

**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.)

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Prepared By: The Professional Staff of the Committee on Appropriations

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BILL: CS/SB 1372

INTRODUCER: Appropriations Committee; and Senator Burgess

SUBJECT: Literacy Improvement

DATE: April 21, 2021

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

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Brick</u>	<u>Bouck</u>	<u>ED</u>	<b>Favorable</b>
2.	<u>Underhill</u>	<u>Elwell</u>	<u>AED</u>	<b>Recommend: Favorable</b>
3.	<u>Underhill</u>	<u>Sadberry</u>	<u>AP</u>	<b>Fav/CS</b>

**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/SB 1372 establishes the New Worlds Reading Initiative to improve literacy skills and instill a love of reading by providing high-quality free books to students in kindergarten through grade 5 who are reading below grade level. Specifically, the bill requires:

- The Department of Education (DOE) to designate a state-level administrator of the program.
- School districts to partner with local nonprofit organizations to provide free monthly book deliveries to students in kindergarten through grade 5 who exhibit a substantial deficiency in reading and choose to participate in the program.
- The DOE to publish information on its website about the program, including the process for a tax payer to contribute to the program through taking a tax credit.

The bill provides for tax credit contributions to the program.

The cost of the book distribution initiative created by this bill are to be funded through tax credit contributions. See Section V.

The bill provides an effective date of July 1, 2021.

## II. Present Situation:

Forty-three percent of the students entering kindergarten in 2020 demonstrated literacy skills that fell below grade-level expectations.<sup>1</sup> Forty-two percent of third grade students were assessed as reading below grade level in 2019.<sup>2</sup> Students who read below grade level at the end of third grade are less likely to graduate high school by age 19.<sup>3</sup>

The availability of learning materials in the home supports children's language and literacy skills.<sup>4</sup> Children who participate in free book distribution programs between birth to age five experience a positive effect on literacy development.<sup>5</sup>

### Student Reading Progression

Each district school board is required to establish a comprehensive plan for student progression, which must provide for a student's progression from one grade to another based on the student's mastery of English Language Arts, mathematics, science, and social studies standards.<sup>6</sup> The plan must include criteria that emphasize student reading proficiency in kindergarten through grade 3. Students in kindergarten through grade 3, who exhibit a substantial deficiency in reading based upon screening, diagnostic, progress monitoring, or assessment data; statewide assessments; or teacher observations, must be provided intensive, explicit, systematic, and multisensory reading interventions immediately following the identification of the reading deficiency.<sup>7</sup>

### Research-Based Reading Instruction Allocation

The state allocates funding to school districts for research-based reading instruction to students in kindergarten through grade 12.<sup>8</sup> Funds must be used to provide a system of comprehensive reading instruction to students enrolled in kindergarten through grade 12, including, for example:<sup>9</sup>

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<sup>1</sup> Florida Department of Education (DOE), FLKRS Statewide Results, *Fall 2020 Florida Kindergarten Readiness Screener (FLKRS)*, available at <http://www.fldoe.org/accountability/assessments/k-12-student-assessment/flkrs/flkrs-sw-results.shtml> (download excel file "Fall 2020 FLKRS Results by District") (last visited Mar. 5, 2021).

<sup>2</sup> DOE, *Florida Standards Assessments* (2019), available at <http://www.fldoe.org/core/fileparse.php/5668/urlt/80FSAResults19.pdf>, at 4.

<sup>3</sup> Donald J. Hernandez, The Annie E. Casey Foundation, *Double Jeopardy: How Third-Grade Reading Skills and Poverty Influence High School Graduation* (2012), available at <https://www.aecf.org/m/resourcedoc/AECF-DoubleJeopardy-2012-Full.pdf#page=3> (last visited Mar. 5, 2021).

<sup>4</sup> Eileen T. Rodriguez & Catherine S. Tamis-LeMonda, *Trajectories of the Home Learning Environment Across the First 5 Years: Associations with Children's Vocabulary and Literacy Prekindergarten*, 82 CHILD DEVELOPMENT 1058, 1059 (2011).

<sup>5</sup> Merel de Bondt et al., *Do Book Giveaway Programs Promote Home Literacy Environment and Children's Literacy-Related Behavior and Skills?*, 90 Review of Education Research 349 (2020), available at <https://journals.sagepub.com/doi/pdf/10.3102/0034654320922140>.

<sup>6</sup> Section 1008.25(2), F.S.

<sup>7</sup> Section 1008.25(5)(a), F.S. Students in kindergarten through grade 2 do not participate in statewide, standardized assessments.

<sup>8</sup> Section 1011.62(9), F.S. The state appropriated \$130 million to school districts for the research-based reading instruction allocation for the 2020-2021 fiscal year. Specific Appropriations 8 and 92, ch. 2020-111, s. 2, Laws of Fla.

