

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/CS/SB 2242

SPONSOR: Education Committee and Senator Webster

SUBJECT: Charter Schools

DATE: April 11, 2003

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Woodruff	O'Farrell	ED	Fav/CS
2.	Golden	Newman	AED	Favorable/CS
3.	_____	_____	AP	Withdrawn: Favorable/CS
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

## I. Summary:

The bill provides guiding principles for the establishment and operation of charter schools including high standards of student achievement, increased accountability, and a specific emphasis on reading. The charter itself must contain specific information relating to the reading curriculum and show that instructional strategies are grounded in scientifically based reading research.

Beginning September 1, 2003, the charter school application and review process is modified for all applications. Applications must include specific content which: details how the school will use the guiding principles; demonstrates the alignment of Sunshine State Standards with curriculum; identifies goals and objectives for improving and measuring learning; describes the reading curriculum; and contains a financial plan for each requested year of operation. The bill increases fiscal and academic accountability. Failure to participate in the state's education accountability system created in s. 1008.31, F.S., is added as grounds for non-renewal or termination of a charter. The time the State Board of Education has to review and decide charter school application appeals is extended from 60 to 90 days. Except for charter schools developed with community colleges, the deadline for receiving and considering charter school applications is changed from October 1 to September 1. Existing caps on the number of charter schools that may be established are removed.

The bill provides guidelines for the content of the annual progress report required of charter schools. Charter schools must conduct internal audits and the auditors are required to notify the charter school governing board, the sponsor, and the Department of Education if the audit reveals a deficit financial position. Also, the auditor shall report such findings in the form of an exit interview to the principal and chair of the governing board within 7 working days of finding the deficit position. A final report shall be provided to the entire governing board, the sponsor, and the Department of Education within 14 days after the exit interview.

The four state universities authorized to have lab schools are restricted to one lab school each. The restriction of one lab school per university does not apply the following charter lab schools authorized prior to June 1, 2003: Florida State University Charter Lab Elementary School in Broward County; Florida Atlantic University Charter Lab 9-12 High School in Palm Beach County; and Florida Atlantic University Lab K-12 School in St. Lucie County. The role of the university as a sponsor is clarified in relation to the entity holding the charter. Community colleges may work with a school district to develop charter schools. Deadlines for community colleges applying to start such schools are eliminated and the school district may consider such an application at any time. If a community college offers secondary education at a charter school, it must provide an option for students to receive an associate degree. Students reported for FTE funding through the Florida Education Finance Program may not be reported by the community college as FTE.

Revises the charter school administrative services fee from a uniform rate of 5-percent to the following: schools with less than 700 students—five percent; schools with 700 to 999 students -- three percent; and schools with more than 1,000 students ----one percent. The charter schools with a rate of less than five percent may only use the difference between the amount withheld and 5 percent for capital outlay purposes specified in s. 1013.62 (2).

Revises the eligibility for charter schools to receive charter school capital outlay. Revises the purposes for which Charter School Capital Outlay Funds can be used and provides for the allocation of Charter School Capital Outlay Funds when the amount appropriated in any year is the same, less, or more than the amount appropriated for the 2002-2003 fiscal year.

This bill substantially amends sections 1002.33, 1002.32, and 1013.62 of the Florida Statutes:

## **II. Present Situation:**

Charter schools are public schools that operate under a contract with a public sponsor. Charter schools are often free from state and local regulations and mandates, but are usually held accountable for the academic and financial performance of the school and its students. Florida currently has 222 charter schools serving approximately 51,000 students.

The Florida Legislature authorized charter schools in 1996. Under current law, charter schools must accomplish eight goals which include, but are not limited to: improving student learning, expanding the capacity of the public school system, and increasing the choice of learning opportunities for students. Sponsorship is limited to district school boards in s. 1002.33(5), F.S., although developmental research schools may convert to a charter school under the sponsorship of the affiliated state university. Individuals, teachers, parents, a group of individuals, a municipality, or a legal entity may apply for a charter to establish a charter school. The State Board of Education has 60 calendar days to accept or reject the decision of a school board which has denied the granting of a charter, if such decision is appealed to the state board.

The number of charter schools is limited by the size of the district. A district with 100,000 or more students may have no more than 28 charter schools. A district with from 50,000 to 99,999

students may have no more than 20 charter schools. A district with fewer than 50,000 students may have no more than 12 charter schools. Conversion schools do not count against these limits.

Charter schools are funded in a similar manner to public schools, receiving funding through the Florida Education Finance Program (FEFP). Each sponsoring school district may withhold up to five percent of such funding for administrative costs. Charter schools also receive capital outlay funding in the General Appropriations Act. For fiscal year 2002-2003, charter schools received \$27,700,000 for capital outlay purposes from PECO funds. These funds are distributed by a formula specified in statute and are prorated if sufficient funds are not appropriated to fully fund the formula.

