program during the previous school year and have a current Individual Education Plan.

and FES-UA Program student's eligibility to participate at least 30 days before each payment[10] and the Department, upon receipt of the verified list of eligible scholarship students, must release funds to the SFO for deposit in the student's education savings account at least quarterly. For the FTC Program, the SFO must make applicable payments after the SFO verifies enrollment and attendance. If a participating student does not use all their account funds in a given year, the funds can accumulate up to $24,000 for participants in the FES-EO or FTC Programs, or up to $50,000 for participants in the FES-UA Program, and roll over to the next year as long as the student remains active in the Program.

# FINDING AND RECOMMENDATION

## Finding 1: 2024-25 School Year Funding Accountability Challenges

Accountability over funding of the State's system of Pre-K-12 education, which includes an array of education choice options, requires a robust system of controls and timely and accurate information that promotes the effective management of limited resources and curbs the potential for fraud, waste, and abuse. The challenges presented to the prudent management of State education funds are multiple, including the significant growth in scholarship program uptake over the past 4 years, changing regulatory landscape, and various entities involved in the administration of the State's education system.

As noted in the ***BACKGROUND***, spurred by legislative changes designed to further school choice, student enrollment and payments for the FES and FTC Programs grew exponentially from the 2021-22 school year through the 2024-25 school year. The successful and accurate funding of these Programs, as well as the overall system of State Pre-K through Grade 12 education, requires collaboration between the Department, school districts, SFOs, and parents of participating scholarship students. An effective and efficient system of education funding should, among other things, be designed to:

- Track students in a manner that promotes funding following the student.
- Foster budget predictability.

This audit examined various aspects of the State's education funding for the 2024-25 school year, including accountability challenges faced and potential lessons learned. Planning for funding the 2024-25 school year began well before the first bell rang, as accounting for anticipated student enrollment and funding the system of Pre-K through Grade 12 schooling that educates nearly 3.2 million children is a challenging and complex exercise. Funds for State support to school districts and scholarship programs are provided primarily by legislative appropriations, with the major portion of State support distributed through the FEFP. In February 2024, the enrollment window for new and returning FES-EO and FES-UA Program students opened, allowing parents the opportunity to enroll first-time participating children in the FES Program through November 15, 2024, or to renew by April 30, 2024. With enrollment in the FES Program underway, funding for the 2024-25 school year began with the issuance of a legislative budget

[10] Department Rule 6A-6.052(5)(b), Florida Administrative Code, specifies that FES-EO and FES-UA Program scholarship payments are to be made to the SFO for renewing students on or before August 1, November 1, February 1, and April 1 each year, and for new students on or before September 1, November 1, February 1, and April 1. Requests for scholarship funding must be submitted by the SFO to the Department no later than November 1 for the September and November payments and no later than February 1 for the February and April payments.

conference report that set the State's baseline FEFP budget. On March 5, 2024, the Legislature issued a memorandum outlining the calculations used, consistent with State law, to make appropriations for the FEFP. Based on these calculations, the Legislature appropriated over $12.7 billion in FEFP funds (including $11.7 billion in general revenue) for the 2024-25 school year (First Calculation, as outlined in Chart 2).[11]

Recognizing the challenges for properly accounting for student funding, State law[12] requires the Department to cross check the list of participating FES-EO and FES-UA Program students against public school student survey data (Surveys 2 and 3) to avoid duplication of payment. It was the Department's practice to have Office of K-12 School Choice (Office) staff compare lists of participating scholarship students received from the SFOs to student demographic data provided in Survey 6 and preliminary and final FTE membership data provided in Surveys 2 and 3 (2o – preliminary, 2F – final, 3o – preliminary, and 3F – final). For any record matches noted upon completion of the preliminary cross-checks for the FES Program, the Department was to reach out to parents to inquire via an online survey tool if their child was enrolled in public school. As the Department worked through the preliminary record matches, school districts had scheduled windows of opportunity to edit the FTE membership surveys to more accurately reflect student enrollment and attendance data for the surveyed period. As school districts submitted final FTE membership surveys to the Department for periods 2 and 3, Office staff were to reperform cross-checks on the certified survey data (2F and 3F). If the final survey results denoted student overlap between a public school and FES Program scholarship participation, scholarship funds were to be discontinued, and the Department was to request from the SFO all scholarship funds that were received in error or associated with a scholarship account that had been closed or identified as ineligible.[13] Pursuant to State law,[14] the Department's cross-check responsibilities for the FTC Program are more limited, specifically only obligating the Department to cross check the verified list of eligible scholarship program students against public school enrollment lists to avoid duplication, provide such results to the SFO, and when the FEFP is recalculated, adjust the amount of State funds allocated to the school districts based upon the results of the cross-checks (2F and 3F).

The identification of possible duplicated draws on limited education funds is just the starting point for the effective oversight of such funds. Prompt action is needed to halt duplicate payments and, to the fullest extent authorized by State law, return applicable funds to their proper source. State law outlines when an FES-EO and FES-UA Program scholarship remains in force as well as the circumstances requiring such scholarship accounts be closed and remaining funds reverted to the State. In short, among other stipulations, State law[15] provides that:

- An FES-EO and FES-UA Program scholarship remains in force until the student enrolls in a public school.
- An FES-EO Program scholarship account must be closed and any remaining funds reverted to the State after:

[11] Chapter 2024-231, Laws of Florida.
[12] Section 1002.394(8)(a)2., Florida Statutes.
[13] Department Rule 6A-6.0952(7)(a), Florida Administrative Code.
[14] Section 1002.395(9)(d), Florida Statutes.
[15] Section 1002.394(5), Florida Statutes.

- Denial or revocation of Program eligibility by the Commissioner for fraud or abuse;
- 2 consecutive fiscal years in which an account has been inactive; or
- A student remains unenrolled in an eligible private school for 30 days while receiving a scholarship that requires full-time enrollment.

- An FES-UA Program scholarship must be closed and any remaining funds reverted to the State after:
  - Denial or revocation of Program eligibility by the Commissioner for fraud or abuse;
  - Any period of 3 consecutive years after high school completion or graduation during which the student has not been enrolled in an eligible postsecondary educational institution or program; or
  - 2 consecutive fiscal years in which an account has been inactive.

More specifically, State law[16] requires the Department to adjust payments to the SFOs and, when the FEFP is recalculated, adjust the amount of State funds allocated to school districts through the FEFP based upon the results of Department cross-check activities. Additionally, the Department may recover unexpended FES-EO and FES-UA Program funds or withhold payment of an equal amount to recover Program funds that were not authorized for use. Lastly, the Department is authorized to suspend or revoke FES Program participation or use of Program funds by the student for a violation of statutory requirements, including those pertaining to full-time attendance in a public school.

