

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/SB 2296

SPONSOR: Education Committee and Senator Carlton

SUBJECT: K-20 Education Accountability

DATE: April 9, 2003

REVISED: 4/11/03

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 1. | <u>Matthews</u> | <u>O'Farrell</u> | <u>ED</u> | <u>Favorable/CS</u> |
| 2. | <u>Newman</u> | <u>Newman</u> | <u>AED</u> | <u>Fav/ 4 Amendments</u> |
| 3. | <u> </u> | <u> </u> | <u>AP</u> | <u>Withdrawn: Fav/ 4</u> |
| 4. | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| 5. | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| 6. | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

I. Summary:

This committee substitute amends the schedule by which the State Board of Education is required to recommend to the Legislature performance-based funding for the state universities, community colleges, public schools, and workforce education. Beginning in the 2004-2005 fiscal year, performance-based funds must be allocated based on the progress for each educational delivery system in meeting the specified goals.

The committee substitute requires the State Board of Education to conduct a study of equivalency scores for the PSAT, PLAN, SAT, ACT, and the College Placement Test. The State Board of Education may adopt equivalency scores in lieu of FCAT passing scores for graduation. An authorized equivalency score applies to a student who is eligible to graduate in the 2002-2003 academic year, if applicable. The committee substitute authorizes the Department of Education to use unexpended Bright Futures-CLEP program funding for 2002-2003 to complete the study and meet the authorized equivalency requirements.

The committee substitute substantially amends s. 1008.31, F.S., and creates an unnumbered section of law.

II. Present Situation:

K-20 Accountability System

Section 1008.31, F.S., requires the State Board of Education, in cooperation with the Commissioner of Education and each education delivery system, to develop proposals for performance-based funding using performance measures established by the Legislature. The proposals must provide that at least 10 percent of the state funds appropriated for the K-20 education system are conditional upon meeting or exceeding established performance standards.

The law provides certain deadlines for the State Board of Education to meet in developing recommendations to the Legislature. By December 1, 2002, the State Board of Education is required to develop recommendations for the state universities, for consideration by the Legislature and implementation in the 2003-2004 fiscal year. By December 1, 2003, the State Board of Education is directed to develop recommendations for the public schools and workforce education. By December 1, 2004, the State Board of Education is required to develop recommendations for the community colleges. The State Board of Education has not met the December 1, 2002, deadline for recommending performance-based funding proposals for the state universities.

Workforce education currently operates under a 15 percent performance-based budget, although the workforce education appropriation was not reduced for performance in fiscal year 2002-2003 due to other fiscal constraints.

The law provides that the K-20 mission is to increase the proficiency of students and to maintain a system of accountability that measures student progress towards reaching the following goals: highest student achievement, articulation and maximum access, skilled workforce and economic development, and quality efficient services.

Highest student achievement is measured by student FCAT performance and annual learning gains, improvement in school grade performance or maintenance of an "A" grade pursuant to s. 1008.34, F.S., graduation or completion rates, and other measures identified by law or rule.

Articulation and maximum access are measured by students demonstrating readiness for the educational level they are entering and into the workforce, students needing remediation, students completing degree programs, articulation between systems, and any other measures identified by law or rule.

A skilled workforce and economic development are measured by graduates employed in their areas of preparation, residents with high school diplomas and postsecondary education credentials, assessment by the business community that the state's graduates possess needed skills, and other measures identified by law or rule.

Quality efficient services are measured by cost per completer or graduate, average cost per non-completer, cost disparity among institutions offering the same degrees, assessment of education customers satisfied with the education provided, and other measures identified by law or rule.

The law directs school districts and public postsecondary educational institutions to maintain information systems that provide the Legislature and the State Board of Education with quality and comprehensive reports and information no less than that which was available as of June 30, 2001.

Equivalency Scores

Pursuant to s. 1008.22(3)(c)5., F.S., a student must earn a passing score on the FCAT administered in the 10th grade to qualify for a regular diploma. The State Board of Education is directed to adopt rules which specify the passing scores for the grade 10 FCAT. Scoring for the 2002-2003 academic year is not complete. According to the Department of Education, as of the

October administration of the FCAT, approximately 9,873 12th grade students had failed the math portion of the FCAT and 12,717 12th grade students had failed the reading portion of the FCAT. The number of students failing would include some students who have failed both portions of the FCAT.

