

STORAGE NAME: h1177.ei
DATE: April 6, 1997

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
EDUCATION INNOVATION
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: HB 1177
RELATING TO: Public Education Enhancement Program/School Choice
SPONSOR(S): Representative Wise and Others
STATUTE(S) AFFECTED: None
COMPANION BILL(S): SB 1638, SB 1700

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) EDUCATION INNOVATION
 - (2)
 - (3)
 - (4)
 - (5)
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I. SUMMARY:

HB 1177 creates a 4-county, 5-year, public-private partnership pilot program that allows parents to choose the type of educational setting they desire for their children. During the first year of the pilot program, only public school students will be eligible to receive a voucher to attend the school of their choice. The weighted full-time equivalent (WFTE) funding of each student who transfers from a public school to a private school is divided three ways.

50% of the allocation is directed to the private school. (If the student is eligible for free or reduced lunch then 75% and 62.5%, respectively, are directed to the private school.)

10% is allocated to the public school district from which the student is withdrawing.

All remaining money is directed to the direct-service organization--with the exception of transportation reimbursements.

Home school parents, who currently generate no full-time equivalent funding, are entitled to receive up to \$500 for educational materials utilized to teach students at home.

As a result of savings generated from the reallocation of full-time equivalent dollars and funds raised by the direct service organization, parents of students currently attending private schools will be eligible to participate in the program and be reimbursed for the cost of tuition.

HB 1177 establishes eligibility for private schools, nonprofit organizations, and home education programs.

The Department of Education is directed to establish a direct-service organization and a choice information center to provide information and assistance to parents in selecting a private school, nonprofit organization, or home education program.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

National Conference of State Legislatures research indicates that:

Over two-thirds of the American people consistently support giving parents greater choice over where their children attend school, according to annual Gallup polls. Far fewer support the use of tax revenues to support private schools.

Current legislation in the state of Florida provides parents some choice in the type of educational setting in which their children receive instruction. However, a mechanism does not currently exist that would allow parents to send their children to traditional private school or nonprofit organization with public funds.

Public School Parental Choice (Controlled Open Enrollment)

In 1996, the Florida Legislature passed s. 228.057 which allows school districts to make student assignments using parents' indicated preferential school choice as a significant factor. The competition for students among schools may increase the quality of educational services. However, because the program does not begin until the 1997-1998 school year such an effect has not yet been established. This legislation does not address the need to reduce pressure on the public education system to build more school facilities.

Charter Schools

The purpose of charter schools is multi-fold:

- To improve student learning
- To increase the choice of learning opportunities for students
- To establish a new form of accountability for schools
- To create innovative measurement tools
- To make the school the unit of improvement
- To provide opportunity for teachers to own the learning program at their school site

Eligible Students

F.S., 228.056 states that:

A charter school shall be open to any student residing in the school district in which the charter school is located . . . The charter school shall enroll an eligible student who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In such case, all applicants shall have an equal chance of being admitted through a random selection process. A charter school may limit the enrollment process only to target the following student populations:

1. Students within specific age groups or grade levels.
2. Students considered at risk of academic failure

Students with handicapping conditions and students served in English for Speakers of Other Languages programs shall have an equal opportunity of being selected for enrollment in a charter school.

Home Education Programs

A home education program is sequentially progressive instruction of a student in his or her home by his or her parent or guardian in order to satisfy regular school attendance requirements. Current legislation provides that, with certain regulations, home education program students be allowed to participate in dual enrollment programs and interscholastic extracurricular student activities. Home education programs are not currently entitled to reimbursements for the costs of any educational materials, dual enrollment or interscholastic extracurricular student activities.

Private Schools

Private schools may accept or reject applications of students for enrollment based on criteria chosen by the educational institutions. However, private schools may not violate anti-discrimination laws.

The Milwaukee Parental Choice Program

Wisconsin Legislative Council Staff, via the Legislative Fiscal Bureau report, indicate that:

“In 1989 Wisconsin Act 336 established the Milwaukee parental choice program in which state funds are used to pay for the cost of children from low-income families to attend, at no charge, private, nonsectarian schools located in the City of Milwaukee.

