

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS for CS/SB 1436 & CS/SB 1646

SPONSOR: Education Appropriations, Finance & Tax, Education, Carlton, & Constantine

SUBJECT: Class Size Reduction

DATE: March 13, 2003

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Fournier</u>	<u>Johansen</u>	<u>FT</u>	<u>Fav/CS (1436)</u>
2.	<u>Woodruff</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Fav/CS (1646)</u>
3.	<u>Golden</u>	<u>Newman</u>	<u>AED</u>	<u>Fav/Combined CS</u>
4.	<u>_____</u>	<u>_____</u>	<u>AP</u>	<u>Withdrawn: Comb CS</u>
5.	<u>_____</u>	<u>_____</u>	<u>FT</u>	<u>_____</u>
6.	<u>_____</u>	<u>_____</u>	<u>ED</u>	<u>_____</u>

I. Summary:

This bill contains provisions to implement the amendment to Section 1, Article IX of the State Constitution approved by voters in the November 2002 General Election (Amendment No. 9 to reduce class size). The amendment establishes the maximum number of students in certain grade groups assigned to a teacher teaching in public school classrooms beginning in the 2010-2011 school year. In addition the amendment requires that beginning with the 2003-2004 fiscal year, the legislature shall provide sufficient funds to reduce the average number of students in each classroom by at least two students per year until the maximum does not exceed the requirement in 2010-2011.

The bill defines the terms "core-curricula courses" and "extra-curricula courses" for the purpose of identifying courses that are subject to class size requirements; incorporates the class size limits set by the constitution as amended; provides implementing procedures for reducing the average number of students per classroom by at least two students per year; provides procedures for school districts and the Department of Education to determine average class size and to monitor required reductions; outlines options available to a school district in meeting the class size requirements; and provides accountability measures to ensure implementation.

The bill creates a Class Size Reduction Operating Categorical Fund and provides for the allocation and use of appropriated funds for reducing average class size by at least two students per year beginning with the 2003-2004 fiscal year.

The bill creates a Class Size Reduction Lottery Revenue Bond Program and provides for the allocation and use of appropriated funds for class size reduction. Two capital outlay programs are created: 1) The Classrooms for Kids Program provides for funds to be allocated to all school districts based on a statewide formula (same formula as used for the 1997 Classrooms First

Capital Outlay Program); 2) The District Effort Recognition Capital Outlay Program provides for funds to be allocated to school districts in which the district's voters by referendum have approved supplemental local revenue for public school capital outlay. All districts will have equal opportunity to participate in this program with funds allocated based on the statewide formula prescribed in this bill.

The bill amends several statutes to assist with teacher recruitment and retention. Current statutes are amended to remove specific requirements placed on teachers holding certificates issued by other states to allow these teachers to receive a certificate to teach in Florida. The requirements for adjunct teachers are changed to increase the number of qualified teachers for public schools. The length of time a teacher may participate in the DROP is extended from 60 months to 96 months at the discretion of the district school superintendent. The Department of Management Services is required to contact the Internal Revenue Service to determine that the proposed changes to the DROP meet IRS requirements.

Several statutes are amended to provide greater flexibility and efficiency for school districts in meeting the class size reduction requirements.

The bill creates The Florida Business and Education in School Together (Florida BEST) program. Businesses are encouraged to house k-3 public schools in business facilities.

The bill repeals the current limitation on the number of charter schools that may be approved in a school district.

The bill substantially amends sections 24.121, 121.091, 216.292, 1001.42, 1002.37, 1003.01, 1003.02, 1003.03, 1003.43, 1003.436, 1011.61, 1011.62, 1011.69, 1012.56, 1012.57, 1013.03, and 1013.31; creates section 1013.368; 1011.685; 1013.735; 1013.736; 1013.737; and repeals sections 1002.33 (13), 1012.41, and 1013.43 of the Florida Statutes.

II. Present Situation:

Section 1003.03, Florida Statutes, currently identifies maximum class size **goals**. The goal for kindergarten through grade 3 is 20 students per teacher, except for "D" and "F" schools the goal is 15 students per teacher. No student to teacher ratio is identified for other grade groupings.

