

FINAL BILL ANALYSIS

BILL #: SB 2120

FINAL HOUSE FLOOR ACTION:

79 Y's 39 N's

SPONSOR: Budget (Rep. Coley)

GOVERNOR'S ACTION: Approved

COMPANION BILLS: HB 5101

SUMMARY ANALYSIS

SB 2120 passed the House on May 6, 2011, subsequently passed the Senate on May 6, 2011. The bill was signed by the Governor on May 26, 2011, chapter 2011-55, Laws of Florida and takes effect July 1, 2011. The bill amends statutory provisions to conform to the appropriations made in the General Appropriations Act for the 2011-2012 fiscal year relating to:

- Authorizing the State Board of Education to disregard the effects of a 2010 nonrecurring refund in making the determination of the amount of bonding by the gross receipts tax;
- Expanding the class size reduction lottery bond program to include other educational facilities;
- Revising statutes related to instructional materials for public school students;
- Authorizing a regional educational consortium service organization to generate revenue to support its activities;
- Adjusting the charter school enrollment process;
- Providing that charter school systems may be designated as local education agencies for the purpose of receiving federal funds;
- Limiting the administrative fee that school districts withhold from high performing charter schools and charter school systems;
- Adjusting industry certified bonus weights based on rigor and the employment value of the certification within existing funding levels, and providing for middle school student eligibility for industry certification and bonus weights;
- Requiring school districts to provide copies of contracts and amounts paid to providers of virtual instruction to the DOE by October 1 each year;
- Requiring districts to spend the difference between funds received for the virtual instruction program and amounts paid to providers of virtual instruction on local instructional improvement systems and electronic and digital instructional materials;
- Increasing the number of students assigned to an instructor in the school year voluntary prekindergarten program from 11 to 12 and from 18 to 20 for an instructor plus an assistant and reducing the administrative allowance for early learning coalitions from 4.5 to 4.0 percent;
- Redefining the term "core curricula courses" for the purpose of designating classes subject to the maximum class size requirements and requires the DOE to maintain a list of such courses; providing flexibility for school districts to implement class size requirements when additional students enroll in a school after the October survey and for grades 4 to 8 students who take high school courses; and clarifying the use of class size reduction funds;
- Revising the definition of adult education and provisions relating to the coenrollment of high school students in adult education courses;
- Authorizing school districts to establish digital instructional materials pilot schools;
- Creating a virtual education contribution categorical in the Florida Education Finance Program (FEFP) and removing the additional bonus provision for the Florida Virtual School;
- Authorizing an interdistrict transfer of FEFP funds when students in Department of Juvenile Justice facilities are transferred between student membership surveys;
- Allowing 16 districts that passed a referendum in the 2010 general election to levy 0.25 mills for the authorized two years and eligible districts to receive state compression adjustment funds for two more years;
- Waiving the equal dollar reduction penalty in the FEFP for specific school district audit findings;
- Providing that state funding for the Merit Award Program will be discontinued after 2011-2012 payment of the 2010-2011 awards;
- Extending an exemption from state educational facilities requirements for the demolition and replacement of school buildings for certain school districts; and
- Adopting by reference, the alternate compliance calculation amounts to the class size reduction operating categorical allocation for the 2010-2011 fiscal year.

Except as otherwise specifically provided, the bill takes effect July 1, 2011.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Gross Receipts Tax

Section 9 of Article XII of the Constitution requires that all of the proceeds of the revenues derived from the gross receipts taxes collected pursuant to the provisions of chapter 203, F.S., be placed in a trust fund to be known as the “public education capital outlay and debt service trust fund” in the state treasury. Monies in the trust fund may only be used to fund capital projects for the state education system. The trust fund is administered by the state board of education.

State bonds pledging the full faith and credit of the state may be issued pursuant to law to finance or refinance capital projects authorized by the legislature, for the state system of public education. The bonds are primarily payable from revenues derived from gross receipts taxes, and are additionally secured by the full faith and credit of the state.

Section 9 of Article XII of the Constitution states that “No such bonds shall ever be issued in an amount exceeding ninety percent of the amount which the state board determines can be serviced by the revenues derived from the gross receipts taxes . . .”

Section 215.61, F.S., provides that in determining the amount of bonds which can be serviced by the gross receipts tax, the State Board of Education shall use the average annual amount of revenue collected for the tax periods during the 24 months immediately preceding the most recent collection date before the date of issuance of any such bonds, adjusted to reflect revenues that would have been collected had legislation enacted into law before the date of determination been in effect during the 24-month period. Such adjustment shall be based on the assumption that the provisions of the enacted legislation had become effective 24 months before the dates contemplated in the legislation.

In August, 2010, AT&T Mobility LLC (AT&T) entered into a settlement agreement with a number of plaintiffs which, if finally approved by the court, will require AT&T to request refunds of Florida communications services taxes, including gross receipts taxes, paid on charges for wireless data services.¹ The potential refunds are for the period from November 5, 2005 to September 7, 2010. At this time, it is anticipated that any refunds paid to AT&T will be paid in the first half of Fiscal Year 2011-2012.

Under current practice for making the determination required by section 215.61, F.S., of the amount of bonds that can be serviced by the gross receipts tax, the effect of the refunds will be to reduce the amount of bonds that may be issued for 24 months following the payment of a refund.

The bill:

- Amends section 215.61, F.S., to direct the State Board of Education to disregard the effects on gross receipts tax collections of refunds paid as a direct result of the settlement reached in *In re: AT&T Mobility Wireless Data Services Sales Litigation*, 270 F.R.D. 330 (August 11, 2010), when making the determination required by section 215.61, F.S.

¹ Information regarding the case can be obtained at: www.attmsettlement.com.

- Allows the Department of Revenue to share information regarding the amount of any refunds with the State Board of Education, the Division of Bond Finance, and the Office of Economic and Demographic Research.
- Removes the effects of the refunds on the amount of bonds that can be issued and serve to provide a more accurate estimate of the amount of future bonds that can be serviced by the gross receipts tax.