As subsequently described, our evaluation of the administration and oversight of State education funding for the 2024-25 school year found that it was met with a myriad of accountability challenges that left a Statewide funding shortfall and a system where funding did not follow the child. Specifically:

- ***Unexpected Funding Demand*** **–** The Legislature passed the 2024-25 fiscal year General Appropriations Act[17] in March 2024. As shown in Table 5, for the 2024-25 school year the State projected for funding purposes nearly 3.2 million unweighted FTE and almost 3.5 million weighted FTE. However, per the Final Calculation, unweighted FTE and weighted FTE for the 2024-25 school year was over 9,100 greater and nearly 45,000 greater, respectively, than projected, representing a significant unexpected draw on State education funding.

**Table 5**
**FEFP FTE Differences**

| FTE | 2024-25 FEFP Conference Calculation First Calculation | 2024-25 FEFP Final Calculation | Difference From Conference Calculation |
|---|---|---|---|
| Unweighted FTE | 3,170,301.01 | 3,179,402.45 | 9,101.44 |
| Weighted FTE | 3,490,098.18 | 3,534,970.24 | 44,872.06 |

Source: Department records.

Additionally, while the baseline funding amounts and FTE enrollment forecast were set by the Legislature with the First Calculation in March 2024, new and renewal FES Program enrollment continued through November 15, 2024, and April 30, 2024, respectively. As noted in the

[16] Section 1002.394(8)(a)13., Florida Statutes.
[17] Chapter 2024-231, Laws of Florida.

***BACKGROUND***, pursuant to State law,[18] SFOs receive funds for the FES Program each quarter based on actual enrollment. The State, in budgeting for the FES Program for the 2024-25 school year, allocated $2,790,276,311. However, by June 2025, FES Program expenditures (net of recoupments of ineligible amounts) totaled $3,188,043,518, a difference of $397,767,207 between actual and budgeted use of State FEFP funds. As described in the next bullet, the payment process for school districts differed significantly from the process used to pay the SFOs.

- ***An Extended Budget –*** As noted in Chart 2, during the period July 2024 through December 2024, payments to school districts were to be based on budgeted amounts (First and Second Calculations). However, due to Department delays in finalizing Surveys 2 and 3, payments to school districts continued to be based on budgeted amounts through February 2025 (See Table 10 for additional information regarding survey delays). Additionally, while payments to school districts for the period January 2025 through April 2025 were to be based on Survey 2 Final, Third Calculation, and for May and June 2025 based on Survey 3 Final, Fourth Calculation, the delays caused payments to school districts for the remainder of the 2024-25 school year (March through June 2025) to be based on survey results from October 2024 (Survey 2 Final, Third Calculation). Not basing funding on the most current and actual student enrollment data may have contributed to funding inequities among school districts.

- ***Cross-Checks – Missed Opportunities –*** In accordance with State law, for the FES-EO and FES-UA Programs the Department conducted cross-checks on the Survey 2 Final and Survey 3 Final data that impacted FTE. Additionally, the Department conducted cross-checks on various preliminary data, including 6-20, 2o, and 3o. Our analysis of these efforts found that, while the Department's approach complied with and in some extents went beyond the requirements of State law, the approach also developed various opportunities that were missed by the State to further accountability over the use of State education funds and timelier and more effectively identify and halt duplicate payments and recoup ineligible amounts. Specifically:

  - Although the Department identified potential duplicate payments (students appearing in public school surveys while receiving an FES-EO or UA Program scholarship) while conducting cross-checks on the 6-20 and 2o preliminary data, the Department relied on voluntary reporting through a survey sent to the parent or guardian of a matched student to potentially halt and/or recoup any applicable ineligible amounts associated with the 6-20 and 2o matches. Our assessment of this process found that:

    - As described in Table 6, the response rate to the 6-20 and 2o surveys was not commensurate with a process that would promote significant accountability over State education funds, including the prompt halting of duplicate payments and return of applicable funds to the State. The low response rate, in combination with the subsequently described inconsistent handling of survey results by the Department, appeared to reward nonresponsiveness and posed a significant challenge to accountability over potential duplicate payments.

**Table 6**
**Survey Response Rates**

| Survey | Number of Students Matched | Number of Surveys Sent | Number of Surveys with "Yes" Responses | Number of Surveys with "No" Responses | Number of Nonresponses to Surveys Sent | Survey Response Rate Percentage |
|---|---|---|---|---|---|---|
| 6-20 | 19,366 | 17,382 | 4,694 | 1,324 | 11,364 | 35% |
| 2o | 18,342 | 16,471 | 1,778 | 1,381 | 13,312 | 19% |

Source: Analysis of Department records.

[18] Section 1002.394(12)(a)2.b., Florida Statutes.

- As enumerated in Table 6, the surveys sent to parents and guardians encompassed all their children, rather than each student individually. Although parents and guardians who responded that one or more of their children was enrolled in a public school were asked to provide the first and last name of each child, responses were optional and open-ended, often yielding vague or unusable entries like “Light House”, “2”, and “1/15/2015”. Consequently, the lack of student-level identification limited the effectiveness of the survey for detecting duplicate scholarship payments by child.
- The Department’s handling of parent and guardian survey responses and nonresponses to cross-checks inquiring into possible duplicate payments for the FES-EO and FES-UA Program appeared arbitrary and plagued with inconsistencies. Department processes provided for two general actions in follow-up to cross-check survey responses: (1) Determining the student ineligible, thus halting future payments from the Department to the SFO for that student, and (2) Formally requesting the SFO to return to the State all applicable funds.

  Table 7 summarizes the Department’s inconsistent treatment of the 6-20 and 2o cross-check results and survey responses, including how it determined students ineligible and handled the recovery of funds due back to the State. For example, our assessment of the actions taken by the Department in response to the cross-check matches and survey responses found that, in general, the predominate action was to take no action. Additionally, we noted that only in limited instances did the Department determine students to be ineligible in response to the 2o cross-check and survey responses and, for all matches and survey responses, made no formal requests of the SFOs to return funds that may have been due to the State. According to Department management, in lieu of formally requesting funds back from the SFOs in response to the 2o cross-check and survey responses, the Department reduced future payments to the SFOs. Deficiencies regarding Department recoupment and withholding processes are further discussed in the **Recoupment and Withholding Process Deficiencies** portion of this finding.