Recent action of the Legislature to support increased student achievement in public schools include the following specifically addressing class size reduction:

1. In the 1995-96 General Appropriations Act \$40,000,000 was earmarked for class size reduction in the proviso for the Florida Education Finance Program (FEFP).
2. In the General Appropriations Acts for each of the following fiscal years; 1996-97, 1997-98, 1998-99, and 1999-2000, \$100,000,000 of categorical funding was appropriated for school districts to use to reduce class size for kindergarten through grade 3.
3. In 1999, the Legislature appropriated \$100,000,000 from the General Revenue Fund and allocated to school districts specifically for construction of facilities to reduce class size.

4. Beginning with the 1999-2000 General Appropriations Act and continuing through 2002-03, the Legislature has included class size reduction as an authorized purpose of the funds appropriated in the Supplemental Academic Instruction categorical fund.

In November 2002 the voters of Florida approved an amendment to Section 1, Article IX of the State Constitution to provide that by the beginning of the 2010-2011 school year the maximum number of students assigned to a teacher teaching in public school classrooms shall be as follows: for students in prekindergarten through grade 3 no more than 18; for students in grades 4-8 no more than 22; and for students in grades 9-12 no more than 25.

The amendment further provides that beginning with the 2003-2004 fiscal year, the legislature shall provide sufficient funds to reduce the average number of students in each classroom by at least two students per year until the maximum number does not exceed the requirement in 2010-2011.

Implementing legislation needs to be enacted to begin with the 2003-2004 fiscal year. Among the actions the legislature should consider are: to define certain terms used in the amendment language; authorize procedures of implementation; and determine funding. Indications are that the current number of teachers available is insufficient to both meet the amendment's requirements and to replace currently employed teachers who will be retiring or leaving the teaching profession for other reasons. The need for classroom facilities depends on how districts choose to utilize existing facilities to meet the teacher/pupil ratios provided in the amendment. Information on the utilization and need for facilities will become available through implementation and improvement in data collection.

Subsection (2) of s. 24.121, F.S., provides for allocation of lottery revenue and expenditure of funds for public education. It provides that in FY 1997-98 and for 30 years thereafter a maximum \$180 million of lottery funds shall be reserved to meet the requirements of bonds issued under s. 1013.68, F.S., or distributed to school districts for the Classrooms First Program. It states that these funds are intended to provide up to \$2.5 billion for public school facilities. The final bonds under this authorization have been issued. Funding for all capital outlay projects authorized by the 1997 Legislation has been finalized and all required bonding has been completed.

Section 1002.37, F.S., establishes the Florida Virtual School and provides for its governance. The Virtual School provides courses for students in grades 9 through 12 through electronic means. The school is funded annually in the General Appropriations Act through a "Specific Appropriation". Public school students can take courses offered through the Virtual School concurrently with courses taken while enrolled in a public school. School districts can report for funding through the Florida Education Finance Program (FEFP) the courses its students complete through the Virtual School.

III. Effect of Proposed Changes:

The bill implements, beginning with the 2003-2004 fiscal year, the November 2002 amendment to Section 1, Article IX to the State Constitution relating to class size reduction. Following is a section by section description of the proposed changes.

Section 1 provides that this act may be cited as the “Class Size Reduction Act.”

Section 2 defines “core-curricula courses” and “extra-curricular courses” for the purpose of identifying courses that are subject to the class size requirement.

Section 3 incorporates the maximum class sizes specified in the constitutional amendment.