The state pays the private school an amount equal to the per pupil student aid it offers MPS for the school year, regardless of the tuition charged at the school; no further tuition can be charged the student, parent or guardian. The state then reduces the MPS general equalization aid by the same amount

The program limits the Choice participation to children whose family incomes do not exceed 175% of the federal poverty level New students entering the program can not have been enrolled in a public school outside of the MPS district or in a private school, other than a Choice school, in the previous year. Eligible schools may not discriminate among the Choice students on the basis of their race, religion, gender, prior achievement or prior behavior records.

1995 Act 27 expanded the program to include sectarian schools and made several other changes to the program. The Act 27 changes were challenged in court and a preliminary injunction prohibiting implementation of these changes was issued, although the changes have taken effect for nonsectarian schools in 1996-1997. As a result of the related court proceedings, the program was not expanded to include sectarian schools.

Fears that the private schools would skim off many of gifted MPS students were unfounded. Choice schools are taking a more disadvantaged pool of students and educating them on a par with Milwaukee public schools at about half the cost. In conclusion, 1) information is too sparse to draw meaningful conclusions about the academic achievement of Choice students; 2) the Choice program does not appear to be siphoning off the most academically talented students from the public schools; and 3) the parents of choice students are more involved in and more satisfied with their children's education experiences.

B. EFFECT OF PROPOSED CHANGES:

HB 1177 creates a public-private partnership pilot program of school choice, including, but not limited to, traditional private schools and course of instruction offered by nonprofit organizations. The Legislature's intent is to reduce the pressure on public education to build more school facilities as well as to provide a variety of quality education delivery systems from which parents can choose, including, but not limited to, traditional schools and courses of instruction offered by nonprofit organizations. It is also the intent of the legislature that the pilot program not result in any additional regulation of private schools. Participating schools shall be accorded maximum flexibility to educate their students and shall be free from unnecessary, burdensome, or onerous regulation.

The Department of Education is directed to establish a direct-service organization which may increase funds by seeking private contributions.

First Year: Public school students eligible to receive vouchers

During the first year of the pilot program, only public school students will be eligible to receive a voucher to attend the school of their choice. The weighted full-time equivalent funding of each student who transfers from a public school to a private school is divided three ways.

50% of the allocation is directed to the private school. (If the student is eligible for free or reduced lunch then 75% and 62.5%, respectively, are directed to the private school.)

10% is allocated to the public school district from which the student is withdrawing.

All remaining money is directed to the direct-service organization-with the exception of transportation reimbursements.

Second and Subsequent Years: Private school students eligible to receive vouchers for tuition reimbursement

The savings generated by directing only 50%-75% of the weighted full-time equivalent funding to the school will be combined with funds raised by the direct service organization to be used in the second year to finance students who are already attending private schools. There are a limited number of parents who currently send their children to private schools. As public school enrollment decreases the ability to finance private school students increases.

School Eligibility

Home education programs, nonprofit organizations, or private schools in Clay, Dade, Okaloosa, or Orange counties that meet the following criteria are eligible to participate in the public-private partnership program:

Have admission policies which do not discriminate as to race, religion, ethnicity, national origin, or gender.

Have a curriculum which includes the following five core subjects: English, mathematics, science, history, and geography.*

Provide a copy of Post-test scores indicating learning progress to the Department of Education.*

Have been operating for at least 2 years or obtain a letter of credit or a bond indemnifying the state from monetary loss.

Provide teacher credentials to parents.

*A school formed to meet the special needs of profoundly handicapped, trainable mentally handicapped, dual sensory impaired, or autistic students is exempt from the curriculum and testing requirements.

In addition, nonprofit organizations must also have s. 501 (c) (3) status with the Internal Revenue Service and home education programs must comply with the home education provisions of 232.02 (4) and such students must be in the program for at least one year.

Schools participating in the program are not required to provide transportation for students.

