

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/CS/SB 1978

INTRODUCER: Education Pre-K-12 Appropriations Committee, Education Pre-K - 12 Committee and Senator Diaz de la Portilla

SUBJECT: Education/Expenditures for Classroom Instruction

DATE: April 15, 2009 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>deMarsh-Mathues</u>	<u>Matthews</u>	<u>ED</u>	<u>Fav/CS</u>
2.	<u>Armstrong</u>	<u>Hamon</u>	<u>EA</u>	<u>Fav/CS</u>
3.	_____	_____	<u>WPSC</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE..... Statement of Substantial Changes

B. AMENDMENTS..... Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

I. Summary:

The bill requires a school district to spend at least 70 percent of its total operating funds for expenditures in the classroom, effective July 1, 2009. Eligible classroom expenditures are to include those for instruction and instructional support services.

The Department of Education (DOE) is charged with:

- Developing a uniform calculation for determining classroom expenditure percentages and a common format for district reporting;
- Analyzing the expenditures of school districts that receive a district grade of “C” or lower and that fail to meet required classroom expenditure levels; and
- Providing technical assistance in budget preparation and analysis to districts that fail to meet the required classroom expenditure level and to any other district upon request.

The bill also requires the Commissioner of Education to provided written recommendations to the superintendent and school board concerning redirection of expenditures that may result in higher student achievement.

The bill requires school districts to publish the classroom expenditure information annually in a financial report, on the district web-site, and beginning May 1, 2012, include 3 years of the district information in each school report card. Beginning July 1, 2011, a superintendent of a district that fails to meet the minimum classroom expenditure level and grade must appear before the State Board of Education (SBE) to explain the financial and academic performance status of the district no later than 60 days after the release of the district expenditure report.

This bill creates s. 1010.2155 of the Florida Statutes.

II. Present Situation:

Current law requires a school financial report to better inform parents and the public as to how funds were spent to operate the school during the prior school year.¹ The law also requires district school boards to submit a report to the Commissioner of Education that identifies and summarizes administrative and instructional expenditures by fund for the prior school year. All expenditures within the general and special revenue funds for each district school board, including salaries, benefits, purchased services, energy services, materials and supplies, capital outlay, and miscellaneous expenditures for specific purposes are classified as instructional expenditures.² School districts must spend statutorily specified percentages of the instructional program funds generated through the Florida Education Finance Program (FEFP) on school costs for those programs.³

Proponents of proposals that would require school districts to spend a specified percentage of their operating budgets on classroom instruction cite potential benefits such as reducing the amount of money spent on inefficient administrative costs by making districts accountable for how they spend their money and improving student performance by focusing on classroom activities.

Standard & Poor's analyzed district level spending and student achievement data in states considering proposals to implement these types of initiatives.⁴ According to their analysis, there is no minimum spending allocation (i.e., the district's instructional spending allocation) that provides a solution for improving student achievement. The report also notes the following:

¹ ch. 94-319, L.O.F., created the Educational Funding Accountability Act of 1994, codified as s. 1010.215, F.S. Chapter 2001-157, L.O.F., created the "Dollars to the Classroom Act of 2001," codified as s. 1011.64, F.S. According to the DOE, this provision is obsolete.

² This includes the following: instruction; instructional support services, including student personnel services, instructional media services, instruction and curriculum development, and instructional staff training services; school administration, including support expenditures; facilities acquisition and construction at the school level; food services; central services at the school level; student transportation services; and plant operation and maintenance.

³ s. 1010.20, F.S.

⁴ *The Issues and Implications of the "65 Percent Solution" – Addendum*, Standard & Poor's (S&P) School Evaluation Services, Winter 2006. See

<http://admin.schoolmatters.com/SMResourceHandler/resourcehandler.res?rtype=file&rpId=39197550&flnm=The%20Issues%2065%20Percent%20Solution%20-%20Addendum.pdf> and

<http://admin.schoolmatters.com/SMResourceHandler/resourcehandler.res?rtype=file&rpId=39197550&flnm=The%20Issues%20and%20Implications%20of%20the%2065%20Percent.pdf&rct=1> (Last visited March 28, 2009)