- (1) Provides that beginning in the 2010-2011 school year the maximum number of students assigned to each teacher who is teaching core-curricula courses in public school classrooms is: for pre-kindergarten through grade three, no more than 18; for grades 4 through 8, no more than 22; for grades 9 through 12, no more than 25.
- (2) Beginning with the 2003-2004 fiscal year each school district, that is not in compliance with the 2010-2011 requirement, shall reduce the average number of students per classroom for each of the three grade groups by at least two students per year. Determination of the average number of students per classroom for each of the three grade groups shall be as follows:
 - For fiscal years 2003-2004 through 2005-2006 shall be calculated at the district level.
 - For fiscal years 2006-2007 through 2007-2008 shall be calculated at the school level.
 - For fiscal years 2008-2009 through 2009-2010 shall be calculated at the individual classroom level.Requires the Department of Education to annually calculate district class size based of student membership surveys.
Requires school districts, before adopting the 2003-2004 budget, to hold public hearings to review school district attendance zones.
- (3) Provides a list of implementation options available to districts to meet the class size requirements.
- (4) Provides for accountability.
 - (a) Beginning in the 2003-2004 fiscal year if any district that does not meet the two-student-per-year reduction requirement, the Department of Education shall calculate an amount which is proportionate to the amount of class size reduction not accomplished. Upon verification of the Department’s calculation by the Florida Education Finance Program Appropriation Allocation Conference, the Executive Office of the Governor shall transfer undistributed funds equivalent to the calculated amount from the district’s Class Size Reduction Operating Categorical allocation to the district’s fixed capital outlay appropriation to be used to meet the class size reduction requirement. The amount transferred shall not be greater than the undistributed balance in the district’s class size reduction operating categorical allocation.
 - (b) Beginning in the 2005-2006 school year each district that has not met the two-student-per-year reduction is required to implement one of the following policies in the subsequent school year: 1) Year-round schools, 2) Double sessions, 3) Extended school year, or 4) Rezoning.

(c) Beginning in the 2006-2007 school year each district that has not met the two-student-per-year reduction is required to implement a constitutional compliance plan prepared by the Department of Education until the district complies with the constitutional class size maximum.

(d) Any district school board that does not comply with the requirements of this section and Section 1, Article IX of the State Constitution shall be subject to suspension by the Governor pursuant to Section 7, Article IV of the State Constitution.

Section 4 creates s. 1011.685, F.S., the Class Size Reduction Operating Categorical Fund. This section provides for the allocation of funds as appropriated in the General Appropriations Act to be used to meet the class size reduction requirement. Any funds not required to meet the class size reduction requirement may be used for any lawful operating expense.

Section 5 creates s. 1013.735, F.S. the Classrooms for Kids Program, providing for the allocation of capital outlay funds as appropriated in the General Appropriations Act to be used to provide educational facilities to reduce class size. These funds are for projects that are in addition to the projects in the districts' five year work programs. Funds may be used: (1) to construct, renovate, remodel, or repair, educational facilities and to purchase or lease-purchase relocatable educational facilities.

Section 6 creates s. 1013.736 F.S., the District Effort Recognition Program providing for effort recognition capital outlay grants to eligible districts from funds appropriated in the General Appropriations Act. All school districts in which the voters through referendum have provided local funds for district capital outlay projects are eligible. The following sources of funds are available through referendum to all school districts: half-cent school capital outlay surtax authorized in s. 212.055(6), F.S.; participation in the levy of the local government infrastructure sales surtax authorized in s. 212.055(2), F.S.; and millage for capital outlay purposes as authorized in s. 9, Article VII of the State Constitution. The bill provides for calculating the district effort amount, and allocating and distributing funds. School districts that do not meet the constitutional class size requirements must use the funds for capital outlay to reduce class size. Districts that have met the class size requirements may use the funds for any lawful capital outlay purpose.

Section 7 creates s. 1013.737, F.S., the Class Size Reduction Lottery Revenue Bond Program, which authorizes the issuance of lottery revenue bonds to finance educational facilities for class size reduction. The bonds are payable from lottery revenues and do not constitute a general obligation of the state. The bonds will be issued by the Division of Bond Finance, and the total principal amount of bonds, excluding refinancing, shall not exceed \$1.4 billion. The purpose of this program is to provide revenue to fund the Classrooms for Kids Program and the District Effort Recognition Program as created in Sections 5 and 6 of this act.

Section 8 amends s. 24.121, Florida Statutes, to make technical conforming revisions relating to bond programs funded from lottery revenues. It deletes a \$180 million cap on the amount of lottery revenue that can be transferred to the Educational Enhancement Trust Fund, and removes a reference to providing up to \$2.5 billion for public school facilities.