**Table 7**
**Department Handling of 6-20 and 2o Cross-Check Matches and Survey Responses**

| Parent or Guardian Response to the Following Survey Question: *"Is one or more FES students in your household currently enrolled in a public school?"* | Department Determined Student Ineligible | Formal Request Made to SFO | Remittance Received from SFO | Number of Matches | Percentage of Matches |
|---|---|---|---|---|---|
| **Cross-Check for Survey 6-20 – EO** | | | | | |
| Nonresponsive | No | No | No | 1,664 | 66.83% |
| Nonresponsive | No | Yes | No | 1 | 0.04% |
| Nonresponsive | N/A | No | No | 443 | 17.79% |
| Nonresponsive | Yes | No | No | 16 | 0.64% |
| "No" | No | No | No | 162 | 6.51% |
| "No" | N/A | No | No | 77 | 3.09% |
| "No" | Yes | No | No | 2 | 0.08% |
| "Yes" | No | No | No | 56 | 2.25% |
| "Yes" | No | Yes | No | 34 | 1.37% |
| "Yes" | N/A | No | No | 30 | 1.20% |
| "Yes" | Yes | No | No | 5 | 0.20% |
| **Cross-Check for Survey 6-20 – UA** | | | | | |
| Nonresponsive | No | No | No | 9,791 | 58.02% |
| Nonresponsive | No | Yes | No | 629 | 3.73% |
| Nonresponsive | No | Yes | Yes | 144 | 0.85% |
| "No" | No | No | No | 1,165 | 6.90% |
| "No" | No | Yes | No | 40 | 0.24% |
| "No" | No | Yes | Yes | 9 | 0.05% |
| "Yes" | No | No | No | 2,376 | 14.08% |
| "Yes" | No | Yes | No | 117 | 0.69% |
| "Yes" | No | Yes | Yes | 36 | 0.21% |
| "Yes" | Yes | No | No | 23 | 0.14% |
| "Yes" | Yes | Yes | No | 2,153 | 12.76% |
| "Yes" | Yes | Yes | Yes | 393 | 2.33% |
| **Cross-Check for Survey 2o – EO** | | | | | |
| Nonresponsive | No | - | - | 4,601 | 86.45% |
| "No" | No | - | - | 492 | 9.24% |
| "Yes" | No | - | - | 47 | 0.88% |
| "Yes" | Yes | - | - | 182 | 3.42% |
| **Cross-Check for Survey 2o – UA** | | | | | |
| Nonresponsive | No | - | - | 10,284 | 78.99% |
| "No" | No | - | - | 1,042 | 8.00% |
| "Yes" | No | - | - | 216 | 1.66% |
| "Yes" | Yes | - | - | 1,478 | 11.35% |

Source: Analysis of Department records.

- As illustrated in Tables 8 and 9, our evaluation of the Department's 6-20, 2o, 2F, 3o, and 3F cross-checks for the FES-EO and FES-UA Program found repeat student matches across multiple preliminary and final cross-checks, indicating missed opportunities for the State to more promptly identify and halt potential duplicate payments and begin to recoup ineligible amounts. Specifically, our analysis of 2024-25 school year data found for the FES-EO Program that the matched accounts were potentially funded excess amounts, ranging from

$31,887,332 to $51,504,488, and for the FES-UA Program from $28,856,228 to $59,055,000.[19]

**Table 8**
**Department Cross-Check Results for FES-EO Program**

| Date **FES-EO** Cross-Check Performed | 09-16-2024 | 11-13-2024 | 02-12-2025 | 03-11-2025 | 07-18-2025 |
|---|---|---|---|---|---|
| Survey | Survey 6 20-Day | Survey 2 Preliminary | Survey 2 Final | Survey 3 Preliminary | Survey 3 Final |
| **Total Matches** (Unique and Repeat) | **2,490** | **5,322** | **4,886** | **3,434** | **424** |
| **Unique Matches On 1 Cross-Check** | **2,490** | **3,636** | **3,249** | **2,931** | **14** |
| **Repeat Matches:** | | | | | |
| On 2 Cross-Checks | - | 1,686 | 810 | 266 | 196 |
| On 3 Cross-Checks | - | - | 827 | 237 | 89 |
| On 4 Cross-Checks | - | - | - | - | 125 |
| **Total Repeat Matches** | **-** | **1,686** | **1,637** | **503** | **410** |

Source: Department records.

**Table 9**
**Department Cross-Check Results for FES-UA Program**

| Date **FES-UA** Cross-Check Performed | 09-13-2024 | 11-13-2024 | 02-10-2025 | 03-11-2025 | 07-18-2025 |
|---|---|---|---|---|---|
| Survey | Survey 6 20-Day | Survey 2 Preliminary | Survey 2 Final | Survey 3 Preliminary | Survey 3 Final |
| **Total Matches** (Unique and Repeat) | **16,876** | **13,020** | **18,162** | **2,895** | **4,688** |
| **Unique Matches On 1 Cross-Check** | **16,876** | **1,609** | **3,539** | **2,044** | **15** |
| **Repeat Matches:** | | | | | |
| On 2 Cross-Checks | - | 11,411 | 4,581 | 189 | 423 |
| On 3 Cross-Checks | - | - | 10,042 | 662 | 3,035 |
| On 4 Cross-Checks | - | - | - | - | 1,215 |
| **Total Repeat Matches** | **-** | **11,411** | **14,623** | **851** | **4,673** |

Source: Department records.

- ***Survey, Cross-Check, and FEFP Calculation Processing Delays –*** As outlined in Table 10, Department processing of the 2024-25 FEFP school district data for Surveys 2F and 3F was significantly delayed, thus delaying the performance of the 2F and 3F cross-checks, the halting of potential duplicate payments and recoupment of applicable amounts, and performance of FEFP calculations. As previously noted, because of the delay in finalizing Survey 2, school district funding continued to be based on budgeted amounts through February 2025 rather than the planned December 2024. Also, we noted that although the processing of Survey 3 was to be finalized by the Department in April 2025, it was not completed until July 2025. As a consequence of the delay and funding issues (see the **When Questions Arose and the Money Ran Short**

[19] The actual ineligible amounts would need to be determined by the Department in coordination with the SFOs, applying statutory requirements to each student's situation. According to State accounting records, Department recoupments for the 2024-25 school year totaled nearly $51 million. See the **Recoupment and Withholding Process Deficiencies** section of the finding for further information.

section of the finding), the Department did not complete the Fourth FEFP calculation, which was to be done in May 2025.

**Table 10**
**2024-25 School Year Actual Survey, Cross-Check, and FEFP Calculation Dates**

| Surveys | Survey 6-20 Demographic Survey | Survey 2 – FTE Membership Survey | | Survey 3 – FTE Membership Survey | |
|---|---|---|---|---|---|
| | | 2o | 2F | 3o | 3F |
| **Survey Date/Week** | | | | | |
| *Scheduled* | 08/30/24 | 10/07/24 – 10/11/24 | | 02/03/25 – 02/07/25 | |
| **Survey Processing** | | | | | |
| *Scheduled* | 08/16/24 – 09/06/24 | 10/14/24 – 11/01/24 | 10/14/24 – 11/01/24 | 02/10/25 – 02/28/25 | 02/10/25 – 02/28/25 |
| *Actual* | 09/16/24 | 11/03/24 | 01/28/25 | 03/03/25 | 07/13/25 |
| **Cross-Checked Performed** | | | | | |
| *FES-EO* | 09/16/24 | 11/13/24 | 02/12/25 | 03/11/25 | 07/18/25 |
| *FES-UA* | 09/16/24 | 11/13/24 | 02/10/25 | 03/11/25 | 07/18/25 |
| *FTC* | 09/24/24 [a] | | 02/11/25 [b] | | 07/18/25 |
| **FEFP Calculations Performed** | | | | | |
| *Scheduled* | | | January 2025 *(Survey to support Third FEFP Calculation)* | | May 2025 *(Survey to support Fourth FEFP Calculation)* |
| *Actual* | | | 03/03/25 | | Not Completed |

[a] Cross-check only conducted for Step Up For Students. See the **FTC Scholarship Program Cross-Checks** section of this finding for a further description of the issues noted on audit.

