

**STORAGE NAME:** h0573s1a.edk

**DATE:** April 10, 2000

**HOUSE OF REPRESENTATIVES  
AS REVISED BY THE COMMITTEE ON  
EDUCATION K-12  
ANALYSIS**

**BILL #:** CS/HB 573

**RELATING TO:** Schools/Instructional Personnel

**SPONSOR(S):** Committee on Governmental Operations, Representatives Detert, Bilirakis and others

**TIED BILL(S):** None.

**ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:**

- (1) GOVERNMENTAL OPERATIONS YEAS 5 NAYS 1
  - (2) EDUCATION K-12 YEAS 8 NAYS 0
  - (3) GENERAL APPROPRIATIONS
  - (4)
  - (5)
- 

**I. SUMMARY:**

Current law authorizes state employees to receive up to six credit hours of tuition waivers on a space-available basis at public universities, under s. 110.1099, F.S. Student credit hours generated by state employees are fundable credit hours.

This bill authorizes instructional personnel, in addition to state employees, to receive fundable tuition waivers on a space-available basis or vouchers to attend work-related courses at Florida's public postsecondary educational institutions.

This bill also amends s. 121.021(29), F.S., which currently gives instructional personnel a separate normal retirement date of 30 years as members of the regular class, changing the statute to provide a separate normal retirement date of 25 years for instructional personnel.

Article X, Section 14 of the Florida Constitution, requires that any increase in benefits to the members of FRS must make provision for the funding of such benefits on a sound actuarial basis. There is no current actuarial study to show the cost of such changes in benefits to instructional personnel. The most recent actuarial study was Actuarial Special Study 1981-2(2a), which determined the cost would be in excess of \$100 million. Also, there are no provisions in the bill, currently, to provide funding for this increased benefit. Consequently, the bill in its current form does not comply with Article X, Section 14, of the Florida Constitution.

Authorizing instructional personnel to receive up to six credit hours a year in tuition waivers to Florida's public post secondary educational institutions will have a significant fiscal impact. The addition of instructional personnel to the full-time state employees who are eligible for tuition waivers will increase the number of employees eligible by 150,000. Many of the instructional personnel would be seeking advanced degrees in their fields. Graduate level fees are \$309 per credit hour. If 20 percent of the instructional personnel participate in one course per year, the cost for their inclusion would be approximately \$27 million.

This bill becomes effective July 1, 2000.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- |                                   |   |                             |   |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u>         | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u>             | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u>      | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/>            |
| 5. <u>Family Empowerment</u>      | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/>            |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

**Tuition Waivers**

Section 110.1099, F.S., authorizes full-time state employees to receive tuition waivers to enroll in up to six credit hours<sup>1</sup> of tuition-free courses on a space-available basis or vouchers to attend work-related courses at public universities. Because employee fee waivers must be used on a space-available basis, historically, no state funding has been provided for the credit hours generated by a student using an employee fee waiver. In 1998, the Legislature amended s. 110.1099, F.S., to provide that student credit hours generated by state employee fee waivers are fundable credit hours. However, no additional funding was provided specifically for these hours. In 1999, the Board of Regents requested \$17 million to fund the student employee credit hours generated by students using employee fee waivers. The 1999 Legislature appropriated \$9.5 million for the employee fee waivers.

Under current law, instructional personnel are not authorized to receive tuition waivers. The term "instructional personnel" is not defined for the purposes of chapter 121, F.S.; however, it is defined for purposes of construction under Title XVI, the Florida School Code. "Instructional personnel" are defined in s. 228.041(9), F.S., and include:

- Classroom teachers--staff members assigned the professional duty of instructing students in courses in classroom situations; including basic instruction, exceptional student education, vocational-technical, adult education, and substitute teachers.
- Pupil personnel services--advisers to students including but not limited to: guidance counselors, social workers, occupational/placement specialists, and school psychologists;
- Librarians/media specialists--staff members responsible for providing school library media services;
- Other instructional staff--staff members who are part of the instructional staff but are not classified in one of the other categories; and

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<sup>1</sup>According to the Committee on Colleges and Universities, the six credit hour limit is adopted in the proviso language of the General Appropriations Act every year.

- Instructional paraprofessionals--individuals who are under the direct supervision of an instructional staff member. Included are exceptional education paraprofessionals, adult education paraprofessionals, library paraprofessionals, physical education and playground paraprofessionals, and other school-level paraprofessionals.

The Department of Education estimates that there are 150,000 instructional personnel currently employed in Florida.

During the 1997-1998 academic year, more than 7,100 employees took at least one course using a state employee fee waiver. These employees submitted 11,441 waivers with a dollar value of fees reported at \$5.2 million. The State University System employed the largest number of students using an employee fee waiver at 2,882 employees or 41% of the employees submitting waivers. The estimated costs incurred by the public universities to administer the employee tuition and fee waiver program were \$3,163,564. (*A Review of the State Employee Fee Waiver Program and the Impact of the Program on State Universities*, House Committee on Colleges & Universities, February, 1999).

#### **Normal Retirement Date**

Section 121.021(29), F.S., provides a 30-year normal retirement date for FRS members in the Regular Class as specified in s. 120.021(29)b.2., F.S. Instructional personnel are included in the regular class definition.