Section 9 amends the provisions of the Deferred Retirement Option Program (DROP) related to members who are instructional personnel. A district school superintendent may authorize instructional personnel to participate in the DROP for 96 months instead of the current 60 months.

Section 10 requires the Department of Management Services to request an opinion from the Internal Revenue Service as to the qualified status of the proposed changes to the DROP.

Section 11 deletes cross reference to s.1013.43 which is repealed in Section 25 of this bill.

Section 12 requires each school district to notify parents of the acceleration mechanisms available to students.

Sections 13 and 14 provide flexibility for school districts to determine when students will take the one-half credit in life management skills, adds parenting skills, and reduces the number of class hours of instruction required to receive one credit from the current 135 hours of instruction to 120 hours.

Sections 15 and 16 continues currently authorized district flexibility for the use of certain categorical funds. Excludes funds appropriated in the General Appropriations Act for the Class Size Reduction Operating Categorical Fund are from the requirements of the Equity in School-Level Funding Act.

Section 17 changes the educator certification requirements for teachers from out-of-state who apply for a Florida Teaching Certificate. Current requirements to pass mastery tests are removed. Alternative ways to meet requirements are provided. Documentation of successful teaching at the postsecondary level may be substituted as a basis for certification.

Section 18 changes the procedures for adjunct educator certification. Applicants must have a major in the subject area being taught instead of the previous requirement of a minor in the subject area. Alternatively the applicant may pass a subject area mastery test to be issued an adjunct teaching certificate.

Section 19 requires the Department of Education to review its rules related to educational facilities construction to identify requirements that could be amended to provide districts with additional flexibility in meeting the class size reduction requirement.

Section 20 requires school districts to periodically update the Florida Inventory of School Houses (FISH). The State Board of Education is required to adopt rules to establish the time frame for periodic updating.

Section 21 amends s. 1002.37, Florida Statutes, to provide that the Virtual School is to be funded in the Florida Education Finance Program. Funding is to be based on “credit successfully completed” with 6 credits comprising one full-time equivalent student (FTE). The effect is to increase the number of grade 9-12 public school students taking courses through the Virtual School to assist with the requirement to reduce class size and to eliminate double funding for Virtual School courses taken by public school students.

Section 22 amends s. 1011.61 (1) (c), F.S., providing that a Florida Virtual School full-time equivalent student shall consist of six full credit completions in specified courses and that credit completions can be a combination of either full or half credit.

Section 23 creates a new program to encourage business and education partnerships. The Florida Business and Education in School Together (Florida BEST) program would encourage businesses to house k-3 public schools in the business' facility.

Section 24 provides certain exemptions from local ordinances and regulations for businesses which house a Florida BEST school.

Section 25 repeals subsection (13) of s.1002.33, F. S., limiting the number of charter schools that may be approved in a school district; repeals s. 1012.41, F.S., requiring school districts to employ a director of career and technical education; and repeals s. 1013.43, F.S., repealing requirements to construct small schools.

Section 27 amends s.216.292, F.S., assigning the Executive Office of the Governor the duty to transfer specifically identified funds from appropriations for public school operations to a fixed capital outlay appropriation for class size reduction pursuant to the provisions of s.1003.03 (4) (a), F. S..

Section 27 provides for severability of the provisions of this act.

Section 28 provides an effective date of July 1, 2003, except as otherwise expressly provided for in this act.

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:

The June, 2002 revenue estimating conference held prior to the November election estimated that the first year operating cost impact of the amendment would be \$628 million and that the operating cost would grow to \$2.8 billion in 2006/07. The conference estimated a cost of \$2.4 billion in facilities for the first year and a total facilities cost of \$9.4 billion. These estimates were based on the procedure of current law - current practice. The cost figures will change as more accurate data on currently available space is collected, as the legislature defines the terms used in the language of the amendment, and if there are changes in the current law and practice relating to flexibility in the use of funds, utilization of existing facilities construction standards, and to requirements for the recruitment and retention of teachers.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

One amendment was adopted. On page 13, line 2 after 1003.03 (2) the following was inserted:
;however, priority should be given to increase salaries of classroom teachers as defined in s.
1012.01 (2) (a)