

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/CS/HB 7101 PCB PKI 17-01 K-12 Education

SPONSOR(S): Education Committee; PreK-12 Appropriations Subcommittee; PreK-12 Innovation Subcommittee, Cortes, B.

TIED BILLS: None **IDEN./SIM. BILLS:** None

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: PreK-12 Innovation Subcommittee	12 Y, 2 N	Dehmer	Healy
1) PreK-12 Appropriations Subcommittee	12 Y, 2 N, As CS	Seifert	Potvin
2) Education Committee	13 Y, 4 N, As CS	Dehmer	Hassell

SUMMARY ANALYSIS

The bill:

- removes the cap on high-performing charter schools that wish to replicate in low-performing areas;
- provides a high-performing charter school whose application for replication has been denied a hearing through the Charter School Appeals Commission;
- provides for a streamlined application for a high-performing charter school system wishing to replicate schools;
- requires a high school to include, in its graduation rate, a student who transfers from the high school to a private school with which the school district has a contractual relationship;
- includes the charter school in the waiver of sovereign immunity in cases of tort liability;
- clarifies administrative fees for charter schools, high-performing charter schools and charter school systems;
- removes the requirement that the online learning portion of a blended learning model be in a classroom setting;
- clarifies that charter school cooperatives may form to further educational, operational and administrative initiatives;
- specifies that a not-for-profit or municipal entity operating a charter school may use unrestricted surplus or net assets of their charter school(s) for K-12 educational purposes in their other schools;
- extends the option for local education agency status to other charter schools by redefining "charter school system;"
- requires the DOE to develop and administer a survey for charter schools to report on the timeliness and effectiveness of administrative services provided by sponsors;
- changes the charter school application deadline from August 1 to February 1, beginning in 2018;
- deletes language regarding federal funds that conflicts with federal requirements for distribution of such funds;
- revises the distribution of Title I funds and the amount of Title I funds that a school district may withhold; and
- deletes the charter school student achievement comparison report.

The bill has no fiscal impact to the state.

The bill takes effect July, 1 2017.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Charter School Applications

Present Situation

Charter schools are nonsectarian, public schools that operate under a performance contract with a sponsor. This performance contract is known as a “charter.”¹ The charter exempts the school from many regulations applicable to traditional public schools to encourage the use of innovative learning methods.² One of the guiding principles of charter schools is to “meet high standards of student achievement while providing parents flexibility to choose among diverse educational opportunities within the state’s public school system.”³

An application for a new charter school may be made by an individual, teachers, parents, and a group of individuals, a municipality or a legal entity organized under Florida law.⁴ The school must be operated by a Florida College System (FCS) institution, municipality or nonprofit organization. While a charter school must be a public or nonprofit entity, it may be managed by a for-profit education management organization.⁵ A district school board may sponsor a charter school in the county over which the district school board has jurisdiction.⁶

A person or entity seeking to open a charter school must submit an application using the model application form prepared by the Department of Education (DOE).⁷ A sponsor must receive and review all charter school applications using an evaluation instrument developed by the DOE. The deadline for submission of charter school applications is August 1 of each year for schools to be opened the following year. An applicant may submit a draft charter school application on or before May 1 with an application fee of \$500. If a draft application is timely submitted, the sponsor must review and provide feedback as to material deficiencies in the application by July 1. The applicant then has until August 1 to resubmit a revised and final application. The sponsor may approve the draft application.⁸

Effect of Proposed Changes

The bill revises the date a sponsor must receive all charter school applications from August 1, to February 1, beginning in 2018, for a charter school to open 18 months later or at a time agreed to by the applicant and the sponsor.

The bill removes the provision allowing a charter school applicant to submit a draft application to a sponsor for review.⁹ The bill increases the amount of time the sponsor has to approve or deny an application from 60 to 90 days.

¹ Section 1002.33(5)(a), (6)(h), (7) and (9)(a), F.S.

² Section 1002.33(2)(b)3. and (16), F.S.

³ Section 1002.33(2)(a)1., F.S.

⁴ Section 1002.33(3)(a), F.S.

⁵ Section 1002.33(12)(i), F.S.

⁶ Section 1002.33(5)(a)1., F.S.