Charter Schools

A charter school is not eligible for a capital outlay funding allocation if it was created by the conversion of a public school and operates in facilities provided by the charter school's sponsor for a nominal fee, or at no charge, or it is directly or indirectly operated by the school district. Section 1002.33(15), F.S., provides that in order to reduce the school and classroom overcrowding and to offset the high cost of educational facilities, the formation of business partnership schools or satellite learning centers and municipal-operated schools through charter school status is encouraged. A charter school-in-the-workplace may be established when a business provides the school facility to be used; enrolls students based upon a random lottery that involves all of the children of employees of that business or corporation who are seeking enrollment and enrolls students according to racial/ethnic balances. Any portion of a facility used for a public charter school shall be exempt from ad valorem taxes, for the duration of its use as a public school. The bill aligns capital outlay funds authorized in s.1013.62, F.S., which have been shared with a charter school-in-the-workplace prior to July 1, 2010, to be considered to have met the authorized expenditure requirements for such funds. This change was made during the 2010 legislative session but the reference to s. 1013.62, F.S. was inadvertently omitted.

According to 20 USCS § 7801(26)(A), the term "local educational agency" (LEA) means "a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary schools or secondary schools in a city, county, township, school district, or other political subdivision of a State, or of or for a combination of school districts or counties that is recognized in a State as an administrative agency for its public elementary schools or secondary schools." The bill allows a charter school system to be considered an LEA for the purpose of receiving federal funds once the governing board of the system of charter schools has adopted and filed a resolution with the sponsoring school district and the Department of Education. The resolution must include that the governing board is of the charter schools system responsible for all LEA requirements and the charter school system meets all of the following:

- Includes both conversion charter schools and nonconversion charter schools;
- Has all schools located in the same county;
- Has a total enrollment exceeding the total enrollment of at least one school district in the state;
- Has the same governing board; and
- Does not contract with a for-profit service provider for management of school operations.

The bill relieves the school district of the LEA responsibility for the federal funds received by a system of charter schools and provides the responsibility to the charter schools system governing board.

Charter School Enrollment

Section 1002.33, F.S., provides student eligibility requirements for charter schools. Enrollment is open to students covered in an interdistrict agreement or residing in the school district in which the charter school is located. If student applications are greater than the capacity of the program, then a random lottery is conducted. The charter school may give enrollment preference to certain student populations. In addition, a charter school may limit the enrollment process to target certain student populations.

The bill provides an additional limitation to the charter school enrollment process such that students living in a development in which a business entity provides the facility and related property with an appraised value of at least \$10 million for a charter school in the development shall be entitled to 50 percent of the student stations in the charter school. The students who are eligible for enrollment are subject to a random lottery, and racial/ethnic balance provisions, or any federal provisions, as described in section 1002.33 (10)(e)4., F.S.

Charter School-in-the-Workplace

The bill clarifies prior year conforming bill legislation and authorizes the expenditure of PECO funds prior to July 1, 2010 by a charter-school-in-the-work-place.

Instructional Materials

Florida law currently requires the district school board to provide adequate instructional materials for all students. The term “adequate instructional materials” means a sufficient number of textbooks or sets of materials that are available in bound, unbound, kit, or package form and may consist of hard-backed or soft-backed textbooks, electronic content, consumables, learning laboratories, manipulatives, electronic media, and computer courseware or software.²

State funding for instructional materials is provided annually in the General Appropriations Act in proviso as part of the calculation of the Florida Education Finance Program (FEFP).³ In the 2010-2011 fiscal year, \$216,918,478 was appropriated for instructional materials.⁴ Once the funds are distributed to the district school boards, each board must use at least 50 percent of the funds allocated to purchase instructional materials on the state-adopted list.⁵ A district school board may use the remaining 50 percent of the annual allocation to purchase materials, including library and reference books and nonprint materials, not included on the state-adopted

² s. 1006.28(1), F.S.

³ The Florida Education Finance Program (FEFP) is the mechanism used by the state to fund the operating costs of Florida’s school districts. *See* s. 1011.67, F.S. and s. 1011.67(1), F.S.

⁴ Specific Appropriation 78, § 2, ch. 2010-152, L.O.F.

⁵ For purposes of state adoption, “instructional materials” means items having intellectual content that by design serve as a major tool for assisting in the instruction of a subject or course. These items may be available in bound, unbound, kit, or package form and may consist of hardbacked or softbacked textbooks, electronic content, consumables, learning laboratories, manipulatives, electronic media, and computer courseware or software. A publisher or manufacturer providing instructional materials as a single bundle shall also make the instructional materials available as separate and unbundled items, each priced individually. Any instructional materials adopted after 2012-2013 for students in grades 9 through 12 shall also be provided in an electronic format. The term does not include electronic or computer hardware even if such hardware is bundled with software or other electronic media, nor does it include equipment or supplies. s. 1006.29(4), F.S., and s. 1006.40(3)(a), F.S.

list and for the repair and renovation of textbooks and library books.⁶ Under current law, state-adopted instructional materials and non state-adopted instructional materials have similar meanings. However, both definitions explicitly exclude the purchase of electronic or computer hardware even if such hardware is bundled with software or other electronic media, and exclude equipment and supplies.⁷

Currently, school districts purchase computer equipment with state FEFP and capital outlay funds.⁸ Additionally, federal funding for fiscal year 2009-2010 included \$30.3 million for education technology from the American Recovery and Reinvestment Act of 2009 appropriated through the state's 2009-2010 GAA.⁹ The DOE was directed to implement a technology grant program for school districts to demonstrate the use of technology in teacher professional development and student instruction in science, technology, engineering, and mathematics (STEM) content areas. The student portion was to be used to incorporate the use of classroom laptops and personal learning devices that are mobile and able to extend learning beyond the classroom day. The teacher portion was to be used to combine the use of laptops and personal learning devices and must include the development and delivery of professional development linked to the newly adopted math and science standards.

In addition, federal entitlement funds are provided through the No Child Left Behind Title IID – Enhancing Education Through Technology program to school districts based on their Title I allocation.¹⁰ School districts also have flexibility in the expenditure of categorical funding provided for specific purposes within the Florida Education Finance Program, including funding provided for instructional materials, but only after March 1, 2011,¹¹ and hardware is explicitly prohibited from being purchased with this source of funding.