III. **Effect of Proposed Changes:**

The committee substitute revises the performance-based funding requirements to provide that the State Board of Education must adopt a performance-based budgeting system for all education delivery systems with rewards and sanctions by the following schedule:

By December 1, 2003

- The State Board of Education adopts common definitions, measures, standards, and performance improvement targets. The State Board of Education must use the state core and sector-specific measures to evaluate the progress of each sector in meeting the systemwide goals, and advise the delivery systems of their progress so the systems may develop improvement plans and implement the performance-based budgeting system. The implementation of performance-based budgeting must allow a delivery system one year to demonstrate achievement of specified performance standards prior to a performance-related reduction in appropriations.

By July 1, 2004

- The Department of Education must collect data required to establish progress, rewards, and sanctions during the 2003-2004 fiscal year.

By December 1, 2004

- The Department of Education recommends to the Legislature a formula for performance-based funding that applies accountability standards for the individual components of the public education system at every level.

Effective the 2004-2005 fiscal year

- Performance-based funds shall be allocated based on progress, rewards, and sanctions.

The committee substitute requires the State Board of Education to maintain the accountability system and to adopt guiding principles for establishing state and sector-specific standards and measures. The bill adds the percentage of graduate degrees, access provided to underserved populations, and the extent to which innovative educational delivery strategies are used to demonstrate articulation and maximum access. The bill adds national rankings to the accountability standards for evaluating a skilled workforce and economic development. The bill requires the State Board of Education to determine the standards for the required data to implement the performance-based funding.

The committee substitute expands the Legislative intent to incorporate the K-20 education performance accountability system as a single, unified system that measures adequate yearly progress, individual student learning gains, school grades, and return on investment. The committee substitute expresses Legislative intent to comply with the accountability requirements of the “No Child Left Behind Act of 2001,” PL 107-110.

The committee substitute requires the State Board of Education to conduct a study of equivalency scores for the PSAT, PLAN, SAT, ACT, and the College Placement Test. The State Board of Education may adopt equivalency scores in lieu of FCAT passing scores for meeting graduation requirements. An authorized equivalency score applies to a student who is eligible to graduate in the 2002-2003 academic year, if applicable. The number of students that would be affected by the adoption of equivalency scores is indeterminate at this time. The committee substitute authorizes the Department of Education to use unexpended Bright Futures-CLEP program funding for 2002-2003 to complete the study and meet the authorized equivalency requirements. There is approximately \$5 million remaining in the Bright Futures-CLEP testing program fund.

The committee substitute takes effect upon becoming a law.

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:

Beginning in the 2005-2006 fiscal year, 10 percent of the funds of the state universities, community colleges, public schools, and workforce education would be at risk if the institutions do not meet specified goals. Discounting local property taxes, student fees, and federal funds, the operating budget for the 2002-2003 fiscal year for the state universities, community colleges, public schools, and workforce education are approximately \$1.9 billion, \$900 million, \$9.8 billion, and \$640 million, respectively, from general revenue, lottery, and other trusts. If a 10 percent performance-based budget were implemented, the state universities, community colleges, public schools, and

workforce education would have at risk approximately \$190 million, \$90 million, \$980 million, and \$64 million, respectively.

The committee substitute authorizes, but does not require, the Department of Education to use unexpended Bright Futures-CLEP program funds from 2002-2003 fiscal year to complete the study and meet the authorized equivalency requirements. According to the Department of Education, there remains approximately \$5 million in the Bright Futures-CLEP program for fiscal year 2002-2003 with payments still owing for March, April, and May.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

#1 by Appropriations:

Clarifies that the measurement of individual student learning gains for accountability purposes relates to public schools.

#2 by Appropriations:

Requires the State Board of Education to cooperate with each education delivery system when developing proposals for performance-based funding.

#3 by Appropriations:

Clarifies that the implementation of performance-based funding allocations is subject to annual legislative approval in the General Appropriations Act.

#4 by Appropriations:

Removes an appropriation from the bill. (WITH TITLE AMENDMENT)