

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.)

Prepared By: Education Committee

BILL: SPB 7064

SPONSOR: Education Committee

SUBJECT: Charter Schools

DATE: February 16, 2005

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Woodruff	O'Farrell	ED	Pre-meeting
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

Paragraph 1002.33 (22) (b), Florida Statutes, requires the Legislature to review the operation of charter schools during the 2005 Regular Session of the Legislature. The Proposed Senate Bill is a result of a Senate Interim Project related to that review and includes input from studies and reports of the Office of Program Policy Analysis and Government Accountability and from the Department of Education.

In general, the bill would ensure financial information is provided in a timely fashion and is available to the members of a charter school's governing board. More consistency is proposed to be brought to the charter application process, the charter approval process, the renewal review process, and to the reporting of a school's performance.

This bill substantially amends or repeals the following sections of the Florida Statutes: section 218.39 relating to the notification required if the financial condition of a charter school is determined to be deteriorating; section 1002.32 relating to charter lab schools; and section 1002.33 relating to charter schools.

II. Present Situation:

Section 1. Upon completion of an audit, the auditor is required to notify each member of the governing body of a local unit of government or district school board when a deteriorating financial condition exist that may cause one of a statutorily specified list of financial behaviors to occur. The governing board of a charter school is not included in the governing boards to be so notified.

Financial problems were the most frequently cited reason for the closure of Florida charter schools and were reported in 16 of the 39 schools that have closed since 1996.

Section 2. Employees of charter lab schools which were in operation prior to the 2002-2003 fiscal year are employees of the university board of trustees for collective bargaining purposes.

Section 3. 1002.33 (5) Sponsor; Duties – This subsection identifies who may sponsor a charter school and the duties which a sponsor must assume. Presently only a district school board may sponsor a charter school. A university may sponsor a charter lab school.

Among the listed duties of a sponsor are monitoring and reviewing: progress toward goals, revenues and expenditures, for innovation and consistency with state education goals, and participation in the state's accountability system.

Section 1002.33 (6), F.S., Application Process and Review – Subsection (6) identifies the content of a charter application, specifies the dates for making application, and provides directions for reviewing and approving or denying an application, provides an appeals procedure when applications are denied, establishes a Charter School Appeal Commission, allows the Department to provide technical assistance to an applicant, and identifies how disagreements between an applicant and a sponsor are to be resolved.

Section 1002.33 (7), F.S., Charter – Subsection (7) details the content of a charter for a charter school. Included are: mission, focus of the curriculum, student data and characteristics, admissions procedures, financial issues, facilities information, teacher qualifications, timetables, conflict resolution, matters relating to conversion charter schools, and the length of time for which charters may be awarded.

Section 1002.33 (8), F.S., Causes for Nonrenewal or Termination of Charter – This subsection specifies the grounds upon which a sponsor may determine the need not to renew or to terminate a charter. Language is also included which specifies how such a determination is to be conveyed to a charter school, how the school is to be dissolved, and what happens if the charter school has outstanding debt. Finally, provisions related to the rights of students in such a charter school are identified.

Section 1002.33 (9), F.S., Charter School Requirements – Provides specific requirements that a charter school must meet in order to operate in Florida, i.e., nonsectarian in nature, shall not charge tuition or registration fees, shall meet all applicable state and local health, safety, and civil rights requirements, etc.

Section 1002.33 (10), F.S., Eligible Students – Identifies how students are to be chosen to attend a charter school or charter lab school, and identifies when priorities are to be used in the admission of students.

Section 1002.33 (15), F.S., Charter Schools-in-the-workplace, Charter Schools-in-a-Municipality – Describes the requirements to be designated as a charter school-in-the-workplace or a charter school-in-a-municipality.

Section 1002.33 (18), F.S., Facilities – Specifies:

- charter school facilities are to comply with the Florida Building Code but do not have to comply with the State Requirements for Educational Facilities of the Florida Building Code.
- such facilities must comply with the Florida Fire Prevention Code as adopted by the local jurisdiction in which the facility is located.
- charter school facilities are exempt from ad valorem taxes and the assessment of fees, licenses and impact fees except as provided in law.
- how district school board facilities or property are to be made available to charter schools.
- the conditions under which charter schools may receive impact fee revenue and the building code which must be met for facilities built with such fees.

Section 1002.33 (22), F.S., Charter School Review Panel and Legislative Review – Creates a Charter School Review Panel and requires the Department of Education to convene the panel on a regular basis to review issues related to charter schools.

Requires the Legislature to review Charter School operations during the 2005 Regular Session of the Legislature.

Section 1002.33 (24), F.S., Rulemaking –Directs the Department of Education to recommend rules to the State Board of Education to implement specific subsections of this section.

III. Effect of Proposed Changes:

Section 1. The members of the governing board of a charter school are added to the list of governing boards the auditor is required to notify upon completion of an audit, when a deteriorating financial condition exists that may cause one of a statutorily specified list of financial behaviors to occur.

The proposed change would require the charter school auditors to report if the school is in a state of financial emergency, which would provide a clear indication when the viability of the charter school to continue its operation is at risk.

Section 2. Employees of all charter lab schools are made employees of the entity holding the charter instead of the university board of trustees for collective bargaining purposes. This applies regardless of when the charter lab school began operation.

Section 3. 1002.33 (5) Sponsor; Duties – Language is added to require sponsors to have specific quality policies and procedures in place by July 1, 2005. Language is also added to specify that a sponsor must participate in the application process in a good faith effort with fairness, due diligence, and quality. The chief executive officer of the sponsoring agency must certify that the actions taken in a review of the charter meet these standards.