On August 24, 2010, Florida was named a winner of \$700 million in phase 2 of the federal Race to the Top¹² education reform competition.¹³ As funded, fifty percent of the state's total award will be distributed to participating school districts according to the federal Title I allocation formula, and the remaining 50 percent will fund state-level projects designed to benefit all

⁶ Items not on the state-adopted list must be used to purchase instructional materials or other items having intellectual content which assist in the instruction of a subject or course. These items may be available in bound, unbound, kit, or package form and may consist of hardbacked or softbacked textbooks, electronic content, replacements for items which were part of previously purchased instructional materials, consumables, learning laboratories, manipulatives, electronic media, computer courseware or software, and other commonly accepted instructional tools as prescribed by district school board rule. s. 1006.40(4), F.S., and s. 1006.40(3)(b), F.S.

⁷ s. 1006.29(4), F.S.

⁸ The Discretionary Capital Outlay Levy is a statutorily authorized discretionary property tax that district school boards may levy without approval of the electorate. School districts are authorized to purchase equipment (including computers for classrooms) with this fund source. See s. 1011.71(2), F.S.

⁹ Specific Appropriation 100, § 2, ch. 2009-81, L.O.F.

¹⁰ Department of Education website http://www.fldoe.org/bii/Instruct_Tech/EETT/

¹¹ s. 1011.62(6), F.S.

¹² Through the federal Race to the Top competitive grant program, the U.S. Department of Education encourages and rewards states to propose education reforms focused on helping struggling schools, elevating the effectiveness of teaching professionals and education leaders, building internationally recognized education standards and assessments, and improving state education data systems. American Recovery and Reinvestment Act of 2009, Section 14006(c), Public Law 111-5. See <http://www2.ed.gov/programs/racetothetop/eligibility.html>.

¹³ Press Release issued August 24, 2010, *Nine States and the District of Columbia Win Second Round Race to the Top Grants*, U.S. Department of Education. See <http://www.ed.gov/news/press-releases/nine-states-and-district-columbia-win-second-round-race-top-grants>.

school districts statewide.¹⁴ A requirement of the Memorandum of Understanding between the DOE and participating school districts is to ensure that each school possesses the technology, including hardware, connectivity, and other necessary infrastructure to provide teachers and students sufficient access to strategic tools for improved classroom instruction and computer-based assessment.¹⁵

The bill amends section 1006.28, F.S., replacing the term textbook with instructional material to provide districts flexibility by allowing for multiple delivery options of instructional materials.

The bill amends section 1006.281, F.S., changing the name of learning management system to local instructional improvement system to align with the minimum standards of Race to the Top. The section provides guidelines and instructions for implementation of electronic local instructional improvement systems that provide teachers, staff, students and parents the ability to organize and access electronic instructional materials and other teaching and learning tools as determined to be appropriate by the school district.

The bill amends section 1006.29, F.S., restructuring the state instructional materials adoption process by replacing the Instructional Materials Committees with 3 expert reviewers appointed by the Commissioner of Education and a teacher or supervisor nominated by each school district superintendent. The reviewers will only evaluate electronic format of materials thereby eliminating the need to travel to meet as a group as was the process for hardback books. The statutory amendment also defines electronic and digital formats so the two may be distinguished for the adoption process. Also included is a timeline to phase-in, by grade group, digital instructional materials in the classroom.

The bill amends section 1006.33, F.S., to align terminology with the restructuring of the instructional materials adoption process and provide digital specifications that do not require Florida specific references at the point of student use for the instructional materials publisher bid process.

The bill amends section 1006.40, F.S., in order to continue to require school districts to use at least 50% of the funds allocated to purchase instructional materials on the state-adopted list. By the 2015-2016 fiscal year, the allocation can be used to purchase instructional materials on the state-adopted list in digital or electronic format. A district school board may continue to use the remaining 50 percent of the annual allocation to purchase materials, including library and reference books and nonprint materials, not included on the state-adopted list and for the repair and renovation of textbooks and library books. The bill also clarifies current law that provides a flexible opportunity after March 1 for instructional materials funds to be used for other urgent classroom expenditures or the purchase of computer hardware for student instruction.

The bill repeals section 1006.43, F.S., which eliminates duplicative and nonessential language pertaining to the instructional materials process.

The bill amends sections 1001.01, 1006.28, 1006.281, 1006.29, 1006.30, 1006.31, 1006.32, 1006.34, 1006.35, 1006.36, 1006.38, and 1006.39, F.S., to align terminology with the restructuring of the instructional materials adoption process.

¹⁴ American Recovery and Reinvestment Act of 2009, Public Law 111-5. See <http://www2.ed.gov/programs/racetothetop/eligibility.html>.

¹⁵ Florida Department of Education, *Florida's Race to the Top Application – Participating Local Education Agency Memorandum of Understanding*, p.8, December 9, 2009. See <http://www.fldoe.org/ARRA/RacetoeTop.asp>.

Electronic and Digital Instructional Materials Pilot Schools

The bill:

- Authorizes school districts to designate pilot schools to implement the transition to instructional materials that are in electronic or digital format.
- Authorizes school boards to designate pilot schools only if the school district:
 - Has implemented a learning management system pursuant to s. 1006.281;
 - Requests only the electronic format of the specimen copies of instructional materials submitted pursuant to s. 1006.33, F.S.; and
 - Uses at least 50 percent of the pilot school's annual allocation from the district for the purchase of electronic or digital instructional materials included on the state-adopted list.
- Provides fiscal flexibility for schools designated as pilot schools by the school board to be exempt from section 1006.40(2)(a), F.S., relating to the purchase of instructional materials for core courses within the first two years of the adoption cycle, if the school provides comprehensive electronic or digital instructional materials to the students within the pilot school, and section 1006.37, F.S., relating to the requisition of instructional materials from the state depository.
- Requires that each district that designates a pilot school provide to the Department of Education the name of each pilot school; the grade or grades and associated course or courses included in the pilot; a description of the type of technological tool or tools that will be used to access the electronic or digital instructional materials included in the pilot; and the projected costs, including cost savings or cost avoidances, associated with the pilot.
- Requires that each district review each pilot school's implementation to identify successful practices; lessons learned; level of investment and cost-effectiveness; and impacts on student performance.