[b] While the Department indicated that cross-checks were performed for both AAA Scholarship Foundation and Step Up For Students, documentation could only be provided for Step Up For Students. See the **FTC Scholarship Program Cross-Checks** section of this finding for a further description of the issues noted on audit.

Source: Department records.

- **Recoupment and Withholding Process Deficiencies** – In addition to the inconsistent handling of formal requests of the SFOs to return funds due back to the State related to ineligible scholarship students, we noted that the Department could not evidence the reconciliation of the requested return of funds to the actual amounts received back from the SFOs by student. For example, as illustrated in Table 7, although the Department formally requested the SFOs return funds for 2,153 students who appeared on the 6-20 FES UA cross-check, no amounts were returned and no records evidenced the basis for the lack of remittances. Additionally, the Department took no effort to independently verify the appropriateness of the amounts returned or not returned by the SFOs.[20]

  We also noted that, in addition to the recoupment process, at times the Department utilized a withholding process[21] whereby in lieu of receiving funds due to the State from an SFO, the

[20] After the conclusion of our audit fieldwork, we became aware that, in March 2025, Step Up For Students sent to the Department via checks $119,057 for 2023-24 FES-EO student balances due to the State and $10,436,332 for 2023-24 FES-UA student balances due to the State. Then, in April 2025, Step Up For Students remitted to the Department via check $7,864,211 for 2023-24 FES-EO student balances due to the State. However, these checks were not deposited because, according to the Department, the checks were not accompanied by required student balance information. Department management further indicated that, due to the myriad of challenges facing the Department in the Spring of 2025, the Department did not take the necessary actions to follow up and ensure prompt deposit of these funds. Not until November 2025, and after reissuance of the checks and receipt of additional information, were the FES amounts, totaling $18,419,600, deposited to general revenue by the Department.

[21] Section 1002.394(8)(b)3., Florida Statutes, authorizes the Department to withhold payment of an equal amount of FES Program funds to recover funds that were not authorized for use.

Department would withhold the amount of funds due back from future payments to the SFO. In response to our audit inquiry, the Department indicated that these transactions were either verbally authorized or done via e-mail. However, in no instance was the Department able to provide for audit records with the detail necessary to support the propriety of the withholding process or that demonstrated proper accountability and transparency.

- **FTC Scholarship Program Cross-Checks** – Pursuant to State law,[22] the Department was to conduct cross-checks of the verified lists of eligible FTC Program students from both AAA Scholarship Foundation and Step Up For Students against public school enrollment data (Surveys 2F and 3F) to avoid duplication. As noted in Table 10, our audit found that, although the Department indicated that cross-checks against the Survey 2F data were performed for both SFOs, Department records only evidenced a cross-check for Step Up For Students participants. In addition, as State law provides for the Department to adjust the amount of State funds allocated to school districts based on the results of the cross-checks, the delayed performance of the cross-checks on both 2F and 3F survey data may have contributed to State education funding inequities. Further, we found that, although not required, the Department conducted a cross-check on Survey 6-20 data for Step Up For Students, but not AAA Scholarship Foundation.

- **Administration of Scholarships** – In our most-recent audit of Step Up For Students (report No. 2025-185, issued April 2025), we evaluated Step Up For Students administration of the FES and FTC Scholarship Programs, including application processing and funding management, and noted various deficiencies. Among other things, our audit found numerous instances of delayed processing of private school tuition payments and parent and guardian reimbursement requests, as well as 267 FES-UA Program student accounts with balances exceeding $50,000 and totaling $2.1 million which Step Up continued to fund, though contrary to State law.[23] As part of this audit, and as illustrated in Table 11, our analysis of 2024-25 school year FES-UA scholarship program balances for both Step Up For Students and AAA Scholarship Foundation found, for example, 341 accounts with $2.2 million in excess FES-UA funds in student accounts for the third quarter.

**Table 11**
**FES-UA Scholarship Program Balances Greater Than $50,000**
**2024-25 School Year**

| Quarter | Number of Accounts Over $50,000 | Total in Accounts Over $50,000 | Excess Funds in Accounts Over $50,000 |
|---|---|---|---|
| 1 | 158 | $ 9,232,304 | $1,332,304 |
| 2 | 197 | 11,350,435 | 1,500,435 |
| 3 | 341 | 19,219,253 | 2,169,253 |
| 4 | 299 | 17,277,918 | 2,327,918 |

Source: Analysis of Department records.

- **Scholarship Program Account Balances** – As previously noted, State law[24] restricts the accumulation and roll over of FES-EO and FES-UA Program participant balances to $24,000 and $50,000, respectively. While we noted no instances of excess FES-EO Program participant balances for the 2024-25 school year, as outlined in Table 11, we found hundreds of FES-UA Program participant balances that had excess balances totaling over $2.3 million at the end of the school year. Additionally, our analysis of Department records found that, as of June 30, 2025, participant balances in the FES-EO Program totaled $35,977,636, while participant balances for the FES-UA Program totaled $367,173,230. While most balances fell within statutory allowances, the allowances also appeared, particularly for the FES-UA Program, potentially excessive and an

[22] Section 1002.395(9)(d), Florida Statutes.
[23] Section 1002.394(12)(b)11., Florida Statutes.
[24] Section 1002.394(12)(a)4. and (b)11., Florida Statutes.

opportunity for the Department to work with the SFOs and the Legislature to ensure the maintenance of reasonable balances paired with additional scholarship opportunities.

- ***Office Staffing*** – As of January 2025, the Office was authorized 36 full-time equivalent positions and, according to Office management, had 4 positions assigned to the cross-check process, including the Deputy Executive Director who split oversight responsibilities between the cross-check process and other duties. With the significant increase in scholarship program enrollment and mobility across the State's system of education, the cross-check process has become more complex and time-consuming, requiring additional resources and careful management to ensure timeliness and accuracy. Given the significant demands of the process, it was not evident that the Department had sufficient staff resources to perform its critical duties.