Student Eligibility

The pilot program shall be made available beginning July 1, 1997, to students who were enrolled in the public school system the entire previous regular school year, with a limit of 5% of public school enrollment per school district. The public school enrollment will be recalculated on July 1 of each year and 5% of the remaining students shall be eligible for the pilot program in addition to those already in the program. If more than 5% of students in a given school district desire to participate in the pilot program, the students shall be selected on a lottery basis utilizing a method approved by the Commissioner. To the extent possible, the lottery must provide that the same percentage of free or reduced-priced lunch program students that are enrolled in the public school district are selected in the pilot program.

Payment

Private school and nonprofit organizations

Parents direct a payment of 50% of the weighted full-time equivalent funding, based on the assigned program cost factor in the Florida Education Finance Program (FEFP) to the private school or nonprofit organization. If a student is eligible to participate in the free lunch program, the parent is entitled to direct a payment of 1.5 times the base rate to the private school or nonprofit organization. Similarly, if a student is eligible to participate in the reduced-price lunch program, the parent is entitled to direct a payment of 1.25 times the base rate to the private school or nonprofit organization. If the actual cost of instruction is less than the base rate for that child, the parent is only entitled to direct the cost of instruction to the private school or nonprofit organization.

Parents

Any amount of funding not used for tuition that a parent would otherwise be eligible to direct may be used to reimburse the parent for transportation costs.

School districts

For each student participating in the pilot program school districts receive 10% of the weighted full-time equivalent funding, based on the assigned program cost factor as provided in the Florida Education Finance Program. As a result, schools districts may be able to increase their per-student funding by spending the 10% weighted full-time equivalent allocation of a student who is no longer in the public school district on the students who remain in the public school district.

Direct-support organization

The Department of Education is directed to create a direct-support organization with s. 501(c)(3) Internal Revenue Status. All unused tuition money must be sent to the direct-support organization. The direct-support organization is entitled to seek funds from private contributors for the purpose of financing students who are already attending private schools or participating in home education programs at the time the pilot program becomes operational and who are selected to participate in the pilot program. Such private school students and home education program students shall be selected to participate in the pilot program by means of a lottery until direct-support funds are depleted.

Each year the Department of Education will allocate funds to the direct-service organization. The amount allocated shall be based on the percentage difference between the number of students enrolled in public schools divided by the total number of students and a benchmark of the same percentage which shall be taken the year the pilot program begins.

Home education programs

Home education programs selected to participate, via the lottery, shall, at the end of the school year, be eligible to receive up to \$500 per student for educational materials. Home education reimbursement is only for students not attending public, private, or nonprofit educational programs anytime during the local school district fiscal year.

The Department of Education shall establish and maintain a choice information center to provide information and assistance to parents in selecting a private school, nonprofit organization, or home education program.

The legislature will conduct a review of the pilot program after the third year of operation. The pilot program school districts shall also conduct a report as will the Office of Program Policy Analysis and Government Accountability.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

- a. Does the bill create, increase or reduce, either directly or indirectly:

- (1) any authority to make rules or adjudicate disputes?

The State Board of Education shall adopt rules to ensure the prompt payment on behalf of parents of qualified participants in this program.

- (2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

The Department of Education is responsible for a) creating a direct-service organization and b) establishing and maintaining a choice information center to provide information and assistance to parents in selecting a private school, nonprofit organization, or home education program.

- (3) any entitlement to a government service or benefit?

Parents will have a choice in the type of educational setting in which their children are taught, including traditional private schools and nonprofit organizations.

Up to 5% of students in the pilot districts are entitled to receive a voucher in the amount of the base rate of at least 50% of the weighted full-time equivalent student funding, based on the assigned program cost factor or the actual cost of instruction whichever is less.

After participating in the home education program for at least one year, parents are entitled to receive up to \$500 for books and educational materials utilized to teach students at home.

- b. If an agency or program is eliminated or reduced:

Not applicable

- (1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

- (2) what is the cost of such responsibility at the new level/agency?

- (3) how is the new agency accountable to the people governed?

2. Lower Taxes:

Not applicable.