Class Size Reduction

In November 2002, the Florida Constitution was amended to require the Legislature, beginning with the 2003-2004 fiscal year, to provide sufficient funds to reduce the average number of students per classroom by at least two students per year until the number of students per classroom does not exceed the maximums. By the beginning of the 2010 school year, the maximum number of students who may be assigned to each teacher who is teaching in a public school classroom may not exceed the following:

- 18 for prekindergarten through grade 3;
- 22 for grades 4 through 8; and
- 25 for grades 9 through 12.¹⁶

The implementation schedule for reducing the number students per classroom by at least two students per year is as follows:¹⁷

¹⁶ s. 1(a), Art. IX of the State Constitution.

¹⁷ s. 1003.03(2), F.S.

- 2003-2004 through 2005-2006¹⁸ at the district level;
- 2006-2007 through 2009-2010¹⁹ at the school level; and
- 2010-2011 and thereafter, at the classroom level.

Since adoption of the class size reduction amendment, average class sizes have been reduced as follows:

District Average Class Size ²⁰			
	<u>Grades PK-3</u>	<u>Grades 4-8</u>	<u>Grades 9-12</u>
2002-03	23.07	24.16	24.10
2003-04	20.54	22.43	24.06
2004-05	18.98	21.32	23.73
2005-06	18.16	20.48	22.96
2006-07	17.01	19.45	22.22
2007-08	16.28	18.76	21.39
2008-09	15.95	18.60	21.49
2009-10	16.39	18.91	21.94
2010-11	15.49	17.87	20.47

Beginning with the 2003-2004 General Appropriations Act, the Legislature has appropriated and allocated funds annually to school districts and charter schools to be used to reduce the average number of students per classroom by two students.

Class Size Reduction Funding History			
<u>Fiscal Year</u>	<u>Operating Appropriations</u>	<u>Fixed Capital Outlay Appropriations</u>	<u>Total Appropriations</u>
2003-2004	\$468,198,634	\$600,000,000	\$1,068,198,634
2004-2005	\$972,191,216	\$100,000,000	\$1,072,191,216
2005-2006	\$1,507,199,696	\$83,400,000	\$1,590,599,696
2006-2007	\$2,108,529,344	\$1,100,000,000	\$3,208,529,344
2007-2008	\$2,640,719,730	\$650,000,000	\$3,290,719,730
2008-2009	\$2,729,491,033	\$0	\$2,729,491,033
2009-2010	\$2,845,578,849	\$0	\$2,845,578,849
2010-2011	\$2,913,825,383	\$0	\$2,913,825,383
Total Year to Date Appropriations	\$16,185,733,885	\$2,533,400,000	\$18,719,133,885

Florida law provides the statutory framework for making adjustments to appropriations for school districts that fail to meet required class size reductions. From 2003-2004 to 2005-2006, compliance was measured at the district level. For fiscal years 2006-2007 through 2009-2010 compliance has been measured at the school level. For fiscal year 2010-2011 compliance has been measured at the classroom level for traditional schools²¹ and at the school level for charter

¹⁸ Chapter 2003-391, L.O.F. established district level compliance for Fiscal Years 2003-2004 through 2005-2006. Chapter 2006-27, L.O.F. extended district level compliance to Fiscal Year 2006-2007.

¹⁹ Chapter 2003-391, L.O.F. established school level compliance for Fiscal Years 2006-2007 through 2007-2008. Chapter 2008-142, L.O.F. extended school level compliance to 2008-2009. Chapter 2009-59, L.O.F. extended school level compliance to 2009-2010.

²⁰ Florida Department of Education, 2011 Legislative Information Request, January 2011

²¹ s. 1003.03(1), F.S.

schools²². The adjustment is calculated by the Department of Education and verified by the Florida Education Finance Program Allocation Conference. The amount of funds adjusted is to be the lesser of the amount calculated or the undistributed balance of the district's class size reduction operating categorical. The Commissioner of Education may make a recommendation to the Legislative Budget Commission for an alternate amount of funds for the compliance calculation²³, if the Commissioner of Education has evidence that a district was unable to meet the class size requirement despite appropriate efforts to do so.

For the initial calculation completed on December 29, 2010, 44,556 traditional public school classrooms in 35 school districts and 3 lab schools were not in compliance with class size requirements, for a potential total compliance adjustment amount from the class size operating categorical of \$40,795,637. Forty-four charter schools were not in compliance with school level class size requirements, for a potential total compliance adjustment amount from the class size operating categorical of \$2,292,191. The Commissioner reviewed evidence presented by school districts and charter schools, and determined data reporting errors and unexpected student growth were factors to be considered. On a date yet to be determined, the Commissioner of Education will recommend that the Legislative Budget Commission approve the alternate compliance calculation amounts of \$31,305,124 for traditional public schools and \$355,539 for charter schools.

Following approval of the alternate compliance calculation amounts by the Legislative Budget Commission, the Commissioner will reallocate a portion of the compliance calculation amounts to districts and charter schools that have fully met class size requirements.²⁴ This reallocation may be up to 5 percent of the base student allocation multiplied by the total district FTE students, but cannot exceed 25 percent of the total funds reduced, resulting in a reallocation of \$7,826,281 for traditional schools and \$88,885 for charter schools. The funds remaining after the reallocation will be returned to districts and charter schools that were not in compliance with class size requirements, that submitted a plan by February 15, 2011 describing the specifications that will be taken to fully comply with class size requirements by October of the 2011-12 school year²⁵. For this year, all districts and charter schools not in compliance submitted a plan by the deadline, so that the remaining funds, or 75%, will be returned.

The bill redefines the terms “core-curricula” courses. Under current law, the DOE defines the courses as mathematics, language arts/reading, science, social studies, foreign language, English for Speakers of Other Languages, exceptional student education, and courses taught in traditional, self-contained elementary school classrooms.²⁶ Under the bill, these courses are specified by grade levels, subjects measured by state assessments, required high school graduation requirements, and subgroups of students. Pursuant to the bill, the following are “core-curricula courses”:

- Language arts/reading, mathematics, and science courses in prekindergarten through grade 3;
- Courses in grades 4 through 8 in subjects that are measured by state assessment at any grade level;

²² s. 1002.33(16)(b)3., F.S.

²³ s. 1003.03(4)(c), F.S.

²⁴ s. 1003.03(4)(d), F.S.