⁷ Section 1002.33(6)(a), F.S.

⁸ Section 1002.33(6)(b), F.S.

⁹Note: The number of draft applications submitted declined from 43 in 2014 to 22 in 2015, *see* Annual Authorizer Reports, *available at* <http://www.fldoe.org/schools/school-choice/charter-schools/authorizers/annual-authorizer-reports.stml>.

Charter School Contract

Present Situation

Once an application is approved, the major issues involving the operation of a charter school, which are outlined in current law, must be considered in advance and written into the charter.¹⁰ The Department of Education (DOE) was required to create, through state board rule,¹¹ a standard charter contract in consultation with both school districts and charter schools, and sponsors are required to use this standard contract.¹² However, as a result of negotiations with stakeholders, the contract is used as "...the basis for the initial draft contract..." and may be amended.¹³

Effect of Proposed Changes

The bill requires the sponsor and the charter school governing board to use the standard charter contract which incorporates the approved application and any addenda approved with the application. Any term or condition of a proposed contract that differs from the standard contract shall be presumed a limitation on charter school flexibility.

High Performing Charter Schools

Present Situation

A high-performing charter school is a charter school that during each of the three previous years:

- received at least two school grades of "A" and no school grade below "B;"
- has received an unqualified opinion on each annual financial audit; and
- has not received an annual financial audit that reveals a financial emergency condition.¹⁴

A high-performing charter school may, in any school district in the state, submit an application to establish a new charter school that replicates its educational program. The application must indicate that the charter school is "high-performing" and include the commissioner's eligibility letter.¹⁵ Such applications may only be denied under certain circumstances.¹⁶ A high-performing charter school may only establish one charter school in a year. A subsequent application to establish a charter school may only be submitted when each charter school established through replication achieves high-performing charter school status.¹⁷

If the sponsor denies an application submitted by a high-performing charter school, the sponsor must, within 10 calendar days after such denial, state in writing the specific reasons supporting the denial and must provide the letter of denial and supporting documentation to the applicant and to the DOE. The

¹⁰ Section 1002.33(7), F.S.

¹¹ Section 1002.33(28), F.S.

¹² Section 1002.33(21)(a), F.S.

¹³ See Rule 6A-6.0786(3), F.A.C., available at <https://www.flrules.org/gateway/ruleNo.asp?id=6A-6.0786>.

¹⁴ Section 1002.331(1), F.S. A financial emergency condition includes failure to pay short-term loans, make bond debt service or pay long-term debt payments due to lack of funds; failure to pay uncontested creditor claims within 90 days; failure to pay withheld employee income taxes or make employer contributions to social security or pensions; or failure for one pay period to pay wages, salaries, and retirement benefits owed. Section 218.503(1), F.S. A charter school in the workplace satisfies audit requirements if the auditor finds that sufficient monetary resources are available to cover any reported deficiency or if the deficiency does not result in a deteriorating financial condition. Section 1002.331(1)(c), F.S. A "deteriorating financial condition" is a circumstance that significantly impairs the ability of a charter school to generate enough revenues to meet its expenditures without causing the occurrence of a financial emergency condition described in s. 218.503(1), F.S. Section 1002.345(1)(a)3., F.S.

¹⁵ Section 1002.331(3)(a), F.S.

¹⁶ Section 1002.33(6)(b)3.b., F.S.

¹⁷ Section 1002.331(3)(b), F.S.

applicant may appeal the sponsor's denial of the application directly to the State Board of Education (SBE).¹⁸

Effect of Proposed Changes

The bill allows a high-performing charter school to establish more than one charter school a year only if it chooses to operate in and serve students from an area where a school is subject to differentiated accountability.¹⁹

The bill provides a high-performing charter school whose application has been denied a hearing by requiring that an appeal of such denial be brought before the Charter School Appeals Commission. The commission will make a recommendation to the SBE in accordance with current law.