- ***When Questions Arose and the Money Ran Short*** – As previously discussed and illustrated in Table 7, the Department's inconsistent handling of the 6-20 and 2o cross-check results and related parent and guardian survey responses represented a missed opportunity to promote greater accountability over State education funds. In February 2025, the Legislature provided to the Department a list of 22,700 potential student matches for the FES Program. As illustrated in Table 12, our comparison of the Legislature's identified matches to the Department's matches from the 6-20, 2o, 2F, 3o, and 3F cross-checks found that, while a significant number of the student matches (16,246) were identified early by the Department (September and November 2024), most actions to deem students ineligible (18,712) did not occur until months later (February 2025). We also noted that the Department deviated from standard practice in handling preliminary cross-check matches by not relying on the parent and guardian survey responses to the 3o matches. Instead, the Department acted on all matches by withholding funds for all identified students.

**Table 12**
**Comparison of Legislative Potential Student Matches to Department Cross-Check Matches**

| Survey | 09/16/2024 Survey 6-20 | 11/13/2024 Survey 2o (Preliminary) | 02/10/2025 Survey 2 Final | 03/11/2025 Survey 3o (Preliminary) | 07/18/2025 Survey 3 Final | Department Did Not Deem Ineligible | Did Not Appear in a Department Cross-Check | Total |
|---|---|---|---|---|---|---|---|---|
| **Number of Legislative Matches Identified in a Department Cross-Check** | | | | | | | | |
| FES-EO | 676 | 843 | 3,076 | - | - | - | 3 | 4,598 |
| FES-UA | 14,230 | 497 | 3,302 | 38 | 2 | - | 33 | 18,102 |
| **Totals** | **14,906** | **1,340** | **6,378** | **38** | **2** | **-** | **36** | **22,700** |
| **Number of Legislative Matches the Department Deemed as Ineligible Students** | | | | | | | | |
| FES-EO | 16 | 66 | 4,512 | - | - | 1 | - | 4,595 |
| FES-UA | 2,323 | 1,324 | 14,200 | 96 | 19 | 107 | - | 18,069 |
| **Totals** | **2,339** | **1,390** | **18,712** | **96** | **19** | **108** | **-** | **22,664** |

Source: Analysis of Department records.

Additionally, faced with the unexpected demand on State education funding, as the school year wound down, appropriated FEFP funds began to run short. In May 2025, the Department submitted and was approved for a budget amendment releasing $118,001,049 from the Educational Enrollment Stabilization Program.[25] However, even with these buttressing funds, the 24th and final FEFP payment to school districts was reduced by $47 million. ***EXHIBITS A*** and ***B***

[25] Section 1011.62(18), Florida Statutes, establishes the Educational Enrollment Stabilization Program (Program) to provide supplemental State funds as needed to maintain the stability of public school operations and to protect school districts, including charter schools, from financial instability resulting from FTE student enrollment changes throughout a school year. The Legislature is to annually appropriate funds to the Department for this Program in an amount necessary to maintain a projected minimum balance of $250 million.

to this report provide, respectively, a detailed accounting of payments made to school districts and the SFOs during the 2024-25 school year and the reduction of the final payment to school districts as State appropriated funds ran short.[26]

According to Department management, the issues noted on audit were driven by, among other things, significantly greater student mobility and the changing regulatory framework.

The Legislature allocates billions of dollars annually to support education in the State, with the goal of ensuring that every student, regardless of zip code, has access to a high-quality learning environment. Under the best of circumstances, State education funding would follow the child. However, as participation in all facets of the State's education system, particularly scholarship programs, significantly exceeded expectations, with student mobility greater than ever, delays in finalizing student surveys, FEFP calculations, and scholarship cross-checks, along with challenges in the effective administration of cross-check results and accounting for and recouping potential ineligible funds, contributed to a Statewide funding shortfall and a system where funding did not follow the child. The absence of clear accountability mechanisms over education funding undermines the Legislature's intent to ensure equitable and effective use of public resources, potentially exacerbates educational inequities and hinders school choice, and undermines public trust that every dollar is best used to support student success.

**Recommendation: To promote greater accountability over State education funding, funding following the student, and to improve budget predictability, we recommend that:**

- **The Legislature move the FES-EO and FES-UA Program into a separate silo of the FEFP.**
- **Given the inherent uncertainty in school participation choices, the Legislature ensure that sufficient financial support is available to avoid disruptions in scholarship and public school funding.**
- **The Legislature reevaluate the timing of scholarship program application windows to better align to funding decision time frames.**
- **The Department work with the Legislature to identify and provide the staff resources necessary to timely, accurately, and effectively oversee the cross-check process.**
- **The Department strengthen controls to ensure the prompt processing of membership surveys and completion of FEFP calculations.**
- **The Department establish a uniform and documented process for handling cross-check and parent and guardian survey responses that promptly halts duplicate payments, maximizes the return of funds due to the State, and facilitates the timely adjustment of State funds allocated to school districts. As necessary, the Department should work with the Legislature to ensure that the Department has sufficient statutory authority for such actions.**
- **The Department establish a uniform, documented, transparent, and validated recoupment and withholding process with the SFOs.**

[26] After the conclusion of our audit fieldwork, to meet its outstanding obligations at the end of the 2024-25 school year for the FEFP, pursuant to an approved budget amendment the Department released $47,117,395 to school districts and special districts on November 6, 2025. Additionally, on October 27, 2025, the Department released $16,915,044 to the SFOs to address outstanding 2024-25 school year scholarship issues.

- **The Department work, as necessary, with the SFOs to ensure compliance with scholarships program balance limits.**
- **The Department work in concert with the Legislature to revisit scholarship program account balance limits and whether, individually or in total, such limits balance the needs of the programs with the wholistic needs for State education funding.**

## *OBJECTIVES, SCOPE, AND METHODOLOGY*

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

We conducted this operational audit from April 2025 through October 2025 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This operational audit of the Department of Education (Department) focused on examining various 2024-25 school year funding accountability challenges. For those areas, the objectives of the audit were to:

- Evaluate management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering responsibilities in accordance with applicable laws, administrative rules, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed into operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, the reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those internal controls.
- Identify statutory and fiscal changes that may be recommended to the Legislature pursuant to Section 11.45(7)(h), Florida Statutes.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in internal controls significant to our audit objectives; instances of noncompliance with applicable governing laws, rules, or contracts; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; identifying and evaluating internal controls significant to our audit objectives; exercising professional judgment in considering significance

and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included the selection and examination of transactions and records. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

In conducting our audit, we:

- Evaluated the Department's administration and oversight of State education funding for the 2024-25 school year. Specifically, we:
  - Reviewed applicable laws, rules, Department policies and procedures, and other guidelines, and interviewed Department personnel to obtain an understanding of various aspects of State education funding, related Department responsibilities, and Department oversight actions for the 2024-25 school year.
  - Evaluated the adequacy of fund accounting for the Family Empowerment Scholarship (FES) Program and the availability of financial support to avoid disruptions in scholarship and public school funding.
  - Evaluated the FES Program application windows in relationship to State funding decision time frames and whether the timing promoted the prudent management of State education funds.
  - Assessed whether Department staff resources dedicated to the Department's 2024-25 school year cross-check process were adequate to timely, accurately, and effectively execute the Department's statutory cross-check responsibilities.
  - Evaluated Department controls for and examined Department records related to the performance of cross-checks, processing of membership surveys, and completion of Florida Education Finance Program (FEFP) calculations to determine whether the controls promoted and records demonstrated that such activities were promptly conducted and facilitated the appropriate administration of State education funds.
  - Evaluated Department data and results related to the cross-checks performed on Surveys 6-10, 6-20, 2 and 3 (2o – preliminary, 2F- final, 3o – preliminary, and 3F - final) for the FES Program for Educational Options, the FES Program for Students with Unique Abilities, and the Florida Tax Credit Program, as applicable, and whether the State availed itself of all opportunities to further accountability over the use of State education funds and timelier and more effectively identify and halt duplicate payments and recoup ineligible amounts.
  - Evaluated Department processes for handling cross-check and parent and guardian survey responses to determine whether the Department promptly halted duplicate payments, maximized the return of funds due to the State, and facilitated the timely adjustment of State funds allocated to school districts.
  - Examined Department records for and evaluated Department processes related to recouping and withholding funds from the scholarship funding organizations to determine whether the Department had established a uniform, documented, transparent, and validated process.

- Evaluated Department processes for and examined records related to scholarship program account balances and whether such balances fell within statutory allowances and if the limits, individually or in total, balanced the needs of the programs with the wholistic needs for State education funding.

- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the finding and recommendation included in this report which describe the matters requiring corrective actions. Management's response is included in this report under the heading ***MANAGEMENT'S RESPONSE***.

## *AUTHORITY*

Section 11.45, Florida Statutes, requires that the Auditor General conduct an operational audit of each State agency on a periodic basis. Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



Sherrill F. Norman, CPA
Auditor General

# EXHIBIT A

## FEFP AND FES PROGRAM FUNDING TIMELINE
## 2024-25 SCHOOL YEAR

| School Year | Quarter | Month | Payment Number | What Should Have Happened | | What Actually Happened | | | | Totals | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | School Districts | SFOs | School Districts | $ Paid to School District | SFOs | $ Paid to SFO / ($ Remittance from SFO) | Total Spent | Running Total |
| APPROPRIATED FOR THE 2024-25 SCHOOL YEAR | | | | | | | | | | | 12,720,432,199 |
| | | | | Intial Allocated Amounts | | | $ 9,930,155,888 | | $ 2,790,276,311 | | |
| 2024 | Q1 | July | 1 | Budget | Actual | Budget | $ 405,357,908 | Actual | | $ 405,357,908 | $ 405,357,908 |
| | | | 2 | Budget | Actual | Budget | $ 405,723,071 | Actual | $ 655,840,269 | $ 1,061,563,340 | $ 1,466,921,248 |
| | | August | 3 | Budget | Actual | Budget | $ 405,723,071 | Actual | | $ 405,723,071 | $ 1,872,644,319 |
| | | | 4 | Budget | Actual | Budget | $ 405,723,071 | Actual | $ 86,424,514 | $ 492,147,585 | $ 2,364,791,904 |
| | | September | 5 | Budget | Actual | Budget | $ 405,723,071 | Actual | | $ 405,723,071 | $ 2,770,514,975 |
| | | | 6 | Budget | Actual | Budget | $ 407,179,355 | Actual | | $ 407,179,355 | $ 3,177,694,330 |
| | Q2 | October | 7 | Budget | Actual | Budget | $ 426,503,169 | Actual | $ (18,588,908) | $ 407,914,261 | $ 3,585,608,591 |
| | | | 8 | Budget | Actual | Budget | $ 414,612,849 | Actual | $ 886,613,158 | $ 1,301,226,007 | $ 4,886,834,598 |
| | | November | 9 | Budget | Actual | Budget | $ 413,504,298 | Actual | | $ 413,504,298 | $ 5,300,338,896 |
| | | | 10 | Budget | Actual | Budget | $ 416,546,174 | Actual | | $ 416,546,174 | $ 5,716,885,070 |
| | | December | 11 | Budget | Actual | Budget | $ 411,092,989 | Actual | $ (7,594,677) | $ 403,498,312 | $ 6,120,383,382 |
| | | | 12 | Budget | Actual | Budget | $ 419,658,675 | Actual | $ 50,350,752 | $ 470,009,427 | $ 6,590,392,809 |
| 2025 | Q3 | January | **13** | **Actual (3rd Calculation)** | Actual | **Budget** | $ 426,492,824 | Actual | | $ 426,492,824 | $ 7,016,885,633 |
| | | | 14 | Actual (3rd Calculation) | Actual | Budget | $ 413,126,723 | Actual | $ 871,122,442 | $ 1,284,249,165 | $ 8,301,134,798 |
| | | February | 15 | Actual (3rd Calculation) | Actual | Budget | $ 412,666,601 | Actual | $ (1,802,847) | $ 410,863,754 | $ 8,711,998,552 |
| | | | 16 | Actual (3rd Calculation) | Actual | Budget | $ 414,549,705 | Actual | $ 1,344,399 | $ 415,894,104 | $ 9,127,892,656 |
| | | March | 17 | Actual (3rd Calculation) | Actual | **Actual (3rd Calculation)** | $ 783,005,842 | Actual | $ 688,303,184 | $ 1,471,309,026 | $ 10,599,201,682 |
| | | | 18 | Actual (3rd Calculation) | Actual | Actual (3rd Calculation) | $ 1,799,117 | Actual | $ (1,344,399) | $ 454,718 | $ 10,599,656,400 |
| | Q4 | April | **19** | **Actual (4th Calculation)** | Actual | Actual (3rd Calculation) | $ 388,087,630 | Actual | $ 284,148 | $ 388,371,778 | $ 10,988,028,178 |
| | | | 20 | Actual (4th Calculation) | Actual | Actual (3rd Calculation) | $ 393,255,562 | Actual | | $ 393,255,562 | $ 11,381,283,740 |
| | | May | 21 | Actual (4th Calculation) | Actual | Actual (3rd Calculation) | $ 386,568,037 | Actual | $ (22,908,517) | $ 363,659,520 | $ 11,744,943,260 |
| | | | 22 | Actual (4th Calculation) | Actual | Actual (3rd Calculation) | $ 388,303,645 | Actual | | $ 388,303,645 | $ 12,133,246,905 |
| | | June | 23 | Actual (4th Calculation) | Actual | Actual (3rd Calculation) | $ 387,020,074 | Actual | | $ 387,020,074 | $ 12,520,266,979 |
| | | | | Actual (4th Calculation) | Actual | Actual (3rd Calculation) | $ 200,165,220 | Actual | | $ 200,165,220 | $ 12,720,432,199 |
| | | | 24 | **Totals Prior to Budget Amendment** | | | **$ 9,532,388,681** | | **$ 3,188,043,518** | **$ 12,720,432,199** | |
| | | | | Actual (4th Calculation) | Actual | Actual (3rd Calculation) | $ 118,001,049 | Actual | | $ 118,001,049 | $ 12,838,433,248 |
| **Actual Payments Made to School Districts and SFOs** | | | | | | | **$ 9,650,389,730** | | **$ 3,188,043,518** | **$ 12,838,433,248** | |
| **Initial Allocated Amounts** | | | | | | | **$ 9,930,155,888** | | **$ 2,790,276,311** | | |
| **Difference Between Actual Payments Made to School Districts and SFOs vs Intial Allocated Amounts [Over/(Under) Allocated Amounts]** | | | | | | | **$ (279,766,158)** | | **$ 397,767,207** | | |