²⁵ s. 1003.03(4)(e), F.S.

²⁶ Courses offered under ss. 1002.37 (the Florida Virtual School), 1002.415 (the K-8 Virtual School Program), and 1002.45 (the school district virtual instruction (VIP) programs), F.S., are excluded.

- Courses in grades 9 through 12 in subjects that are measured by state assessment at any grade level;
- Courses that are specifically identified by name in statute as required for high school graduation and that are not measured by state assessments, excluding any extracurricular courses;
- Exceptional student education courses; and English for Speakers of Other Languages courses.

For a core-curricula high school course in which a student in grades 4 through 8 is enrolled for high school graduation credit, the maximum number of students for compliance purposes will be 25. Finally, the term “extracurricular courses” would also be expanded to include courses that may result in college credit. Current law specifies that these courses include physical education, fine arts, performing fine arts, and career education.

Florida high school students are currently required to complete 24 credits in order to earn a high school diploma. Students must also earn passing scores on the Florida Comprehensive Assessment Test (FCAT) or attain a passing score on the SAT or ACT. Beginning in the 2010-2011 school year, high school graduation requirements increase to include more rigorous courses. Students will be required to pass statewide, standardized end-of-course (EOC) assessments in specific courses beginning with the 2011-2012 school year. Beginning with students entering grade 9 in the following school years, courses include Geometry (2010-2011), Biology I (2011-2012), Algebra II (2012-2013), Chemistry or physics (2013-2014), and an additional equally rigorous science course (2013-2014).²⁷

The DOE notes that in 2010-2011, there were 849 core courses. Under the current bill, there would be 288 core courses.²⁸ The decrease would primarily be based on foreign languages, courses that may generate college credit, (for example, Advanced Placement and Dual Enrollment courses,) courses without state assessments, and courses that are not required for graduation at the middle and high school level.

Under the bill, a timeframe is specified for satisfying and maintaining class size maximums, with specific exceptions for an extreme emergency beyond the district’s control and when a new student enrolls after the October student membership survey period. Based on a school district’s determination that not assigning the student would be impractical, educationally unsound, or disruptive to student learning, a student could be assigned to an existing class that temporarily exceeds the class size maximums. However, the maximum number of students who can be assigned to a teacher may not exceed the following:

- Prekindergarten through 3rd grade, the number of students may not exceed 21;
- 4th grade through 8th grade, the number of students may not exceed 27; and
- 9th grade through 12th grade, the number of students may not exceed 30.

This temporary exception is also contingent upon a district school board’s plan for providing that a school will be in full compliance with the maximum class size requirements by the following year’s October survey.

²⁷ See ch. 2010-22, L.O.F., codified in ss. 1003.428 and 1003.429, F.S

²⁸ March 15, 2011 email from DOE.

Finally, the bill provides that only a school district that meets the maximum class size requirements may use the class size reduction operational categorical funds for any lawful operating expenditure.

Class Size Operating Categorical

Adopts by reference the alternative compliance calculation amounts for the class size operating categorical allocation that were submitted to the Legislative Budget Commission on March 2, 2011. Adopting the alternative compliance calculation amounts by reference expedites the provisions of section 1003.03 (4) (c), F.S., for implementation during the 2010-2011 fiscal year.

Industry Certified Career and Professional Academy

Section 1003.492, F.S., provides for students in career and professional academies to become professionally certified in high-demand fields. A list of high demand industry certifications is identified and approved by the state workforce board.²⁹ As specified in State Board of Education rule 6A-6.0573, the State Board of Education approves an annual “Industry Certification Funding List” which is comprised of industry certifications from the comprehensive list that meet certain criteria³⁰. If the career academy student takes the appropriate courses, earns an industry certification on the SBE approved funding list, and graduates from high school, the school district earns a bonus of 0.3 FTE, or roughly \$1,100 per student.³¹

A bonus value of 0.3 full-time equivalent student membership is provided in the FEFP as incentive funding to a school district for each high school student who receives industry certification as part of an Industry Certified Career and Professional Academy (CAPE) program and a high school diploma. In 2010-2011, there are 1,298 CAPE academies with 102,430 students, with 8.4 percent of CAPE students having earned at least one industry certification. Industry certifications increased from 803 in 2007-2008 to 8,629 in 2009-2010. Industry Certification bonus FTE funding in the FEFP is roughly \$4 million for 2010-2011. The same 0.3 FTE bonus is earned by the student regardless of the difficulty or employment value of the certification.

The bill adjusts the bonus FTE value for each student who receives industry certification for completing an Industry Certified Career and Professional Academy program and a high school diploma by creating bonus FTE values of 0.1, 0.2, and 0.3. The Department will assign the value to each certification with 50 percent based on rigor and the remaining 50 percent on employment value. Three different values will provide a bonus FTE that is more appropriate to different certifications. The maximum bonus FTE for any student will remain at 0.3.

The bill creates middle school career and professional academy courses which align with high school career and professional academy courses offered in the district.

Coenrollment in Adult General Education

Adult education programs currently serve high school students who are enrolled in the K-12 system; these students are often referred to as coenrolled students. These students often take courses in adult education to improve the grade of a previously completed course or because

²⁹ This list is also known as the “Comprehensive Industry Certification List.”

³⁰ State Board of Education rule 6A-6.0573

³¹ s. 1011.62(1)(p), F.S.

they are behind in the number of credits completed in order to graduate on schedule. The definition of an “adult student” includes high school students who are taking an adult education course required for high school graduation. A majority of school districts’ adult education programs offer the coenrollment option to high school students, some more significantly than others. Funds for Workforce education, including adult education, are not to be used by school districts for their K-12 programs.

The bill removes provisions relating to the coenrollment of high school students in adult education courses to be consistent with SB 5150 in which a student who is coenrolled in a K-12 education program and also in an adult general education course may not be reported for funding in the workforce or college adult general education program. The effect of this change is to reduce workforce education funding. In the budget, the funds reduced by the elimination of coenrollment FTE are reallocated with an emphasis on equity for other adult or career education programs.