High-Performing Charter School System

Present Situation

A high-performing charter school system is an entity that:

- operated at least three high-performing charter schools in the state during each of the previous 3 school years;
- operated a system of charter schools in which at least 50 percent of the charter schools were high-performing charter schools and no charter school earned a school grade of “D” or “F” in any of the previous 3 school years regardless of whether the entity currently operates the charter school, with specified exceptions; and
- did not receive a financial audit that revealed one or more of the financial emergency conditions for any charter school assumed or established by the entity in the most recent 3 fiscal years for which such audits are available.²⁰

A high-performing charter school system may replicate its high-performing charter schools using the current application process outlined in law.²¹

Effect of Proposed Changes

The bill clarifies that a high-performing system may replicate a school in any district in the state and establishes a streamlined high-performing standard application form for replicating a high-performing charter school.

The bill requires the high-performing standard application form to:

- contain goals and objectives for improving and measuring student learning, including the expected amount of student yearly academic improvement, methods for evaluating success and the specific results to be attained through instruction;
- contain an annual financial plan for each year requested by the charter for operation of the school for up to 5 years;
- disclose the name of each applicant, governing board member and all proposed education services providers, the name and sponsor of any charter school operated by each applicant, each governing board member and each proposed education services provider that has closed and the reasons for the closure and the academic and financial history of such charter schools, which the sponsor shall consider in deciding whether to approve or deny the application.

¹⁸ Section 1002.33(6)(b)3.c., F.S.

¹⁹ See s. 1008.33, F.S.

²⁰ Section 1002.332(1)(b), F.S.

²¹ Section 1002.332(2), F.S.

The bill requires the review, approval, denial and appeals process for standard high-performing replication applications to comply with current processes in law.

Charter School Cooperatives

Present Situation

The law authorizes charter schools to enter into cooperative agreements with other charter schools to provide planning and development, direct instructional services, and contracts with charter school governing boards to provide personnel administrative services, payroll services, human resource management, evaluation and assessment services, teacher preparation, and professional development.²²

Effect of Proposed Changes

The bill deletes the list of specific services that cooperative agreements may provide and instead allows charter schools to enter into cooperative agreements to further any educational, operational or administrative purposes in which participating charter schools share common interests. This change expands the ability of charter schools to collaborate and pool resources for shared objectives.

Distribution of Student Funding

Present Situation

Charter schools are funded through the Florida Education Finance Program (FEFP) the same as traditional public schools based on the number of students. Each charter school reports student enrollment to its sponsor²³ for inclusion in the district's report of student enrollment.²⁴ The following chart summarizes how a charter school's share of FEFP funds is determined:

Calculating a Charter School's Share of FEFP Funds²⁵
Sum of the school district's operating funds from the FEFP as provided in s. 1011.62, F.S., and the General Appropriations Act, including the district's gross state and local funds, discretionary lottery funds, and funds from the district's current operating discretionary tax levies.
÷ The total funded weighted full-time equivalent (FTE) students in the district.
x The weighted FTE students for the charter school.

A charter school is also entitled to receive its proportionate share of categorical funds included in the FEFP for students who qualify for the categorical.²⁶ Categorical funds must be spent for specified purposes, which include student transportation, safe schools, supplemental academic instruction, research-based reading, instructional materials, digital classrooms, classroom supplies and class-size

²² Section 1002.33(13), F.S.

²³ A sponsor can be a district school board that approves the charter and holds the contract. Section 1002.33(5)(a)1., F.S.

²⁴ Section 1002.33(17)(a)-(b), F.S. To reflect any changes in enrollment, the charter school's funding is recalculated during the school year, based upon the October and February FTE enrollment surveys. See s. 1002.33(17)(b), F.S.

²⁵ Section 1002.33(17)(b) and (c), F.S.

²⁶ Section 1002.33(17)(b), F.S.

reduction operating funds.²⁷ Sponsors are prohibited from requiring charter schools to adopt the school district's reading curriculum as a condition of receiving the research-based reading allocation.²⁸

Effect of Proposed Changes

The bill authorizes a nonprofit organization or municipality that operates a charter school to use unrestricted surplus or unrestricted net assets from that school for K-12 educational purposes in other schools they operate in the state.