<sup>9</sup> Section 1011.62(9)(c), F.S. The state also appropriated \$236.6 million to school districts for instructional materials for the 2020-2021 fiscal year. Specific Appropriations 8 and 92, ch. 2020-111, s. 2, Laws of Fla. School districts are authorized to use half of the funds allocated for instructional materials for library books. Section 1006.40(3)(b), F.S. School district expenditures for library books in the 2019-2020 fiscal year totaled \$63.4 million. DOE, *School District Annual Financial*

- Summer reading camps for students in kindergarten through grade 5 who exhibit certain reading deficiencies, depending on grade level.<sup>10</sup>
- Supplemental instructional materials that are grounded in scientifically based reading research as identified by the Just Read, Florida! Office.<sup>11</sup>
- Intensive interventions for students in kindergarten through grade 12 who have been identified as having a reading deficiency or who are reading below grade level as determined by the statewide, standardized English Language Arts assessment.

District school boards must develop K-12 comprehensive reading plans that detail the specific uses of the research-based reading instruction allocation. The plans must provide for intensive reading interventions through integrated curricula that incorporate strategies identified by the Just Read, Florida! Office and are delivered by a teacher who is certified or endorsed in reading.<sup>12</sup> In the 2020-2021 fiscal year, school districts allocated \$36.9 million of the total \$130 million appropriated under the research-based reading instruction allocation<sup>13</sup> for elementary reading intervention teachers, supplemental reading materials and interventions, and summer reading camps.<sup>14</sup>

### **Parental Notification and Choice**

The parent of any student who exhibits a substantial deficiency in reading must be notified in writing of the deficiency and of all available services and proposed interventions, and be provided with a “read at home plan,” which outlines strategies that parents can use to help their children improve in reading.<sup>15</sup>

Students enrolled in public school in grades 3 through 5 and score below grade level on the statewide, standardized English Language Arts (ELA) assessment in the prior school year may also be eligible for a reading scholarship account of \$500.<sup>16</sup> A total of 6,763 students received reading scholarship accounts in the 2019-2020 school year.<sup>17</sup> The state appropriated \$7.6 million for reading scholarship accounts for the 2020-2021 school year.<sup>18</sup>

In the 2020-2021 school year, 112,295 students enrolled in public schools in kindergarten through grade 5 were identified as having substantial deficiencies in reading and receiving Tier III supports.<sup>19</sup>

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*Reports* (2019-2020), available at <http://www.fldoe.org/core/fileparse.php/7507/urlt/1920afrStateSummary.PDF>, at 23 (last visited Mar. 5, 2021).

<sup>10</sup> All students in kindergarten through grade 2 who demonstrate a reading deficiency as determined by district and state assessments, and students in grades 3 through 5 who score at Level 1 on the statewide, standardized English Language Arts assessment. Section 1011.62(9)(c)5., F.S.

<sup>11</sup> Just Read, Florida! is an office within the DOE established to help students read at their highest potential. Section 1001.215, F.S.

<sup>12</sup> Section 1011.62(9)(d)1., F.S.

<sup>13</sup> *Supra*, note 8.

<sup>14</sup> Email, DOE (Mar. 11, 2021) (on file with the Senate Education Committee).

<sup>15</sup> Section 1008.25(5)(c), F.S.

<sup>16</sup> Section 1002.411, F.S.

<sup>17</sup> Email, Office of Program Policy Analysis and Government Accountability, *School Choice Landscape*, at 34 (March 5, 2021) (on file with the Senate Education Committee).

<sup>18</sup> Specific Appropriation 112, ch. 2020-111, s. 2, Laws of Fla.

<sup>19</sup> Email, DOE (Mar. 11, 2021) (on file with the Senate Education Committee).

## Book Distribution Programs

An Act to amend the national reading program in 1975<sup>20</sup> authorized the federal government to contract with a third-party entity to subcontract with local agencies to establish, operate, and provide an equal share of the cost of reading motivational programs that include the distribution of books to schoolchildren.<sup>21</sup> The inexpensive book distribution program was last financed with \$25 million in 2010.<sup>22</sup> The Every Student Succeeds Act of 2015<sup>23</sup> repealed the inexpensive book distribution program.<sup>24</sup>

In 2020, the Tennessee Governor's Early Literacy Foundation (GELF) and the Tennessee Department of Education, in collaboration with Scholastic, the global children's publishing, education and media company, announced the launch of a new K-3 Book Delivery program to deliver 580,000 books to 58,000 kindergarten through third grade students and teachers across the state.<sup>25</sup> The GELF has operated a book distribution program in collaboration with Dolly Parton's Imagination Library to distribute books to children from birth to the age of five since 2004.<sup>26</sup> The Tennessee Legislature appropriated \$4,525,000 for the Governor's Books from Birth Fund for the 2019 fiscal year,<sup>27</sup> and the Books from Birth program mailed 3.4 million books.<sup>28</sup>

### III. Effect of Proposed Changes:

The bill creates s. 1003.485, F.S., to establish the New Worlds Reading Initiative to improve literacy skills and instill a love of reading by providing high-quality free books to students in kindergarten through grade 5 who are reading below grade level expectations.