FEFP Funding for Department of Juvenile Justice Students

Students in Department of Juvenile Justice (DJJ) programs are reported as FTE for FEFP funding in a manner similar to students in other district education programs. However, because of the unique nature of these programs, there are some exceptions made for FTE reporting and funding, e.g., DJJ FTE may be reported and funded on a year-long basis and DJJ programs also receive a funding supplement because they are not eligible for class size reduction funds. Also, if a new DJJ facility is opened in a district, the district is eligible for an alternate FTE survey for funding for the increase in FTE. Similarly, there have been instances of programs or providers relocating their efforts from one district to another with no corresponding adjustment in funding.

The bill authorizes an equitable transfer of FEFP funds between school districts when students in Department of Juvenile Justice facilities are transferred between student membership surveys. Each school district is to receive a pro rata share of the funds based on the amount of time the student is enrolled in each district.

Merit Award Program

The Merit Award Program was established by the legislature in 2007. Each Merit Award Program plan must designate the top instructional personnel and school-based administrators as outstanding and must provide for payment to each such employee, by October 1 of the following school year, a merit-based supplement of at least 5 percent, but no more than 10 percent, of the average teacher’s salary for that school district. The amount of a merit award may not be based on length of service or base salary. Pay supplements are to be funded from moneys appropriated by the Legislature and from any additional funds that are designated by the district for the Merit Award Program.

The district school board may not require instructional personnel or school-based administrators to apply for an award, or make any presentation, in order to be assessed for or receive a merit award. A plan is subject to negotiation as provided in chapter 447. School districts are not required to implement this section unless the program is specifically funded by the Legislature.

For 2009-10, 3 school districts, the Florida Virtual School, and a number of charter schools had approved plans with awards funded by the 2010-2011 appropriation in the amount of \$20 million.

The bill discontinues funding for the Merit Award Program per Chapter No. 2011-37 following payment of awards for the 2010-2011 fiscal year.

Class Size Reduction Lottery Revenue Bond Program

The class size reduction lottery revenue bond program was established by the Legislature in section 1013.737, F. S., in 2003 to provide additional facilities to meet a constitutionally required reduction in public school class size by the beginning of the 2010-2011 school year. The bond proceeds were used to finance or refinance the construction, acquisition, reconstruction, or renovation of educational facilities. The bonds were issued pursuant to, and in compliance with, the provisions of s. 11(d), Art. VII of the State Constitution, the provisions of the State Bond Act, sections 215.57-215.83, F.S., as amended, and the provisions of section 1013.737, F.S. The bonds are payable from, and secured by a first lien on the first lottery revenues transferred to the Educational Enhancement Trust Fund each fiscal year, as provided by section 24.121(2), F.S., and do not constitute a general obligation of, or a pledge of the full faith and credit of the state.

The bill expands the class size reduction lottery revenue bond program as provided in section 1013.727, F.S., to include educational facilities in addition to facilities required to reduce class size. Issuance of any bonds and the use of any bond proceeds under this statute requires prior authorization by the Legislature.

Florida Knowledge Network and Florida Information Resource Network

The Florida Knowledge Network is the instructional television broadcast service of the Florida Department of Education. The network is a partnership of the Department of Education, Florida school districts, and Florida public television stations. The network provides broadcasts on digital channels of the Florida satellite transponder of educational video programs that support Florida's K-12 curriculum and professional development programming. Programming is primarily distributed over digital multicast by Florida's public television stations.

The Florida Information Resource Network (FIRN) was created to provide electronic information transmission for school districts and the DOE. Formerly, the DOE provided equipment and access to districts for these services. In addition, the legislature annually provided centralized line item funding for FIRN and the DOE coordinated federal e-rate discount funds for broadband access. In 2009, the Department of Management Services took the lead in managing "FIRN2" and coordinating the provision of internet access and services for school districts, colleges, and universities that wished to participate.

The bill provides flexibility for the Department of Education to provide the Florida Knowledge Network and other materials online or through other electronic media, instead of primarily through television broadcast, updates obsolete language, and clarifies DOE responsibilities for coordinating district access to "FIRN2".

Regional Consortium Service Organizations

Regional Consortia exist for the provision of services to school districts with enrollments of 20,000 students or less. Currently, there are three: the Northeast Florida Education Consortium, the Panhandle Area Education Consortium and the Heartlands Consortium. Statute provides an incentive grant for the delivery of services to each in the amount of \$50,000 per

member. Each consortium is operated by a board of directors that is comprised of the superintendents of the participating school districts.

The bill provides that regional education consortia funds are to be determined in the General Appropriations Act. In addition, these organizations are authorized to conduct transactions with regard to patents, copyrights, trademarks and licenses. Revenues generated by such transactions must be used to support each organization's marketing and research and development activities in order to improve and increase services to its member school districts.

Voluntary Prekindergarten student ratios

Current law states that each public and private prekindergarten class for the school year Voluntary Prekindergarten (VPK) program must be composed of at least four students but may not exceed 18 students. The bill changes the maximum number of students allowed in a voluntary prekindergarten class for the school year program from 18 to 20 students.

In order to protect the health and safety of students, each prekindergarten provider must provide appropriate adult supervision for students at all times. For each prekindergarten class composed of 11 or more students the classroom must have a prekindergarten instructor who has a child development associate (CDA) credential and at least one adult prekindergarten instructor who is of good moral character and has been screened using the level two background screening required in s. 435.04, F.S.³² The bill also requires classes composed of 12 or more students, rather than 11 or more students, to have instructors meeting these qualifications.

For the 2010-2011 fiscal year, each early learning coalition may retain and expend not more than 4.5 percent of the funds paid by the coalition to private kindergarten providers and public schools. The bill reduces the coalition administrative percentage from 4.5 percent to 4 percent.

School District Virtual Instruction Programs

Beginning with the 2009-2010 school year, each school district has provided eligible students within its boundaries the option of participating in a virtual instruction program. A 'virtual instruction program' (VIP) is a program that takes place in an interactive learning environment created through technology in which the student and teacher are separated from each other by time, space, or both. The law further specifies that Florida-certified teachers are primarily responsible for instructing the students. The purpose of this program is to make instruction available to district students using online and distance education technology in a nontraditional classroom, i.e., primarily outside of public school buildings. In practice, most students access the online instruction from their homes. This program provides an additional school choice option for parents and a tool districts can use to meet class size requirements.