- a. Does the bill increase anyone's taxes?
- b. Does the bill require or authorize an increase in any fees?
- c. Does the bill reduce total taxes, both rates and revenues?
- d. Does the bill reduce total fees, both rates and revenues?
- e. Does the bill authorize any fee or tax increase by any local government?

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No. Parents will have a choice in the type of educational setting in which their children are taught, including traditional private schools and nonprofit organizations.

Up to 5% of students in the pilot districts are entitled to receive a voucher in the amount of the base rate of at least 50% of the weighted full-time equivalent student funding, based on the assigned program cost factor or the actual cost of instruction whichever is less.

After participating in the home education program for at least one year, parents are entitled to receive up to \$500 for books and educational materials utilized to teach students at home.

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No. The direct-service organization will garner funds to finance students whose parents have already made the choice to send them to private schools.

While the costs associated with establishing the choice center, rule adoption, and reviews of the pilot program are not determined or assigned, this legislation does not hold the participants responsible for any of these costs.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

Yes, parents in Clay, Dade, Okaloosa, and Orange counties will have a choice in the type of educational setting in which their children receive instruction.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No. It is the intent of the Legislature that the pilot program will not result in any additional regulation of private schools. Participating schools shall be free from unnecessary, burdensome, or onerous regulation.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

Parents.

- (2) Who makes the decisions?

Private schools are able to accept or reject applications of any student for admission based on criteria chosen by the educational institution. However, private schools may not violate federal anti-discrimination laws.

Parents are entitled to apply for enrollment in private schools and may choose to initiate home education programs.

- (3) Are private alternatives permitted?

Yes.

- (4) Are families required to participate in a program?

No.

(5) Are families penalized for not participating in a program?

No.

b. Does the bill directly affect the legal rights and obligations between family members?

No.

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

Parent may apply to private schools or nonprofit organizations. However, those organizations may reject their application.

(2) service providers?

Private school have control over which students they accept into their programs, as long as they do not violate federal anti-discrimination laws.

(3) government employees/agencies?

D. SECTION-BY-SECTION RESEARCH:

Section 1: Creates a 5-year public-private pilot program of school choice.

Section 2: Establishes a severance clause.

Section 3: Provides and effective date of 7/1/97.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

Establishing a choice center, rule adoption, and reviews of the pilot program by the legislature and the Office of Program Policy Analysis and Government Accountability are indeterminate.

2. Recurring Effects:

See fiscal comments.

3. Long Run Effects Other Than Normal Growth:

HB 1177 reduces pressure on public education to build more school facilities.

4. Total Revenues and Expenditures:

Indeterminate.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

2. Recurring Effects:

3. Long Run Effects Other Than Normal Growth:

HB 1177 reduces pressure on public education to build more school facilities.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

2. Direct Private Sector Benefits:

This bill stimulates economic activity in the private education and related sectors via expanding or building new educational facilities, hiring teachers, and purchasing materials.

3. Effects on Competition, Private Enterprise and Employment Markets:

D. FISCAL COMMENTS:

Currently, when a student transfers from a public school to a home education program the state saves money in the amount of the weighted full-time equivalent for that student. As it is currently written HB 1177 does not effect this savings. However, if HB 1177 were to be amended so that when a public school student transfers to a home education program the Department of Education counts those students in it annual formula disbursements the state would realize a negative fiscal impact of the entire weighted full-time equivalent amount for all students transferring from public schools to home

education programs plus the administrative costs associated with tracking such students and the transfer payments.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to expend funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority of counties or municipalities to raise revenue.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties and municipalities.

V. COMMENTS:

As it is currently written HB 1177 ends itself. Page 5 lines 9-15 imply that the direct-service organization may only fund students who are currently attending private school or home education programs as of 7/1/97. Eventually all students who are enrolled in private schools or home education programs as of 7/1/97 will graduate leaving the direct-service organization with no eligible students.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

VII. SIGNATURES:

COMMITTEE ON EDUCATION INNOVATION:

Prepared by:

Legislative Research Director:

Michelle Thompson

Peter C. Doherty