Under Article X, Section 14 of the Florida Constitution, any retirement or pension system supported by public funds cannot provide any increase in the benefits to members of such system without providing for the funding of the increase in benefits on a sound actuarial basis. The last actuarial study done on any type of instructional personnel was done in 1981 on certified teachers and the effects of a 25 year separate normal retirement date. (*Actuarial Special Study, 1981-2(2a)*, Tillinghast, Nelson & Warren, Inc., Consulting Actuaries for the Division of Retirement, 1981).

In 1981, certified teachers were 32% of the Regular Class in FRS. Also, there was no re-enrollment clause, where teachers can currently retire with full benefits and re-enroll in the FRS system one month after retirement and begin working toward vestment in a second retirement benefit. With the data from 1981, a 25 year normal retirement date for certified teachers would have cost over \$100 million. However, with the changes in the FRS system since 1981, and the addition of the other instructional personnel to the certified teachers, a new actuarial study would be needed to calculate current cost to FRS to provide a 25 year normal retirement date for instructional personnel. Currently, there are about 150,000 district school employees who are currently classified by the Department of Education as "instructional personnel." This is approximately 26 percent of the Regular Class.

#### **C. EFFECT OF PROPOSED CHANGES:**

##### **Tuition Waivers**

CS/HB 573 amends s. 110.1099, F.S., to authorize "instructional personnel of the district school boards" to receive fundable tuition waivers, to enroll in up to six credit hours of tuition-free courses on a space-available basis or vouchers, and to attend work-related courses at Florida's public postsecondary educational institutions. The bill will increase the number of employees eligible for the employee tuition waivers by 150,000.

##### **Normal Retirement Date**

This bill amends s. 121.021(29), F.S., to change the "normal retirement date" for instructional personnel from 30 years of creditable service to 25 years of creditable service. This bill creates a separate subclass of benefits out of the regular class for instructional personnel.

**D. SECTION-BY-SECTION ANALYSIS:**

**Section 1:** Amends s.110.1099, F.S., relating to education and training opportunities, to add certain employees of district school boards, to include instructional personnel of the district school boards, to receive fundable tuition waivers on a space-available basis or vouchers to attend work-related courses at Florida's public postsecondary educational institutions, to specify that student credit hours generated by instructional personnel of the district school boards fee waivers are fundable credit hours, and to authorize the Department of Management Services, in consultation with the agencies, the district school boards, and to the extent applicable, Florida's public postsecondary educational institutions, to adopt rules to implement and administer this section.

**Section 2:** Amends s. 121.021(2), F.S., relating to normal retirement date, to reduce the number of years a Regular Class member must be employed by a district school board as a member of instructional personnel from 30 years to 25 years of creditable service regardless of age, which may include a maximum of 4 years of military service credit as long as such credit is not claimed under another system.

**Section 3:** Provides an effective date of July 1, 2000.

**III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:**

**A. FISCAL IMPACT ON STATE GOVERNMENT:**

**1. Revenues:**

None.

**2. Expenditures:**

Authorizing instructional personnel to receive up to six credit hours a year in tuition waivers to Florida's public post secondary educational institutions will have a significant fiscal impact. The addition of instructional personnel to the full-time state employees who are eligible for tuition waivers will increase the number of employees eligible by 150,000. Many of the instructional personnel would be seeking advanced degrees in their fields. Graduate level fees are \$309 per credit hour. If 20 percent of the instructional personnel participate in one course per year, the cost for their inclusion would be approximately \$27 million.

An actuarial study is needed to estimate the cost of the change from the 30 year to the 25 year normal retirement date for instructional personnel. The 1981 study indicated that the cost of the change will be more than \$100 million annually.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None.

2. Expenditures:

School district budgets will have to be increased by state appropriations to support the cost of the change in normal retirement date from 30 years to 25 years.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

None.

**D. FISCAL COMMENTS:**

See above.

**IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:**

**A. APPLICABILITY OF THE MANDATES PROVISION:**

This bill does not require counties or municipalities to spend funds, or to take an action requiring the expenditure of funds.

**B. REDUCTION OF REVENUE RAISING AUTHORITY:**

This bill does not reduce the authority that counties or municipalities have to raise revenues in the aggregate.

**C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:**

This bill does not reduce the percentage of a state tax shared with the counties or municipalities.

**V. COMMENTS:**

**A. CONSTITUTIONAL ISSUES:**

Article X, Section 14 of the Florida Constitution, states that any governmental unit responsible for any retirement system supported by public funds shall not provide any increase in the benefits to the members of the retirement system unless such unit has made provision for the funding of the increase in benefits on a sound actuarial basis. No current actuarial study has been made to estimate the cost of the 25 year normal retirement date for instructional personnel, nor does the bill provide any funding for the proposed increase in benefits for instructional personnel.

**STORAGE NAME:** h0573s1a.edk

**DATE:** April 10, 2000

**PAGE 6**

**B. RULE-MAKING AUTHORITY:**

None.

**C. OTHER COMMENTS:**

None.

**VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:**

On February 22, 2000, the Committee on Governmental Operations adopted an amendment which provided that fundable tuition waivers to attend work related courses may be used in Florida's public postsecondary educational institutions. Currently these courses are authorized to be taken only at public universities and this will allow community colleges to participate. The bill was reported favorably, as amended, as a committee substitute.

**VII. SIGNATURES:**

**COMMITTEE ON GOVERNMENTAL OPERATIONS:**

Prepared by:

Staff Director:

Jennifer D. Krell

Jimmy O. Helms

**AS REVISED BY THE COMMITTEE ON EDUCATION K-12:**

Prepared by:

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