Sponsor Services and Fees

Present Situation

A sponsor must provide various administrative services to charter schools in their district including contract management; FTE and student achievement data reporting; exceptional student education program administration; eligibility and reporting for federal school lunch programs; test administration, including payment of the costs of state- or school district-required assessments; processing of teacher certification data and student information services.²⁹ As compensation for services provided, a sponsor may withhold an administrative fee of up to 5 percent of each charter school's total operating funds, based upon weighted FTE students.³⁰ A sponsor may only withhold the administrative fee for the first 250 students enrolled in each charter school.³¹ A sponsor may withhold a 5 percent administrative fee for the first 500 students enrolled within a system of charter schools if the system:

- includes both conversion charter schools and nonconversion charter schools;
- has all schools located in the same county;
- has a total enrollment exceeding the total enrollment of at least one school district in the state;
- has the same governing board; and
- does not contract with a for-profit service provider for management of school operations.³²

If the system meets these criteria and also qualifies for high-performing charter school system status, it may receive a reduction in the administrative fees from 5 percent to 2 percent for enrollments up to and including 500 students per system.³³ The total administrative fee for high-performing charter schools is up to 2 percent for enrollment up to and including 250 students per school.³⁴

When 75 percent or more of the students enrolled in the charter school are exceptional students, including gifted students, the 5 percent administrative fee is calculated based upon unweighted FTE students.³⁵ For virtual charter schools, the sponsor may withhold a fee of up to 5 percent of the school's total operating funds; however, the fee must be used to cover the cost of sponsor-provided services

²⁷ See, e.g., s. 1011.62(1)(f), F.S. (supplemental academic instruction); s. 1011.62(6), F.S. (general categoricals), s. 1011.67, F.S. (instructional materials), s. 1011.62(12), F.S. (digital classrooms); s. 1011.68, F.S. (student transportation), s. 1011.685, F.S. (class size reduction), and s. 1012.71, F.S. (Florida Teachers Classroom Supply Assistance Program).

²⁸ Section 1002.33(17)(b), F.S.

²⁹ Section 1002.33(20)(a)1., F.S. See also, Florida Attorney General Opinion, AGO 2013-04, stating that the administrative fee includes costs to administer state district assessments, available at

<http://www.myfloridalegal.com/ago.nsf/Opinions/D20AD30420BB793B85257B3C0052B3A6>.

³⁰ Section 1002.33(20)(a)2., F.S.

³¹ Section 1002.33(20)(a)2., F.S. When a charter school's enrollment exceeds 250 students, it must reserve an amount of total operating funds equal to the difference between the total administrative fee calculation and the actual amount withheld for capital outlay purposes. *Id.*

³² Section 1002.33(20)(a)4., F.S. When the enrollment within a system of charter schools exceeds 500 students, an amount of total operating funds equal to the difference between the total administrative fee calculation and the actual amount withheld may only be used for instructional, administrative, or capital outlay purposes. Section 1002.33(20)(a)5., F.S.

³³ Section 1002.33(20)(a)4. and 6., F.S.

³⁴ Section 1002.33(20)(a)3., F.S.

³⁵ Section 1002.33(20)(a)2., F.S.

and for implementation of the school district's digital classrooms plan.³⁶ Sponsors are prohibited from imposing additional fees or surcharges for services provided.³⁷

Effect of Proposed Changes

The bill specifies language regarding administrative fees for charter schools, high-performing charter schools and charter school systems and removes the restrictions on eligible expenditures of the funds resulting from the difference between the total calculated amount of administrative fees and the amount the district may withhold.

The bill also requires charter schools to annually complete and submit a survey to rate the timeliness and effectiveness of administrative services provided by sponsors. The Department of Education must develop and administer the survey, compile the results by district and include them in the annual authorizer report.

Public Information on Charter Schools

Present Situation

The Department of Education (DOE) must annually provide a statewide analysis and comparison of charter school students and traditional public school students, as measured by the statewide assessment program and information reported in each school's annual progress report.³⁸ The DOE's analysis compares the overall performance of charter school and traditional public school students and that of student subgroups, e.g, demographics, low income and students with disabilities. Comparison data must also be broken down by the following grade groupings:

- Grades 3 through 5
- Grades 6 through 8 and
- Grades 9 through 11.³⁹

The report analyzes the assessment results of charter and traditional public schools in 177 different comparisons in terms of proficiency, learning gains and achievement gap.⁴⁰

Effect of Proposed Changes

The bill removes the provision that charter school student performance data be compared to student performance data of traditional public schools.