Districts may:

- Contract with Florida Virtual School
- Establish a franchise of Florida Virtual School
- Contract with a provider approved by the Department of Education
- Enter into an agreement with another school district
- Enter into an agreement with a Florida community college

³² s. 1002.55(3)(c), F.S.

Contracts may include multidistrict agreements executed by a regional consortium for its member districts.

Districts may contract or enter agreements with more than one of the above entities to provide a school district VIP for their students. In addition, districts may operate their own program and may contract with these or other entities to provide segments of their program, such as the curriculum and/or learning management system. As with other educational options, the programs vary from district to district. However, students in all districts and at all grade levels have the option to participate in a fully-online educational program offered as a school choice option by their school districts.

The school district continues to generate Florida Education Finance Program (FEFP) funding from these students. The school district and provider determine in their contract how much of the funding per student the provider will receive.

The bill requires each school district to annually provide a copy of the contract and amounts paid per student to the Department of Education. The bill also requires the difference in funds received by the school district from the FEFP and the amount negotiated with the provider to be used for the district's local instructional improvement system or other technological tools that are required to access electronic and digital instructional materials.

Add-on FTE Funding for Florida Virtual School

The Florida Virtual School (FLVS) is funded through the FEFP as a special district. An FTE for the FLVS is one student who has successfully completed six credits that shall count toward the minimum number of credits required for high school graduation. A student who completes less than six credits shall be considered a fraction of an FTE. Credit completed in excess of the minimum required for high school graduation is not eligible for funding.

The FLVS receives additional weighted FTE to be calculated by multiplying total public school unweighted FTE of the school by a factor of 0.114. The bill repeals the additional add-on factor for FLVS.

The bill establishes a virtual education contribution categorical funded through the FEFP to provide all virtual education programs an amount per FTE as established in the General Appropriations Act.

District Discretionary School Tax

The Legislature authorized district school boards, by a super majority vote, to levy discretionary millage up to 0.25 mill for critical operating or capital outlay needs in 2009-2010 and 2010-2011. For the board to continue the levy by super majority board vote beyond the 2010-2011 fiscal year, voters had to give permission in the 2010 general election. If a district levies this millage for operations and the levy generates an amount of funds per weighted FTE for the district that is less than the state average, the district may receive in the FEFP a state-funded discretionary millage compression adjustment in an amount per FTE that, when added to the funds per FTE generated by the levy, is equal to the state average.

Section 1011.71(3)(b), F.S., provides school boards with the flexibility to levy an additional discretionary 0.25 millage for critical operation needs or fixed capital outlay based on supermajority vote of school board and passage of a voter approved referendum in the 2010

general election. The referendum provides the school board with the authority to annually approve by a supermajority vote for the 2011-2012 and 2012-2013 fiscal years to levy 0.25 mills. There were 39 districts that submitted ballot language, and of those, 20 districts received voter approval. Of the 20 that were approved, 16 were approved for 0.25 mill for critical operations, 1 was approved for 0.25 mill for critical fixed capital outlay, and 3 were approved for 4-year voted millage as per section 1011.73(2), F.S. Historically, revenues from voted millage are not included in the FEFP.

The bill provides for the expiration of the authority for school boards to levy an additional 0.25 mills for critical operations or capital outlay on June 30, 2011, except for the 16 districts in which the voters in the 2010 general election gave permission for the millage to be levied for two additional years;

The bill excludes local funds generated by the additional 0.25 mills and state funds provided pursuant to s. 1011.62 (5) from the calculation of the Florida Education Finance Program in 2011-2012 or any subsequent year and excludes the same funding from the calculation of any hold-harmless or other component of the Florida Education Finance Program in any year, except that, during 2011-2012 and 2012-2013, a district that levies this voter-approved 0.25 mills for operations may be eligible for a compression adjustment pursuant to s. 1011.62 (5) if the adjustment is calculated and added to the district's FEFP allocation, subject to determination in the General Appropriations Act.

1.50 Capital Improvement Millage Flexibility

The bill clarifies the types of property and casualty insurance premiums that may be paid from the revenue generated by the levy by referencing s. 624.605, F.S. to specifically allow payments for:

- (d) Burglary and theft. - Insurance against loss or damage by burglary, theft, larceny, robbery, forgery, fraud, vandalism, malicious mischief, confiscation, or wrongful conversion, disposal, or concealment, or from any attempt at any of the foregoing; including supplemental coverage for medical, hospital, surgical, and funeral expense incurred by the named insured or any other person as a result of bodily injury during the commission of a burglary, robbery, or theft by another; also insurance against loss of or damage to moneys, coins, bullion, securities, notes, drafts, acceptances or any other valuable papers and documents, resulting from any cause.
- (f) Glass. - Insurance against loss or damage to glass, including its lettering, ornamentation, and fittings.
- (g) Boiler and machinery. - Insurance against any liability and loss or damage to property or interest resulting from accidents to or explosions of boilers, pipes, pressure containers, machinery, or apparatus, and to make inspection of and issue certificates of inspection upon boilers, machinery, and apparatus of any kind, whether or not insured; together with provision for medical, hospital, and surgical benefits to the injured persons, irrespective of the legal liability of the insured, when issued as an incidental coverage which is part of a liability insurance contract.
- (h) Leakage and fire extinguishing equipment. - Insurance against loss or damage to any property or interest caused by the breakage or leakage of sprinklers, hose, pumps, and other fire extinguishing equipment or apparatus, water pipes or containers, or by water entering through leaks or openings in buildings, and insurance against such loss

or damage to such sprinklers, hose, pumps, and other fire extinguishing equipment or apparatus.

- (m) Elevator. - Insurance against loss of or damage to any property of the insured resulting from the ownership, maintenance, or use of elevators, except loss or damage by fire, together with provision for medical, hospital, and surgical benefits to injured persons, irrespective of the legal liability of the insured, when issued as an incidental coverage which is part of a liability insurance contract.

Because there was no explicit definition of property casualty insurance, the premiums that districts have been assessed do not identify the portions of the premium that were applicable to the specific coverage areas. The premium costs included some purposes other than insurance for educational and ancillary plants, such as worker's compensation, school board liability, claims processing costs, and administrative costs resulting in audit citations for expenditure violations.