- Spending more on instruction is generally thought to help raise test scores; however, the data reveal no significant relationship between instructional spending at any level and student performance.
- For every instructional spending allocation above or below a threshold, there is a wide range in districts' reading and math proficiency rates. Thus, the data do not suggest that mandating a minimum instructional spending allocation applied uniformly across all districts would necessarily increase academic performance. Rather, the range in districts' academic performance at every spending allocation suggests that how districts spend their instructional dollars may have as much, if not more, of an impact on student achievement as the percentage of dollars spent in the classroom.
- While the data do not support mandating a minimum instructional spending threshold applied uniformly across all districts, monitoring the percentage districts allocate to instruction is a useful benchmark in assessing the district's return on resources.
- For policymakers considering how to define a ratio measuring the percentage districts spend on classroom instruction, it is important to understand the implications of how the term "classroom instruction" is defined.
- Fixed costs may vary significantly from district to district. Small districts, in particular, may find that their non-instructional spending is largely comprised of fixed costs in areas that cannot be reduced without compromising their ability to deliver the service at even a basic level (e.g., transportation, food services, operations and maintenance, etc.).
- Examining how the most resource-effective districts (i.e., high achieving, lower spending districts) have allocated their instructional resources would offer invaluable insights into the particular instructional activities that tend to result in higher student performance.
- There is considerable value in measuring the amount of a district's budget allocated to instruction (relative to other functions) as part of the state's fiscal accountability system. Such an indicator helps assess whether a district's spending priorities are aligned with its academic goals. It also helps a district assess its return on resources.

III. Effect of Proposed Changes:

The bill requires a school district to spend at least 70 percent of its total operating funds from the general fund (primarily state and local funds) for expenditures in the classroom, effective July 1, 2009. Eligible classroom expenditures shall include those for instruction and instructional support services.

Specifically identified as eligible expenditures for instruction include:

1. Salaries and benefits for instructional personnel (classroom teachers) as provided in s. 1012.01(2), including substitute teachers;
2. Textbooks and library books;
3. Instruction-related materials and supplies, audio-visual materials, computer hardware and software; and
4. Compensation for temporary instructional personnel who do not receive employee benefits.

Specifically identified as eligible expenditures for instructional support include:

1. Salaries and benefits for instructional personnel as provided in s. 1012.01(2), including guidance counselors and media specialists;
2. Pupil personnel services;
3. Instructional media services;
4. Curriculum development;
5. Instructional staff training and professional development;
6. Instructional staff travel costs for professional development outside the district; and
7. Compensation for temporary instructional support personnel who do not receive employee benefits.

School food services, student transportation, charter schools, and debt service are not to be included in the classroom expenditure percentage calculation.

The Department of Education (DOE) is charged with the following:

- Developing a uniform calculation for determining classroom expenditure percentages and a common format for district reporting;
- Analyzing the expenditures of school districts that receive a district grade of “C” or lower and that fail to meet required classroom expenditure levels; and
- Providing technical assistance in budget preparation and analysis to districts that fail to meet the required classroom expenditure level and to any other district upon request.

A district must include classroom expenditure information annually in the financial report required in s. 1010.25, Florida Statutes, and is to post the information on the school district website. Annual expenditure reports are to be published no later than January 1 for the prior school year. Beginning May 1, 2012, districts shall publish the most recent 3 years of the district classroom expenditure percent in each school report card.

Beginning July 1, 2011, a superintendent of a district that fails to meet the minimum classroom expenditure level and grade must appear before the State Board of Education (SBE) to explain the financial and academic performance status of the district no later than 60 days after the release of the district expenditure report. The bill also requires the Commissioner of Education to provide written recommendations to the superintendent and school board concerning expenditure redirections that may result in higher student achievement.

The SBE is authorized to adopt rules and enforce the new law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Based on the provisions of the bill, 27 districts would not meet the requisite 70 percent threshold and 7 of that group would earn a “C” or lower.⁵

The bill may cause additional funds to be spent by school districts and schools on classroom instruction and instructional support.

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 Education Pre-K-12 Appropriations on April 15, 2009:

The committee substitute makes the following revisions:

- Removes school expenditure accountability provisions.
- Requires a DOE analysis of district expenditures in the classroom only if they earn a grade of “C” or less and are lower than the 70% threshold.
- Clarifies that the expenditures to be used in the calculation will be from the general fund which contains mostly state and local funds.
- Specifies that classroom expenditures are to include those for both instruction and instructional support.

⁵ DOE, April 13, 2009.

- Enumerates more specifically and clarifies the types of classroom expenditures eligible to be included in the calculation.
- Excludes charter school and debt service expenditures from the calculation.
- Specifies that the district classroom expenditure percentage for the most recent 3 years is to be published in each school report card, effective May 1, 2012.
- Revises the deadline for publishing the expenditure report from December 15 to January 1 of the subsequent school year
- Provides that a superintendent must testify before the SBE if the district does not meet the 70% threshold and earns a “C” or lower, rather than testifying if the spending threshold only is not met, regardless of grade earned.
- Provides an effective date of July 1, 2011 for the superintendent to testify before the SBE.

CS by Education Pre-K-12 on March 31, 2009:

The committee substitute provides that only instructional personnel, as defined in s. 1012.01(2), F.S., are part of the calculation to determine the percentage of state-funded operating expenditures that support classroom instruction. The salaries and benefits of educational support personnel would be excluded from the bill’s definition of classroom instruction.

B. Amendments:

None.