Local Educational Agency Status for Certain Charter School Systems

Present Situation

A system of charter schools may serve as a local education agency (LEA) if the governing board adopts and files a resolution with its sponsor and the Department of Education (DOE) in which the governing board accepts the full responsibility for all LEA requirements and the system of charter schools:

³⁶ Section 1002.33(20)(a)8., F.S.

³⁷ Section 1002.33(20)(a)7., F.S.

³⁸ Section 1002.33(23), F.S.

³⁹ Section 1002.33(21)(b)3.a., F.S.

⁴⁰ Florida Department of Education, *Student Achievement in Florida's Charter Schools: A Comparison of the Performance of Charter School Students with Traditional Public School Students*, at v (June 2015), available at [http://www.fldoe.org/core/fileparse.php/7778/urlt/Charter Student Achievement Report 1314.pdf](http://www.fldoe.org/core/fileparse.php/7778/urlt/Charter+Student+Achievement+Report+1314.pdf).

- includes both conversion charter schools and nonconversion charter schools;
- has all schools located in the same county;
- has a total enrollment exceeding the total enrollment of at least one school district in the state;
- has the same governing board; and
- does not contract with a for-profit service provider for management of school operations.⁴¹

Effect of Proposed Changes

The bill revises LEA eligibility status by removing the requirements that a system of charter schools include both conversion charter schools and nonconversion charter schools and the system does not contract with a for-profit service provider for management of school operations. The bill also allows a charter school system's governing board to be designated as an LEA for purposes of receiving federal funds for all schools within a school district that are established under the turnaround option and are under the jurisdiction of the governing board.

School Grades

Present Situation

School grades are used to explain a school's performance in a familiar, easy-to-understand manner for parents and the public.⁴² School grades are also used to determine whether a school must select or implement a turnaround option⁴³ or whether a school is eligible for school recognition funds as appropriated by the Legislature.⁴⁴

An alternative school may opt for a school improvement rating instead of a school grade.⁴⁵ The school improvement rating is calculated using student learning gains on statewide, standardized English language arts and Math assessments for all eligible students who are enrolled in the school and who have assessment scores or comparable scores for the preceding school year.⁴⁶ Schools that improve their ratings by at least one level or maintain a "commendable" rating are eligible for school recognition awards.⁴⁷ The school improvement rating identifies an alternative school as having one of the following ratings:

- **Commendable:** a significant percentage of the students attending the school are making learning gains
- **Maintaining:** a sufficient percentage of the students attending the school are making learning gains
- **Unsatisfactory:** an insufficient percentage of the students attending the school are making learning gains⁴⁸

Current law requires that the student performance data for eligible students attending alternative schools that provide dropout prevention and academic intervention are included in the calculation of the

⁴¹ Section 1002.33(25), F.S.

⁴² Section 1008.34(1), F.S. If there are fewer than 10 eligible students with data for a component, the component is not included in the calculation. Section 1008.34(3)(a), F.S.

⁴³ Section 1008.33(4), F.S.

⁴⁴ Section 1008.26, F.S.

⁴⁵ School improvement ratings, which do not include an academic achievement component but instead focus on learning gains, are offered to alternative schools because the students at these schools are often enrolled in more than one school within the school year. All alternative students' learning gains scores are included in either the alternative school or home school accountability report. See *ESEA Flexibility Request* at 67, note 34, *supra*.

⁴⁶ Section 1008.341(3), F.S.

⁴⁷ Section 1008.341(2), F.S. (flush left provisions at the end of the subsection).

⁴⁸ Section 1008.341(2)(a)-(c), F.S.

home school's grade.⁴⁹ Likewise, student performance data for eligible students in Exceptional Student Education (ESE) Centers are included in the calculation of the home school grade.⁵⁰

Effect of Proposed Changes

The bill requires a high school to include, in its graduation rate, a student who transfers from the high school to a private school with which the school district has a contractual relationship.

The bill also allows the use of concordant scores, in addition to assessment scores or comparable scores, in determining an alternative school's school improvement rating.