**2024-25 Fiscal Year Appropriated Funds to School Districts and SFOs per the General Appropriations Act (GAA), Chapter 2024-231, Laws of Florida:**

| | |
|---|---|
| General Revenue | $ 11,744,107,789 |
| Educational Enhancement Trust Fund | $ 505,320,508 |
| State School Trust Fund | $ 471,003,902 |
| **Total 2024-25 FY Appropriation** | **$ 12,720,432,199** |
| Educational Enrollment Stabilization Program [Budget Amendment (B0808) May 16, 2025] | $ 118,001,049 |
| **Total** | **$ 12,838,433,248** |

Source: Analysis of Department records.

# EXHIBIT B

## REDUCTION OF THE FINAL PAYMENT TO SCHOOL DISTRICTS AS 2024-25 FISCAL YEAR STATE-APPROPRIATED FUNDS RAN SHORT [b]

| District | Calculated June 26 Payment -1- | Actual June 26 Payment -2- | Proration Amount -3- | District | Calculated June 26 Payment -1- | Actual June 26 Payment -2- | Proration Amount -3- |
|---|---|---|---|---|---|---|---|
| 1 Alachua | $ 3,235,043 | $ 2,684,055 | $ (550,988) | 39 Liberty | $ 330,369 | $ 317,310 | $ (13,059) |
| 2 Baker | 1,111,871 | 1,066,855 | (45,016) | 40 Madison | 542,957 | 529,728 | (13,229) |
| 3 Bay | 3,430,517 | 3,116,536 | (313,981) | 41 Manatee | 5,925,650 | 5,247,206 | (678,444) |
| 4 Bradford | 490,756 | 458,928 | (31,828) | 42 Marion | 8,884,337 | 8,007,582 | (876,755) |
| 5 Brevard | 9,572,837 | 8,380,373 | (1,192,464) | 43 Martin | 339,936 | 90,850 | (249,086) |
| 6 Broward | 19,359,529 | 14,055,641 | (5,303,888) | 44 Monroe | 206,389 | 137,303 | (69,086) |
| 7 Calhoun | 609,953 | 596,046 | (13,907) | 45 Nassau | 1,036,705 | 883,708 | (152,997) |
| 8 Charlotte | 162,339 | - | (162,339) | 46 Okaloosa | 5,130,370 | 4,727,257 | (403,113) |
| 9 Citrus | 1,925,542 | 1,755,334 | (170,208) | 47 Okeechobee | 1,120,663 | 1,049,685 | (70,978) |
| 10 Clay | 9,129,026 | 8,481,513 | (647,513) | 48 Orange | 28,560,328 | 24,435,830 | (4,124,498) |
| 11 Collier [a] | - | - | - | 49 Osceola | 13,894,689 | 12,418,909 | (1,475,780) |
| 12 Columbia | 1,738,576 | 1,610,666 | (127,910) | 50 Palm Beach | 11,718,578 | 8,713,222 | (3,005,356) |
| 13 Miami-Dade | 23,917,169 | 17,084,984 | (6,832,185) | 51 Pasco | 16,731,322 | 15,181,432 | (1,549,890) |
| 14 DeSoto | 855,683 | 749,394 | (106,289) | 52 Pinellas | 5,496,610 | 4,102,377 | (1,394,233) |
| 15 Dixie | 446,076 | 448,546 | 2,470 | 53 Polk | 19,096,041 | 16,621,955 | (2,474,086) |
| 16 Duval | 24,142,060 | 21,817,194 | (2,324,866) | 54 Putnam | 1,982,035 | 1,895,611 | (86,424) |
| 17 Escambia | 5,091,573 | 4,664,873 | (426,700) | 55 St. Johns | 7,637,755 | 6,788,254 | (849,501) |
| 18 Flagler | 1,353,041 | 1,256,327 | (96,714) | 56 St. Lucie | 8,657,332 | 7,701,147 | (956,185) |
| 19 Franklin | 70,487 | 50,490 | (19,997) | 57 Santa Rosa | 5,984,228 | 5,655,429 | (328,799) |
| 20 Gadsden | 961,173 | 870,690 | (90,483) | 58 Sarasota [a] | - | - | - |
| 21 Gilchrist | 638,476 | 615,047 | (23,429) | 59 Seminole | 10,169,913 | 8,880,784 | (1,289,129) |
| 22 Glades | 453,882 | 442,072 | (11,810) | 60 Sumter [a] | - | - | - |
| 23 Gulf | 18,728 | 34,646 | 15,918 | 61 Suwannee | 1,356,554 | 1,299,409 | (57,145) |
| 24 Hamilton | 320,155 | 304,936 | (15,219) | 62 Taylor | 236,746 | 223,343 | (13,403) |
| 25 Hardee | 895,449 | 869,332 | (26,117) | 63 Union | 585,167 | 570,103 | (15,064) |
| 26 Hendry | 3,555,058 | 3,444,831 | (110,227) | 64 Volusia | 7,359,628 | 6,489,838 | (869,790) |
| 27 Hernando | 4,848,359 | 4,345,650 | (502,709) | 65 Wakulla | 1,200,631 | 1,160,723 | (39,908) |
| 28 Highlands | 2,321,808 | 2,167,426 | (154,382) | 66 Walton [a] | - | - | - |
| 29 Hillsborough | 38,519,738 | 34,994,792 | (3,524,946) | 67 Washington | 866,127 | 833,058 | (33,069) |
| 30 Holmes | 677,158 | 658,634 | (18,524) | 69 FAMU Lab School | 153,813 | 150,065 | (3,748) |
| 31 Indian River | 414,713 | 263,592 | (151,121) | 70 FAU - Palm Beach | 501,759 | 489,534 | (12,225) |
| 32 Jackson | 1,504,018 | 1,450,391 | (53,627) | 72 FSU Lab - Broward | 248,864 | 242,800 | (6,064) |
| 33 Jefferson | 175,270 | 169,383 | (5,887) | 73 FSU Lab - Leon | 523,509 | 510,754 | (12,755) |
| 34 Lafayette | 370,523 | 352,709 | (17,814) | 74 UF Lab School | 448,808 | 437,873 | (10,935) |
| 35 Lake | 6,407,045 | 5,396,197 | (1,010,848) | 75 Virtual School | 12,334,307 | 12,033,780 | (300,527) |
| 36 Lee | 10,154,097 | 9,189,203 | (964,894) | 76 FSU Lab - Bay | 31,586 | 30,816 | (770) |
| 37 Leon | 5,775,919 | 5,208,045 | (567,874) | 77 TCA | 71,571 | 69,827 | (1,744) |
| 38 Levy | 1,246,352 | 1,183,436 | (62,916) | **STATE** | **$ 365,265,276** | **$ 318,166,269** | **$ (47,099,007)** |

[a] District overpaid as of the 2024-25 FEFP Third Calculation. Funds were to be returned upon the next FEFP calculation.

