

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Education Pre-K - 12 Appropriations Committee

BILL: CS/SB 1746

INTRODUCER: Education Pre-K-12 Appropriations Committee and Senator Wise

SUBJECT: Public School Funding

DATE: April 2, 2008 REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|------------------|----------------|-----------|---------------|
| 1. | <u>Armstrong</u> | <u>Hamon</u> | <u>EA</u> | <u>Fav/CS</u> |
| 2. | _____ | _____ | _____ | _____ |
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I. Summary:

The bill conforms applicable statutes to the appropriations for public schools as provided in Senate Proposed Bill 7080 which makes appropriations for the 2008-2009 fiscal year.

The bill amends statutes relating to the funding of regional consortium service organizations; student international baccalaureate examination scores and diplomas; student advanced international certificate of education examination scores and diplomas; student college board advanced placement examination scores; student completion of industry-certified career and professional academy programs with the highest level industry-certified certificate and a high school diploma; student enrollment in core-curricula courses offered by the Florida Virtual School; the excellent teaching program; instructional materials; student transportation; district flexibility to use categorical funds including safe schools, instructional materials, student transportation, supplemental academic instruction, and research-based reading instruction; determining the aggregate required local effort for school districts participating in the Florida Education Finance Program; determining the final taxable value for school purposed for the final calculation of the FEFP each fiscal year; and determining the total allocation of state funds to each school district.

The bill and SPB 7080 shift 0.2 mills from discretionary capital outlay to local required effort for current operations.

The bill substantially amends the sections 1001.451, 1011.62, 1011.71, and 1011.72 of the Florida Statutes.

II. Present Situation:

Section 1001.451, Florida Statutes, provides that each school district and each non-district member of a regional consortium service organization is eligible to receive an incentive grant of \$50,000 to be used for the delivery of services in their region.

Section 1011.62 (1), Florida Statutes, provides bonus full-time equivalents (FTE) for funding for student performance in the following academic programs:

- 0.24 FTE for International Baccalaureate Examinations.
- 0.24 FTE for Advanced International Certificate of Education Examinations.
- 0.24 FTE for College Board Advanced Placement Examinations.
- 0.30 FTE for International Baccalaureate Diplomas.
- 0.30 FTE for Advanced International Certificate of Education Diplomas.
- 0.30 FTE for completion of industry-certified career and professional academy programs under s. 1003.492, F.S and receiving industry certification (with a \$30 million annual cap).
- 0.088 FTE for completing high school level algebra courses in grades 6 through 8.
- 0.114 FTE for credit and FTE earned in Florida Virtual School courses.

Section 1011.62, Florida Statutes, provides requirements for the calculation and allocation of the revenues required to fund the current operations of each school district under the Florida Education Finance Program. These requirements include the following:

- Computations and adjustments of the required local effort amount that each district shall provide annually toward the cost of the Florida Education Finance Program for kindergarten through grade 12. The legislature shall prescribe the aggregate required local effort for all school districts collectively as an item in the General Appropriations Act for each fiscal year.
- Certification by the Department of Revenue of the most recent estimate of the taxable value for school purposes in each district and the total for all school districts in the state for the current calendar year based on the latest available data obtained from local property appraisers.
- Computation and certification to each school district the minimum millage rate necessary to provide the district required local effort for that year. The General Appropriations Act shall direct the computation of the statewide adjusted aggregate amount for required local effort for all school districts collectively from ad valorem taxes to ensure that no school district's revenue from required local effort millage will produce more than 90 percent of its total Florida Education Finance Program entitlement in the July calculation.
- Designating the final taxable value for school purposes to be used for final calculation of the FEFP for each fiscal year.
- Designating the purposes and expenditure requirements for categorical funds.
- Designating the funds to be included in the total allocation of state funds to each school district for current operations.

Section 1011.71, Florida Statutes, provides that:

(1) If the district school tax is not provided in the General Appropriations Act or the substantive bill implementing the General Appropriations Act, each district school board desiring to participate in the state allocation of funds for current operation as prescribed by s. [1011.62](#)(11) shall levy on the taxable value for school purposes of the district, exclusive of millage voted under the provisions of s. 9(b) or s. 12, Art. VII of the State Constitution, a millage rate not to exceed the amount certified by the commissioner as the minimum millage rate necessary to provide the district required local effort for the current year, pursuant to s. [1011.62](#)(4)(a)1. In addition to the required local effort millage levy, each district school board may levy a nonvoted current operating discretionary millage. The Legislature shall prescribe annually in the appropriations act the maximum amount of millage a district may levy.