Facilities

Present Situation

Any facility or portion of a facility, used to house a charter school is exempt from ad valorem taxes, and specified entities, including a library, community service, museum, performing arts, theatre, cinema, church, Florida College System institution, college, and university may provide space to charter schools within their facilities under their preexisting zoning and land use designations.⁵¹

Effect of Proposed Changes

The bill clarifies that the entities listed above may provide space to charter schools, and the charter school shall not have to obtain any special exception, rezoning, land use charter or other approval.

Blended Learning

Present Situation

Florida school districts and brick-and-mortar charter schools are authorized to provide blended learning courses. Blended learning courses are provided at the school's physical location and consist of both traditional classroom and online instruction.⁵² Blended learning courses may be provided by part-time or full-time employees of the charter school or by contracted instructional providers. Instructors must be certified in the subject area of the course. The online portion of a blended learning course may be provided from a remote location.⁵³ Students in a blended learning course must be full-time students and receive the online instruction in a classroom setting.⁵⁴

Effect of Proposed Changes

The bill removes the requirement that students at both traditional public schools and charter schools receive online instruction in a classroom setting in a blended learning course.

⁴⁹ Section 1008.34(3)(d)1., F.S.

⁵⁰ Section 1008.3415, F.S.

⁵¹ Section 1002.33(18)(c), F.S.

⁵² Section 1003.498(1), F.S., section 1002.33(7)(a)2.b., F.S.

⁵³ Section 1002.33(7)(a)2.b., F.S.

⁵⁴ Section 1003.498(1), F.S., section 1002.33(7)(a)2.b., F.S.

College-Preparatory Boarding Academy

Present Situation

In 2011, the Legislature created the College-Preparatory Boarding Academy Pilot Program for the purpose of providing unique educational opportunities to dependent or at-risk children who are academic underperformers but who have the potential to progress from at-risk to college-bound.⁵⁵

An “eligible student” is a student who:

- is a resident of the state and entitled to attend school in a participating school district;
- is at risk of academic failure;
- is currently enrolled in grade 5 or 6;
- is from a family whose gross income is at or below 200 percent of the federal poverty guidelines;
- is eligible for benefits or services funded by Temporary Assistance for Needy Families (TANF) or Title IV-E of the Social Security Act; and
- meets at least one of the following additional risk factors:
 - The child is in foster care or has been declared an adjudicated dependent by a court.
 - The student’s head of household is not the student’s custodial parent.
 - The student resides in a household that receives a housing voucher or has been determined eligible for public housing assistance.
 - A member of the student’s immediate family has been incarcerated.
 - The child is covered under the terms of the state’s Child Welfare Waiver Demonstration project with the United States Department of Health and Human Services.⁵⁶

Effect of Proposed Changes

The requirement that a student be currently enrolled in grade 5 or 6 limits the operator from enrolling students in another grade level, even if a space is available. The bill revises this requirement and allows any student currently enrolled in grades 5-12 to be eligible to enter the program, if the operator determines that a seat is available.

Equity in School Level Funding

Present Situation

Title I, Part A of the Elementary and Secondary Education Act, provides financial assistance to LEAs and schools with high numbers or high percentages of children from low-income families to help ensure that all children meet challenging state academic standards. Federal funds are currently allocated through four statutory formulas that are based primarily on census poverty estimates and the cost of education in each state.⁵⁷

In the 2014-2015 school year, Florida school districts received approximately \$858 million in Title I funds. Of the \$858 million, 48 percent was reserved at the district level for district-wide activities and administration. In the 2014-2015 school year, at more than half of all Florida school districts, a larger percentage of Title I Part A dollars were reserved at the district level for administration and district-wide

⁵⁵ Section 1002.3305(1), F.S.

⁵⁶ Section 1002.3305(2)(b), F.S.

⁵⁷ U.S. Department of Education, *Improving Basic Programs Operated by Local Educational Agencies (Title I, Part A)*, available at <https://www2.ed.gov/programs/titleiparta/index.html?exp=0>.

activities than was allocated to participating public schools. Also, more money was allocated to Title I schools than was reserved at the district level at 75% of all LEAs with no “D” and “F” schools.⁵⁸

Effect of Proposed Changes

The bill requires school districts to provide Title I funds directly to all eligible schools and limits the amount of Title I funds that a district may withhold as follows:

- One percent for parent involvement.
- A necessary and reasonable amount for administration not to exceed eight percent.
- A reasonable and necessary amount to provide;
 - homeless programs;
 - delinquent and neglected programs; and
 - private school equitable services.

