

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Date: April 24, 1997 Revised: _____

Subject: School District Personnel/Merit Pay

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Hill</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Fav/2 amendments</u>
2.	<u>Keating</u>	<u>Smith</u>	<u>WM</u>	<u>Favorable</u>
3.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
4.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
5.	<u> </u>	<u> </u>	<u> </u>	<u> </u>

I. Summary:

Effective July 1, 1998, each superintendent must recommend and district school boards must establish salary schedules that base a portion of each instructional employee's compensation on performance. The superintendent and the board must seek input from parents, teachers, and the business community. School boards may not use awards and incentives provided in recognition of outstanding service in determining the salary schedules. To participate in funding through the Florida Education Finance Program (FEFP), each school board must include performance-based compensation in expenditures for instructional personnel salaries.

The bill also establishes, effective July 1, 1998, a Florida School Recognition Program to provide financial awards as a performance incentive to teachers and staff in schools that sustain high performance, or demonstrate exemplary improvement. The Commissioner of Education must establish the criteria under which schools will be invited to apply for statewide awards. Awards will be distributed by the selected school's staff and school advisory council and may be used either for faculty and staff bonuses or for educational equipment and materials for the school. The incentive awards will not be subject to collective bargaining.

This bill amends sections 230.23, 230.33, and 236.02, and creates section 231.2905, Florida Statutes.

II. Present Situation:

Section 230.23, F.S., requires school boards to adopt a salary schedule or schedules to be used as a basis for paying all school employees. The salary schedules must be designed in a manner which provides, to whatever extent practicable, incentive for improvement in training and for continued and efficient service. The board must fix and authorize the compensation of school employees on

the basis of such schedules. School boards may provide for recognition of district employees who have contributed outstanding and meritorious service in their respective areas. Monetary awards are limited to persons who propose procedures or ideas which are adopted by the board and which will result in a reduction in school board expenditures or in improved district or school center operations. Nonmonetary awards may include, but are not limited to, certificates, plaques, medals, ribbons, and photographs. The school board is authorized to expend funds for such recognition and awards, not to exceed \$2000, or ten percent of the first year's gross savings, whichever is greater.

Section 230.33, F.S., requires the superintendent to prepare, and recommend to the school board, a salary schedule or schedules to be used as the basis for paying school employees. To the extent practicable, the schedules must provide incentives for improvement in training and for continued and efficient service.

Section 236.02, F.S., requires each school district that participates in the FEFPP to expend funds for salaries in accordance with a salary schedule or schedules adopted by the school board.

Teacher salaries are not determined by statute or via the General Appropriations Act. Salaries are set at the district level through collective bargaining agreements. Most salary schedules identify a base salary and provide for periodic increases based on length of service and completion of additional training. Supplements for performing extra work or teaching in a high-demand field or in a difficult environment are sometimes furnished.

During 1983-84, the state established a merit pay program designed to compensate teachers based on performance rather than seniority. The program was staunchly opposed by many educators and was ultimately deemed a failure. It was abandoned after one year and replaced with a merit schools program that shifted the focus of performance assessment from the individual teacher to the school. This program was somewhat successful, but was nevertheless discontinued in 1990.

According to a report by the Southern Regional Education Board (SREB), career ladder programs are more likely to succeed than merit pay programs. The most successful programs, such as the career ladder program implemented in Arizona, include student achievement as an integral component. SREB feels that incentive programs that fundamentally alter pay structure and are performance-based can produce fundamental changes, both in school operation and with regard to principal/teacher roles, provided that adequate state support is provided to districts.

III. Effect of Proposed Changes:

Performance-based Pay for Instructional Personnel

Effective July 1, 1998, this bill requires each district school board to establish salary schedules for instructional personnel that base a portion of each employee's compensation on performance demonstrated under s. 231.29, F.S. The referenced statute requires at least annual performance evaluations of instructional personnel using observable indicators of classroom management, subject matter knowledge, the ability to plan and deliver instruction, the ability to evaluate

instructional needs, and other professional competencies determined by the local school district. The bill prohibits boards from using any award and incentive provided in recognition of outstanding service when determining performance-based salaries.

Each district school superintendent will be responsible for preparing, and recommending to the school board, a salary schedule for instructional personnel that bases a portion of each employee's compensation on performance as demonstrated under s. 231.29, F.S. Both the superintendent and the district school board must consider input from parents, teachers, and representatives of the business community when recommending and adopting the required salary schedule.

Florida School Recognition Program

The bill also creates, effective July 1, 1998, a Florida School Recognition Program. The purpose of the program is to provide for financial awards to faculty and staff of schools that maintain high levels of performance or improvement due to innovation and effort. All public schools, including charter schools, are eligible to participate, provided that the school district has incorporated a performance incentive program into its employee salary structure.

The Commissioner of Education must establish statewide criteria under which schools may apply for the program. The initial application criteria must be based on at least the following statewide data: individual school achievement data; statewide student achievement data; readiness for postsecondary education data; dropout rates; and attendance rates. A pool of eligible schools will be identified from the applicants. From that pool, schools will be selected for final recognition and financial awards based on at least the following criteria: school improvement, including rates of school violence and crime; indicators of innovation in teaching and learning; indicators of successful, challenging school improvement plans; and parent, community, and student involvement in learning.

Awards will be distributed to the selected schools based on employee performance criteria established in district school board policy. Selection must be based on at least two years of data, if such data is available. Selected schools will receive financial awards depending on the availability of funds and on the number and size of schools selected to receive an award. Expenditure decisions will be made by the school's staff and school advisory council. They may designate the award either for faculty and staff bonuses or for educational equipment and materials for the school. Incentive awards are not subject to collective bargaining.

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:

None.

C. Government Sector Impact:

This bill takes effect on July 1, 1998, and, therefore, will not have any fiscal impact in fiscal year 1997-98.

The potential impact of the performance-based pay portion of this bill is indeterminate at this time. Each school district will have wide latitude in determining how, and to what extent, performance measures are factored into instructional personnel salary schedules.

The awards provided for the Florida School Recognition Program will be disbursed depending on the availability of appropriated funds. The Florida Department of Education believes that the initial allocation for the program should be on the order of \$10-15 million, and that it should be derived from Break the Mold Program funding.

VI. Technical Deficiencies:

None.

VII. Related Issues:

On March 6, 1997, the Senate passed SB 342 which, effective July 1, 1997, requires each school board to adopt salary schedules that base a portion of each instructional employee's pay on performance demonstrated in annual performance evaluations. SB 342 did not establish a Florida School Recognition Program.

VIII. Amendments:

#1 by Education:

Requires the Commissioner of Education to adopt and publish application criteria for the Florida School Recognition Program by October 1997. Schools may apply for the awards at the beginning of the 1998-99 school year, if funds are available in the 1998-99 budget.

#2 by Education:

Changes the effective date of the from July 1, 1998, to July 1, 1997.

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