Source: Department 2024-25 FEFP Third Calculation, June 26, 2025, Distribution.

[b] After the conclusion of our audit fieldwork, to meet its outstanding obligations at the end of the 2024-25 school year for the FEFP, pursuant to an approved budget amendment the Department released $47,117,395 to school districts and special districts on November 6, 2025.

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November 14, 2025

Sherrill F. Norman
Auditor General
111 West Madison Street
Tallahassee, Florida 32399

Dear Ms. Norman:

This letter is in response to the preliminary and tentative audit finding and recommendations issued by your office relating to the operational audit of the Florida Department of Education's (Department's) "2024-25 School Year Funding Accountability Challenges."

It is important to note that no state has administered a school choice or scholarship program as large as Florida's. Before the passage of House Bill 1 in 2023, there were more than 250,000 students who participated across all the state's school choice scholarship programs. That number nearly doubled in less than one year, and participation shows no sign of lessening. The Department acknowledges that, while the popularity and growth of the scholarship programs evidence their value and need, the administrative systems supporting these programs must keep pace with their implementation. The preliminary audit report indicates four primary areas presenting challenges in 2024-25: (1) timely identifying and eliminating duplication of funding paid to districts for student enrollments and funding paid to scholarship funding organizations (SFOs) for the same students; (2) avoiding delays in student membership surveys and Florida Education Finance Program (FEFP) calculations; (3) reconciliation for recoupment and withholding processes; and (4) oversight of SFO administration, including student balances that exceed statutory limits. In our response, we will address each of these areas, provide context for any deficiencies that have been noted, and outline the steps the Department has already taken to strengthen the administration of these programs. Finally, we will address the auditor's recommendations.

**(1) Timely identifying and eliminating duplication of funding paid to districts for student enrollments and funding paid to scholarship funding organizations (SFOs) for the same students (duplicate students).**

As acknowledged in the preliminary report, the Department exceeded the statutory requirement to cross-check for duplicate students by reviewing not only the October and February final student membership surveys, but also the demographic and preliminary surveys. These extra steps were taken to help identify potential duplicate students earlier in the process than the required final survey timeframe. Once a duplicate student has been identified, the challenge is to determine which record of enrollment (the public school enrollment or the scholarship enrollment) is accurate and adjust the payment(s) accordingly. In early 2024-25, the Department used a parent survey for this determination; however, the Department has since adopted a more rigorous process. In advance of the quarterly payments to the SFOs, the Department

now provides a list of potential scholarship students to the school districts and requests that district staff review the list and identify duplicate students. For those students identified as duplicate students, funds are not released to student accounts unless and until the student submits to the SFO a withdrawal form evidencing that he/she is no longer enrolled in the district. The withdrawal is confirmed with the district prior to release of funds to the student. The Department also completes the statutorily required cross-check of the final Survey 2 and final Survey 3 data, after which duplicate students are identified and determined ineligible, and a formal request for the return of funds is sent to the SFO.

It should also be noted that all students identified as duplicate students in the audit report have been removed from either scholarship funding or public school enrollment records, so no additional duplicate payments for these students are made.

**(2) Avoiding delays in the student membership surveys and the Florida Education Finance Program (FEFP) calculations**

The preliminary audit report correctly states that the final student membership surveys and FEFP calculations were delayed in 2024-25. While the Department acknowledges that these delays were unfortunate, it notes that the Department's actions were prudent and necessary under the circumstances that were presented. For example, Survey 2 (October 2024) was delayed because a number of scholarships had to be transferred from FES to FTC scholarships to maintain the statutory minimum 1 percent state revenue for one of the school districts. Similarly, the fourth calculation was affected by the Department's efforts to ensure accuracy and equity in the FEFP calculation and the ultimate proration.

To avoid issues of this type in the future, the auditor has recommended that the Florida Legislature "move the FES-EO and FES-UA into a separate silo of the FEFP." The Department agrees with this recommendation and has included it in its legislative budget request.

**(3) Reconciliation for recoupment and withholding processes**

The preliminary audit report noted deficiencies in the Department's documentation relating to the process of reconciling return or withholding of funds from SFOs due to payments for ineligible students. When the Department requests a return of funds, the Department identifies the students associated with the request, and when the Department receives the returned funds, the associated students are identified. Because students may have partially or fully used their scholarship awards before becoming ineligible, the payment amounts returned do not exactly match the original scholarship amounts. Although the Department has no way to independently verify the correct amount, it will require an accounting from the SFO. The SFOs, in turn, are required to undergo an annual audit, which should serve as an additional control on the process.

**(4) Oversight of SFO administration**

The preliminary audit report outlined instances in which student account balances exceeded the statutory limits. We note that the preliminary audit report also commented that, "while most balances fell within statutory allowances, the allowances also appeared…potentially excessive." These statements would

appear to exceed the proper parameters of the audit, inasmuch as the limits are legislatively established. It would not be within the prerogative of the SFO or the Department to establish a different limit.

The issue of balances exceeding the statutory limit began as an issue of statutory interpretation as to whether the limitation applied mid-year. The SFOs have now determined that they will submit to the auditors' interpretation, which would preclude any additional funds in a student account that exceeds the statutory limit.

**Recommendations**

The preliminary audit report concludes with multiple recommendations, including legislative proposals and recommendations for improved processes at the Department. The Department agrees with the Auditor General's recommendation that legislative solutions may be necessary to support and sustain Florida's school choice and scholarship programs and the Department is working with the legislature to that end. The Department has already undertaken the necessary steps to address the recommendations specific to the Department, as noted herein.

If you have any questions concerning the Department's response to this preliminary audit report, please contact Suzanne Pridgeon, Deputy Commissioner, at Suzanne.Pridgeon@fldoe.org or 850-245-9244.

Sincerely,

Anastasios Kamoutsas
Commissioner of Education

AK/sp

cc: Suzanne Pridgeon, Deputy Commissioner, Division of Finance and Operations
Adam Emerson, Executive Director, Office of Independent Education and Parental Choice