(2) In addition to the maximum millage levy as provided in subsection (1), each school board may levy not more than 2 mills against the taxable value for school purposes for district schools, including charter schools at the discretion of the school board, to fund:

(a) New construction and remodeling projects, as set forth in s. [1013.64](#)(3)(b) and (6)(b) and included in the district's educational plant survey pursuant to s. [1013.31](#), without regard to prioritization, sites and site improvement or expansion to new sites, existing sites, auxiliary facilities, athletic facilities, or ancillary facilities.

(b) Maintenance, renovation, and repair of existing school plants or of leased facilities to correct deficiencies pursuant to s. [1013.15](#)(2).

(c) The purchase, lease-purchase, or lease of school buses.

(d) The purchase, lease-purchase, or lease of new and replacement equipment.

(e) Payments for educational facilities and sites due under a lease-purchase agreement entered into by a district school board pursuant to s. [1003.02](#)(1)(f) or s. [1013.15](#)(2), not exceeding, in the aggregate, an amount equal to three-fourths of the proceeds from the millage levied by a district school board pursuant to this subsection.

(f) Payment of loans approved pursuant to ss. [1011.14](#) and [1011.15](#).

(g) Payment of costs directly related to complying with state and federal environmental statutes, rules, and regulations governing school facilities.

(h) Payment of costs of leasing relocatable educational facilities, of renting or leasing educational facilities and sites pursuant to s. [1013.15](#)(2), or of renting or leasing buildings or space within existing buildings pursuant to s. [1013.15](#)(4).

(i) Payment of the cost of school buses when a school district contracts with a private entity to provide student transportation services if the district meets the requirements of this paragraph.

1. The district's contract must require that the private entity purchase, lease-purchase, or lease, and operate and maintain, one or more school buses of a specific type and size that meet the requirements of s. [1006.25](#).

2. Each such school bus must be used for the daily transportation of public school students in the manner required by the school district.

3. Annual payment for each such school bus may not exceed 10 percent of the purchase price of the state pool bid.

4. The proposed expenditure of the funds for this purpose must have been included in the district school board's notice of proposed tax for school capital outlay as provided in s. [200.065](#)(10).

(j) Payment of the cost of the opening day collection for the library media center of a new school.

(3) A school district that has met the reduction requirements regarding class size for the current year pursuant to s. [1003.03](#), has received an unqualified opinion on its financial statements for the preceding 3 years, has no material weaknesses or instances of material noncompliance noted in an audit for the preceding 3 years, and certifies to the Commissioner of Education that all of the district's instructional space needs for the next 5 years can be met from capital outlay sources that the district reasonably expects to receive during the next 5 years from local revenues and from currently appropriated state facilities funding or from alternative scheduling or construction, leasing, rezoning, or technological methodologies that exhibit sound management may expend revenue generated by the millage levy authorized by subsection (2) to fund, in addition to expenditures authorized in paragraphs (2)(a)-(j), the following:

(a) The purchase, lease-purchase, or lease of driver's education vehicles; motor vehicles used for the maintenance or operation of plants and equipment; security vehicles; or vehicles used in storing or distributing materials and equipment.

(b) Payment of the cost of premiums for property and casualty insurance necessary to insure school district educational and ancillary plants. Operating revenues that are made available through the payment of property and casualty insurance premiums from revenues generated under this subsection may be expended only for nonrecurring operational expenditures of the school district.

Subsection (3) of section 1011.71, Florida Statutes, as amended by section 6 of chapter 2008-2, Laws of Florida, provides school districts flexibility, for the 2007-2008 fiscal year, to use up to \$65 per FTE student, which in total is roughly equivalent to 0.1 mill of the authorized 2 mill levy for capital outlay, to pay expenses listed in (3) (a) and (3) (b) (see above) which are in addition to the expenditures authorized in (2) (a) – (j) (see above).