Four universities are authorized to have one or more lab schools. The universities are: Florida State which has two, one in operation and one under development; Florida Atlantic which has a K-8 school, but wants to add a 9 through 12 component to that school as well as an additional lab school; and the University of Florida and Florida A&M which each have one lab school in operation. Operational funding comes through the FEFP. Lab schools do not receive local property tax funds for operations or capital outlay; however, they receive from state funds an equivalent amount per student. In addition, lab schools are eligible to participate in sparsity funding, regardless of whether the district in which the school resides is eligible.

University lab schools may be converted to charter lab schools. As such, the schools are eligible to receive their usual capital outlay funding from Public Education Capital Outlay (PECO) appropriations and to receive charter school capital outlay funds to the extent that funds allocated pursuant to s. 1013.62, are insufficient to provide one-fifteenth of the cost per student station.

A Charter School Review Panel is established with two appointees each from the Commissioner of Education, the President of the Senate, and the Speaker of the House of Representatives. Three members are appointed by the Governor and he designates the chair. Members are appointed for one year, but may be reappointed. The purpose of the panel is to make recommendations to the Legislature, the Department of Education, charter schools, and to school districts for improving operations and oversight and for ensuring best business practices with charter schools.

### **III. Effect of Proposed Changes:**

The bill establishes a set of guiding principles for charter school applications and operations, including high standards of student achievement, increased accountability, identifying a specific emphasis and primary focus on reading, and specifying that curricula and resources be identified to accomplish these goals. The numerical caps on how many charter schools may operate in any county are repealed.

The bill allows community colleges to work with school districts to develop charter schools. The application deadline is waived for such schools and the district may consider such an application at any time. The college may not report FTE for any students in a charter school funded through the FEFP. If a community college offers secondary education at a charter school, a requirement is added that the college must provide students an option to receive an associate degree.

Sponsors must ensure charter schools participate in the state's accountability program, and if a charter school falls short of performance measures included in the approved charter, the sponsor shall report such shortcomings to the Department of Education.

The number of lab schools a university may have is changed to a limit of one. The restriction of one lab school per university does not apply the following charter lab schools authorized prior to June 1, 2003: Florida State University Charter Lab Elementary School in Broward County; Florida Atlantic University Charter Lab 9-12 High School in Palm Beach County; and Florida Atlantic University Lab K-12 School in St. Lucie County. The bill provides that the university board of trustees is the public employer for lab school personnel for lab schools in operation prior to the 2002-2003 fiscal year. Employees of charter lab schools authorized prior to June 1, 2003, but not in operation prior the 2002-2003 fiscal year shall be employees of the entity holding the charter and must comply with the provisions of s. 1002.33 (12). Lab school employees classified as university employees are state employees and therefore may participate in state programs such as the pre-tax benefit programs.

The bill modifies the charter school application and review process for all applications. Beginning September 1, 2003, the charter school application process must include: statements by the applicant indicating how the school will implement the guiding principles; how the school's curriculum will enable students to meet the Sunshine State Standards; in terms of student learning, what goals and objectives the school will have and how these are to be measured and evaluated; information on the individual reading curricula (which must be consistent with accepted teaching strategies for reading) and how it will be put in place for students who read below, at, or above grade level; and specific information related to the school's financial plan for each year of the requested charter, to a maximum of 5 years, together with a detailed statement of expected revenues and operational expenses. A sponsor may receive applications later than the date specified in statute, if it so chooses. The time the State Board of Education has to act on charter school application appeals is increased from 60 days to 90 days. Existing caps on the number of charter schools that may be established are removed.

Changes are made to the required content of a charter itself. The charter shall ensure that the primary focus of the curriculum is on reading, that curriculum and instructional strategies must be consistent with the Sunshine State Standards, and reading strategies are grounded in scientifically based reading research. In addition, the charter shall ensure that the results of internal audits be compared with the financial projections contained in the charter application, and that auditors are required to notify the charter school principal and the chair of the governing board within 7 days and to provide within 14 days after that notification a final report to the entire membership of the governing board, the sponsor, and the Department of Education if an internal audit reveals a deficit financial position.

Failure to participate in the state's education accountability system created in s. 1008.31, F.S., is added to the list of causes for nonrenewal or termination of a charter.

Provisions relating to content of charter school annual progress reports are modified by requiring: specific performance data; financial status data; data on current and planned facilities; and information on school personnel, including the proportion that holds professional or temporary certificates.

Revises the charter school administrative services fee from a uniform rate of 5-percent to the following: schools with less than 700 students—five percent; schools with 700 to 999 students -- three percent; and schools with more than 1,000 students ----one percent. The charter schools with a rate of less than five percent may only use the difference between the amount withheld and 5 percent for capital outlay purposes specified in s. 1013.62 (2).

Revises the eligibility for charter schools to receive an allocation for appropriations for charter school capital outlay. Revises the purposes for which Charter School Capital Outlay Funds can be used and provides for the allocation of Charter School Capital Outlay Funds when the amount appropriated in any year is the same, less, or more than the amount appropriated for the 2002-2003 fiscal year.

Clarifying language correcting cross references and for the disposal of equipment and property at charter lab schools is included.

The effective date of the bill is September 1, 2003.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

#### **V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

C. Government Sector Impact:

#### **VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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