The bill also provides that all remaining Title I funds must be distributed to all eligible schools in accordance with federal law and regulation. Schools may participate in district-wide or district sponsored initiatives by paying a proportionate share of Title I funds to the school district.

Other Provisions

The bill also:

- clarifies when the controlled open enrollment process applies to charter schools;
- clarifies that charter schools and their governing boards are subject to the same waiver of sovereign immunity in tort actions as the state, state agencies and or subdivisions;
- deletes language regarding federal funds that conflicts with federal requirements for the distribution of such funds;
- renames the ACT Aspire assessment to the preliminary ACT;
- removes the requirement that an eligible dual enrollment program be located and chartered in Florida and revises eligibility requirements for postsecondary institutions to participate in dual enrollment by requiring that the institution be accredited by any regional or national accrediting agency recognized by the U.S. DOE rather than only the Commission of Colleges of the Southern Association of Colleges and Schools or the Accrediting Council for Independent Colleges and Schools; and
- requires sponsors to notify a charter school if they intend to not renew a contract and provide the charter school with a hearing.

B. SECTION DIRECTORY:

Section 1. Amends s. 1002.33, F.S., relating to charter schools.

Section 2. Amends s. 1002.3305, F.S., relating to the College-Preparatory Boarding Academy Pilot Program.

Section 3. Amends s. 1002.331, F.S., relating to high-performing charter schools.

Section 4. Amends s. 1002.332, F.S., relating to high-performing charter school systems.

Section 5. Amends s. 1003.498, F.S., relating to school district virtual course offerings.

Section 6. Amends s. 1007.35, F.S., relating to the Florida Partnership for Minority and Underrepresented Student Achievement.

⁵⁸ Email, Florida Department of Education, Governmental Relations (April 10, 2017).

Section 7. Amends s. 1008.34, F.S., relating to school grading system, school report cards and district grades.

Section 8. Amends s. 1008.341, F.S., relating to the designation of school improvement ratings.

Section 9. Amends s. 1011.62, F.S., relating to the basic operating funding calculation.

Section 10. Amends s. 1011.69, F.S., relating to equity in School-Level Funding Act.

Section 11. Provides an effective date of July 1, 2017.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

The bill authorizes a nonprofit organization or municipality that operates a charter school to use unrestricted surplus or unrestricted net assets of the charter school identified in an annual financial audit for K-12 educational purposes for charter schools operated by the not-for-profit or municipal entity organizing or operating the charter school with the surplus. Surplus operating funds shall be used in accordance with s. 1011.62, and surplus capital outlay funds shall be used in accordance with s. 1013.62(2).

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On April 3, 2017, the PreK-12 Appropriations Subcommittee adopted one amendment and reported the bill favorably as a committee substitute. The amendment removes the two sections of the bill that addressed charter schools and fixed capital outlay eligibility and funding.

On April 6, 2017, the Education Committee adopted eight amendments and reported the bill favorably as a committee substitute. The amendments:

- changes the charter school application deadline from August 1 to February 1 beginning in 2018;
- removes the provision specifically prohibiting the alteration of charter school contracts;
- clarifies when the controlled open enrollment process applies to charter schools;
- allows a charter school system's governing board to be designated as an LEA for purposes of receiving federal funds for all schools within a school district that are established under the turnaround option and are under the jurisdiction of the governing board;
- removes the requirement that the online learning portion of a school district's blended learning model be in a classroom setting at the school;
- renames the ACT Aspire assessment to the preliminary ACT;
- requires a high school to include, in its graduation rate, a student who transfers from the high school to a private school with which the school district has a contractual relationship; and
- revises the distribution of Title I funds and revises the amount of Title I funds that a school district may withhold;
- removes the requirement that charter alternative school student performance data be reported to the student's home school.

The bill analysis is drafted to reflect the committee substitute passed by the Education Committee.