Under the initiative, a high-quality, hardcopy book is delivered on a monthly basis to eligible students. Parents of students who participate in the program are provided resources to help improve their student's reading skills and instill a love of reading.

### State Tax Credits

The bill provides tax credits for contributions to the New Worlds Reading Initiative. The credits are authorized against taxes under:

- Section 624.509, related to insurance premium tax.
- Section 175.101, related to state excise tax on property insurance premiums
- Section 185.08, related to state excise tax on casualty insurance premiums

<sup>20</sup> Pub. L. No. 94-194, 89 Stat. 1103.

<sup>21</sup> *Id.* at 89 Stat. 1105.

<sup>22</sup> U.S. Office of Management and Budget, *Appendix, Budget of the United States Government, Fiscal Year 2012*, available at <https://www.govinfo.gov/content/pkg/BUDGET-2012-APP/pdf/BUDGET-2012-APP.pdf>, at 344.

<sup>23</sup> Pub. L. 114-95, 129 Stat. 1802.

<sup>24</sup> *Id.* at 129 Stat. 1967.

<sup>25</sup> Governor's Early Literacy Foundation, *Press Release* (Oct. 21, 2020), <https://governorsfoundation.org/governors-early-literacy-foundation-scholastic-and-tn-department-of-education-to-provide-580000-books-to-k-3-students-and-teachers-in-tennessee/> (last visited Mar. 11, 2020).

<sup>26</sup> Governor's Books from Birth Foundation, *2019 Year in Review*, available at <https://gelf.app.box.com/s/z7w8nj75b82ofkbs0pkq1f9sij1826ho> (last visited Mar. 11, 2021).

<sup>27</sup> 2019 Tenn. Pub. Ch. 405 page no. 3, available at <https://legiscan.com/TN/text/HB1508/2019> (last visited Mar. 11, 2021).

<sup>28</sup> Governor's Books from Birth Foundation, *2019 Year in Review*, available at <https://gelf.app.box.com/s/z7w8nj75b82ofkbs0pkq1f9sij1826ho>, at 9 (last visited Mar. 11, 2021).

- Chapter 220, related to corporate income tax.
- Section 211.02, related to oil production tax
- Section 211.025, related to gas production tax
- Section 212.183, related to direct pay permit-holders (aka toilet paper tax, unlikely to apply to book publishers).
- Section 563.05, related to excise taxes on malt beverages
- Section 564.06, related to excise taxes on wines and beverages
- Section 565.12, related to excise tax on liquors and beverages

A tax credit cap in the amount of \$10 million is established for the 2021-2022 state fiscal year, \$30 million for the 2022-2023 state fiscal year, and \$50 million in each state fiscal year

The Department of Revenue may adopt rules necessary to administer the tax credit provisions of the bill, which include establishing application forms, procedures governing the approval of tax credits and carryforward tax credits, and procedures for taxpayers when claiming approved tax credits on their returns.

### **State-Level Administrator**

Implementation of the initiative is split between school districts, in partnership with local nonprofit organizations, and a state administrator. The state administrator is a state university designated by the DOE who must have an academic innovation institution with extensive experience in:

- Conducting academic research in early literacy instruction.
- Implementing online delivery of early learning and literacy training for educators nationally.
- Developing online support materials that assist parents and caregivers in developing early literacy skills.
- Conducting fundraising and public awareness campaigns to support the development and growth of evidence-based educational initiatives that support learning at home and in schools.

The bill requires the state-level administrator to:

- Develop, in consultation with the Just Read, Florida! Office, a selection of high-quality books, encompassing diverse subjects and genres, appropriate for each grade level to be mailed to students in the initiative.
- Facilitate book distribution directly or through an agreement with a book distribution company.
- Develop and provide marketing materials to help school districts and their local partners raise funding and awareness of the initiative, including through the use of partnerships between public libraries and participating entities to implement family engagement events, such as family library nights, library card drives, summer access, and other activities.
- Maintain a clearinghouse for information on national, state, and local nonprofit organizations that support efforts to provide books to children.
- Develop online support materials that assist parents and caregivers in developing early literacy skills.