The total non-voted millage authorized under s. 1011.71, F. S., for current operations and for capital outlay for the 2007-2008 fiscal year is as follows:

For Current Operations

- 4.843 Required Local Effort –equalized in the foundation formula of the FEFP
- 0.51 Discretionary – equalized to the state average amount per student
- 0.25 Discretionary – equalized at \$100 per student but not to exceed \$100 per student

For Capital Outlay

- 2.0 Discretionary

Section 1012.72, Florida Statutes, provides incentive funding for teachers participating in the National Board of Professional Teaching Standards teacher certification program. The state pays for the following:

- 90% of the application fee (\$2,250).
- \$150 for portfolio preparation.
- Annual bonus equal to 10% of the prior year statewide average salary for classroom teachers, to teachers who hold NBPTS certification.
- Annual bonus equal to 10% of the prior year statewide average salary for classroom teachers, to teachers who hold NBPTS certification and also agree to provide the

equivalent of 12 workdays of mentoring and related services to teachers who do not hold NBPTS certification to be provided during student contact time during the 196 days of required service for the school year.

- The employer's share of social security and Medicare taxes and the Florida Retirement System contribution for those teachers who qualify for NBPTS certification and receive bonus amounts.

III. Effect of Proposed Changes:

The bill:

- Caps at double funding (.16 FTE) the additional full-time equivalent student membership provided for International Baccalaureate Examinations; Advanced International Certificate of Education Examinations; and College Board Advanced Placement Examinations.
- Deletes the bonus .088 FTE provided for high school level algebra courses completed in grades 6 through 8.
- Limits additional funding of .114 FTE for credit and FTE earned by the Florida Virtual School to core-curricula courses.
- Refines the student performance requirement for the .30 FTE funding bonus provided for completing industry-certified career and professional academy programs under s. 1003.492, F.S. to the highest level of industry certification and a high school diploma, limits the bonus to one per student, and caps the annual appropriation at \$15 million.
- Includes the categorical funds provided for instructional materials and student transportation in the funds that comprise the school districts' total Florida Education Finance Program entitlement for purposes of the 90% adjustment of the Required Local Effort.
- Designates that the taxable value for school purposes certified by the Department of Revenue that is used in the fourth calculation which contains the annualized full-time student membership from the February student survey shall be the final taxable value used in the final calculation of the Florida Education Finance Program each fiscal year.
- Provides school districts with limited flexibility to use research-base reading instruction and instructional materials categorical allocations for classroom instruction if needed and certain standards are met during the 2008-2009 school year.
- Designates which funds are included in the total allocation of state funds to each school for current operations.
- Shifts 0.2 mill from the 2 mill capital outlay millage to required local effort to be used for current operations.
- Modifies the multiple funding incentives for the excellent teaching program in an effort to preserve sufficient funds to pay the 10% bonuses for teachers who hold National Board of Professional Teaching Standards certification. The bill discontinues the incentives for the following:
 - the payment of 90% of the application fee for NBPTS certification;
 - the \$150 payment for portfolio preparation; and
 - payment of the Florida Retirement System contribution for those teachers who qualify for NBPTS certification and receive bonus amounts.

- In addition, the bill provides that the annual bonus equal to 10% of the prior year statewide average salary for classroom teachers, for each teacher with NBPTS certification is provided for up to one ten year period. The bill does not change the 10% bonus, but it provides that if funds are insufficient to pay in full the annual bonuses for certification, payment of the bonuses shall be prorated among the eligible recipients. This bill does not make any changes relating to mentoring; however, current law provides for prorating mentoring payments if funds are insufficient for full payment for both certification and mentoring.
- Makes a technical change to the juvenile justice education supplemental allocation.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The bill provides school districts with additional fiscal flexibility by allowing certain categorical program funds, namely the reading instruction allocation and instructional materials, to be spent for classroom instruction. In addition, the bill makes a series of adjustments to special allocations in the funding formula to maximize funding in the base student allocation for all districts. The bill provides a shift of .2 mills from the 2 mill capital outlay discretionary levy to the Required Local Effort of the FEFP which will provide roughly an additional \$265 million for public school operations. The bill removes the requirement for funding the application and portfolio fees for the Excellent Teaching program and authorizes proration of the certification bonus if funds are

insufficient. For additional detail, refer to the Effect of Proposed Changes section of this analysis.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by the Education Pre-K-12 Appropriations Committee, April 2, 2008:

Senate Bill 1746 was originally filed as a shell bill expressing legislative intent to revise laws relating to pre-k through 12 education. The committee adopted the committee substitute as described in this bill analysis.

- B. **Amendments:**

None.