Beginning in the 2005-2006 school year, the sponsor is required to conduct an annual review to ascertain whether terms of the contract are being met. In meeting that obligation, the sponsor has

to provide the charter school board in writing of specific problem areas and suggestions for improvement.

Should a charter school receive a “D” or “F” grade, the director and member of the governing board are required to appear before the sponsor at least twice a year to present information about deficiencies and planned corrective actions.

Reviews for approval of an application and of a contract itself are to demonstrate certain content has been addressed. This includes a 5-year financial plan, a detailed curriculum plan, the inclusion of goals and objectives, a primary focus on reading, instructional methods to be used, and an opportunity to adjust a contract to reflect the actual student body being served.

The sponsor is to monitor at least on a quarterly basis the revenues and expenditures of the charter school. There is no current requirement on frequency of review.

The Department is charged with conducting an annual survey to determine the charter school board’s satisfaction with services provided by the sponsor and the Department.

Section 1002.33 (6), F.S., Application Process and Review – Current language is deleted which required an application to address specific content. Some of the items are now addressed in the sponsor’s duties section.

A sponsor may not approve an application unless the application meets the specifications and criteria established by rule of the State Board of Education. Language is added requiring a sponsor to notify by letter the applicant as well as the Department of specific reasons for denying an application.

Clarifying language is added to provide that the State Board of Education’s decision to approve a charter application which a district school board had previously denied is subject to review at the district court of appeal level.

The Department is charged with either offering or arranging training and technical assistance for charter school applicants in developing business plans and estimating expenses. The role of the Department in mediating disputes between a school district and an applicant over the content of a charter is delineated.

Section 1002.33 (7), F.S., Charter - Current language is deleted which required a charter to include specific content. Some of the items are now addressed in the sponsor’s duties section.

Language is added which identifies actions that must be taken by an auditor when it is determined a charter school is in a state of financial emergency. This includes the submission of a detailed financial-recovery plan.

Section 1002.33 (8), F.S., Causes for Nonrenewal or Termination of Charter – Language is added to allow a sponsor to terminate or not renew a charter if:

- the charter school fails to meet State Board performance standards authorized by s. 1008.32, F.S., and specified in State Board Rules.

- the charter school fails to comply with statutory reporting guidelines, including the components of the annual charter school accountability report.
- the governing body of a charter school fails to submit its annual performance accountability report as specified.
- the director of a charter school receiving a “D” or “F” school performance grade fails to appear before the sponsoring body as required by law.

New language is added specifying that a sponsor may not renew or shall terminate a charter if a school receives a school performance grade of “F” for two consecutive years unless the school has made adequate yearly progress under the federal No Child Left Behind Act in at least 1 of those 2 years.

A charter may also not be renewed if the charter school has failed to meet the requirements for student performance set forth in rules of the State Board.

The actions a sponsor must take when a charter is to be immediately terminated are delineated in language added to this subsection.

Section 1002.33 (9), F.S., Charter School Requirements – Current language is amended to require that if an audit determines that a state of financial emergency exists at a charter school, the members of the governing board must receive a copy of the audit within 7 working days of such a determination. The charter school must then file a detailed financial-recovery plan with the sponsor within 30 days of receipt of the audit explaining how the school will correct its financial situation.

Language is added to require any individual, group, organization, or private or nonprofit company that submits an application to operate a charter school in Florida, or that is contracted with by the governing board of a charter school to operate a charter school to submit certain data to the Department of Education. The Department is to maintain a database of the information provided.

The Department is directed to develop a modified annual financial report for use by charter schools so charter school expenditures may be included in district and state cost reports. Only certain individuals may sign a charter school’s annual financial report.

Language is modified to require a governing board to report its performance, rather than its progress, annually to the sponsor and requires the governing board to monitor and review the school for adherence and compliance with components of the application and charter.

Section 1002.33 (10), F.S., Eligible Students – Deletes a reference to language being deleted by this bill and provides that the racial/ethnic provisions for charter school student enrollment are to be described in State Board of Education rules.

Section 1002.33 (15), F.S., Charter Schools-in-the-workplace, Charter Schools-in-a-Municipality – Deletes a reference to language being deleted by this bill and provides that the racial/ethnic provisions for charter school student enrollment are to be described in State Board of Education rules.

Section 1002.33 (18), F.S., Facilities – Adds language requiring the sponsor of a charter school to be an advocate for the charter school on issues relating to the fire code.

Section 1002.33 (22), F.S., State Board of Education Authority (new) – Permits the State Board of Education to adopt rules to administer s. 1002.33, F.S., and gives the State Board authority to enforce the provisions of this section. New language directs the State Board to ensure that the Department of Education provides or arranges for the provision of certain services to charter school applicants, charter schools, and sponsors relating to developing models of applications, charters, and renewal documents. Training opportunities are to be made available for members of charter school governing boards and school district and charter school applicants and personnel.

Charter School Review Panel and Legislative Review (old)–Deletes the Charter School Review Panel and the requirement that the Legislature review charter school operations during the 2005 Regular Session of the Legislature.

Section 1002.33 (24), F.S., Financial Management (new) – Requires the Department of Education to develop a system of financial indicators to be used by sponsors to identify charter schools at risk for financial difficulty. The Department is to provide training and technical assistance to those charter schools. The Department is to report how it and the sponsor have provided assistance to those schools.

Section 1002.33 (25), F.S., Rulemaking – technical change to reflect renumbering

Section 4. The effective date of the bill is July 1, 2005

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:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

Upon review of the bill, the Auditor General's Office has expressed concern over the proposed deletion of the phrase "deficit financial position" and would suggest restoring that language and adding "or" in front of that phrase.

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

VIII. Summary of Amendments:

None.

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