- Periodically distribute to participating families helpful tips and hyperlinks to video modules via text message and e-mail.
- Annually submit to the DOE an annual financial report that, at a minimum, includes:
  - Amount of eligible contributions received;
  - Amount spent on each activity required of the administrator in law; and
  - Number of students and households served.
- Maintain separate accounts for operating funds and funds for purchase and delivery of books.
- Expend eligible contributions received only for the purchase and delivery of books, and an administrative fee not to exceed two percent of total eligible contributions.
- Provide taxpayers with a certificate of contribution upon receipt of a contribution.

### ***Reporting Requirements***

Beginning September 30, 2022, and annually thereafter, the DOE must report on its website the number of students in the initiative in each school district, the academic achievement and learning gains of participating students based on available data provided by school districts. The DOE is required to establish a date by which the administrator and school districts must annually provide the necessary data to complete the report.

In addition, the DOE is required to publish information about the initiative and tax credits on its website, including the process for a taxpayer to select the administrator as the recipient of funding through the tax credit.

### **Student Participation**

A student in kindergarten through grade 5 must be provided books through the initiative if the student has a substantial reading deficiency or scored below a level 3 on the prior year's statewide, standardized English Language Arts (ELA) assessment. The bill requires each school district to notify the parents of eligible students that the student is eligible to receive books at no cost through the New Worlds Reading Initiative and provide the parent with the application form developed by the administrator, which must allow for the selection of specific book topics or genres for the student.

After a student is identified, the bill requires the school district to coordinate with the administrator to initiate monthly book delivery during the school year, which must begin no later than December 31. Students remain in the initiative until they are promoted to sixth grade or their parent opts out, whichever is earlier.

School districts and partnering nonprofit organizations are required by the bill to raise awareness of the initiative, including information on eligibility and video training modules, through:

- The student handbook.
- The read-at-home plan provided to the parents of students identified with a substantial reading deficiency. The bill also amends s. 1008.25, F.S., to require that the parents of students with a substantial reading deficiency be provided information about the student's eligibility for the New Worlds Reading Initiative, and information on parent training modules and other reading engagement resources available through the initiative.

- Curriculum or parent nights or separate initiative awareness events at each elementary school.
- Events held jointly with the local public library. The bill specifies that library events should coincide with similar family engagement initiatives, such as library card drives.

The bill requires books to be delivered at no cost to students.

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

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

#### **V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

The revenue estimating conference has not yet reviewed the fiscal impact of this bill.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The cost of the book distribution initiative created by this bill will be funded through tax credit contributions. The Department of Education estimates that the total cost to provide books free of charge is \$48,512,740. This estimate is based on 551,294 eligible students identified who would receive a free book mailed to them monthly for nine months of the school year, at an average cost of \$8 a book.<sup>29</sup>

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<sup>29</sup> DOE, *Senate Bill 1372 Legislative Bill Analysis* (Feb. 23, 2021) (on file with the Senate Appropriations Subcommittee on Education).

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

The bill substantially amends the following sections of the Florida Statutes: 220.02, 220.13, 220.186, and 1008.25.

The bill creates the following sections of the Florida Statutes: 211.0252, 212.1833, 220.1876, 561.1212, 624.51056, and 1003.485.

**IX. Additional Information:****A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Appropriations on April 19, 2021:**

The committee substitute:

- Adds legislative findings, including that programs that deliver books directly to students' homes and support engagement in reading enable parents to develop their child's reading skills and enjoyment of reading and foster improved outcomes for students.
- Makes mandatory the provision of the bill authorizing school districts to participate in the program.
- Removes the specification that funding be shared equally by the state administrator and the local funding source on a pro rata basis for each enrolled student.
- Provides tax credits for contributions to the New Worlds Reading Initiative, which provides monthly books to students at no cost to families, and authorizes the state administrator to use 2% for administrative expenses.
- Establishes a tax credit cap amount of \$10 million for the 2021-2022 state fiscal year, \$30 million for the 2022-2023 state fiscal year, and \$50 million in each state fiscal year thereafter.
- Requires the DOE to designate an experienced academic innovation institution as the state administrator.
- Requires the DOE to publish information about the initiative and tax credits on its website.
- Removes requirement for the DOE to submit an annual report to the Governor and the Legislature and instead requires the administrator to submit an annual report to the DOE.
- Requires the Department of Education to set the annual date for school districts to provide data to enable the Department to report on the program.
- Establishes the process by which the Department of Revenue must administer the tax credit provisions.

- Postpones to December 31, 2021, the first required book delivery but still requires nine books to be delivered before the 2022-2023 school year.
- Authorizes the DOR to adopt rules and emergency rules.

**B. Amendments:**

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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