This bill also allows the Commissioner to waive the equal-dollar reduction required in s. 1011.71(6), F.S., for such expenditures during the 2008-2009 and 2009-2010 fiscal years which were related to the purchase of software and property and casualty insurance premiums based on the specific sections of s. 624.605, F.S., as described above.

Educational Facilities

Florida Statute 1013.03(10)(a) provides the functions of the Department of Education, which included: "Review and validate surveys proposed or amended by boards and recommend to the Commissioner of Education, for approval, surveys that meet the requirements of this chapter. 1. The term "validate" as applied to surveys by school districts means to review inventory data as submitted to the department by district school boards; provide for review and inspection, where required, of student stations and aggregate square feet of inventory changed from satisfactory to unsatisfactory or changed from unsatisfactory to satisfactory; and compare new school inventory to allocation limits provided by this chapter."

Although there is no specific statute that requires a Castaldi analysis to validate the Educational Plant Survey or an amendment of the survey, the Castaldi analysis is the method used by the Department of Education. The Castaldi analysis is a mathematical computation used to determine if it is more cost effective to build a new educational facility or remodel, add to, or upgrade the existing facility. The analysis takes into consideration the age of the facility and the replacement value of that facility.

The Castaldi analysis, which may either be completed by the Department of Education or the school district, is used to determine if the school district should be allowed to replace a building rather than renovate the building. In lieu of using only the Castaldi analysis, a School Board may propose to consider additional criteria beyond the age of the building and its estimated replacement cost to determine if a building should or should not be replaced. The decision regarding whether or not to replace a building will also be reviewed by the District's citizen-based Construction Oversight Review Committee for approval.

If the results of a standard Castaldi analysis indicate that the District should renovate a building rather than replace it, the District may apply additional criterion to determine whether to renovate or replace the building. If the District decides to replace the building, local funds will be used to pay for the cost of the replacement.

The following criterion will be used to determine if a building should or should not be replaced: Additional Costs to Work Around Building; Small Site; High Operating and Maintenance Costs; Security; and Local Funding Available for Replacement.

The Management Plan of the Charter School District Contract between the State Board and the School Board allowed an exemption from the requirements of Florida Statute 1013.03(10)(a) relating to the review and validation requirements of surveys of facilities, specifically regarding the Castaldi analysis. This waiver allows the district to build more efficient, safer schools, and utilize prototype designs more efficiently. As a result of this waiver, the District will realize savings to both the capital and operating budgets, freeing up funds to provide additional facilities and increased support for instructional programs. All Charter School District Contracts, and any waivers, expired June 30, 2010.

The bill, notwithstanding the repeal of s. 1003.62, Florida Statutes 2009, extends to June 30, 2012, the educational facility exemptions for the demolition and replacement of school buildings identified in accordance with Charter School District Addendum Number 2 and approved by a district school board prior to June 30, 2010.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The bill does not appear to have a fiscal impact on state revenues.

2. Expenditures:

See FISCAL COMMENTS section.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The bill repeals the authority for school boards to levy the 0.25 mill additional levy for critical capital or operating needs after the 2010-2011 fiscal year, but allows the voter approved referendum at the 2010 general election to be levied for the 2011-2012 and 2012-2013 fiscal years. The levy is expected to generate \$29.4 million for the districts that received voter approval.

2. Expenditures:

See FISCAL COMMENTS section.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill does not appear to have a direct fiscal impact on the private sector.

D. FISCAL COMMENTS:

The bill conforms the statutes to the PreK-12 budget. The bill provides school districts additional fiscal flexibility by giving priority to funding for the core mission of classroom instruction and less emphasis on funding noncore functions. In addition, the bill makes a series of adjustments and reductions to special allocations in the FEFP funding formula to maximize funding in the base allocation for all districts. The bill also provides fiscal efficiencies and limits unnecessary spending.

The bill maximizes VPK funds and provides flexibility for VPK providers by changing the maximum number of students per voluntary prekindergarten (VPK) school-year program classroom from 18 to 20 students. This bill has no effect on per student funding, but would create an increase for the amount of funding per school year class room by \$5,124 in a classroom with 20 students.³³

In addition, the bill modifies the classroom teacher to student ratio for the regular school year voluntary prekindergarten (VPK) program from 1:10 to 1:11. For classrooms of 11 or fewer students the teacher must meet the requirement of s. 1002.55(3)(c) F.S. For school year program classrooms with at least 12, or up to 20 students, the second instructor is only required to pass a level 2 background screening.

The bill reduces the administrative rate for early learning coalitions from 4.5 percent to 4.0 percent providing an estimated savings of \$1.8 million.

The bill provides flexibility to school districts by requiring the difference in funds received by the school district from the FEFP and the amount negotiated with the school district virtual instruction providers to be used for the district's local instructional improvement system or other technological tools that are required to access electronic and digital instructional materials. There is an estimated 2,200 FTE participating in school district virtual instruction programs at an estimated average price of \$4,800³⁴. The estimated per student funding saved is estimated to be \$6,025³⁵, creating a difference of \$1,225 which is an estimated savings to the district of 20 percent. The savings is to be used for the district's local instructional improvement system or other technological tools that are required to access electronic and digital instructional materials. The actual amount available will vary by district and is unknown at this time. The bill also requires negotiated contract prices to be provided to the Department of Education by October 1 of each year.

The bill provides potential savings to school districts by clarifying the definition of core courses to be counted for class size compliance and allowing students enrolling in classes after the October student membership survey to be placed in existing classrooms provided that the district prepares a plan that describes how the district will be in compliance the following year. This year, there are 849 courses used in determining class size compliance. By clarifying the definition of core courses, there would be 288 courses resulting in savings to school districts due to a significant reduction to the non-compliance calculation due to the change in the number of classes counted toward class

³³ Specific Appropriation 75, § 2, ch. 2010-152, L.O.F., sets the summer program BSA at \$2,179 and the school-year program BSA at \$2,562 for FY 2010-2011. Ss. 1002.55(2)(f) & 1002.63(7), F.S., sets the maximum number of students in a school year VPK program at 18 per classroom. $\$2,562 \times 18 = \$46,116$; $\$2,562 \times 20 = \$51,240$; $\$51,240 - \$46,116 = \$5,124$.

³⁴ Florida Senate Interim Report 2011-215, dated October 2010.

³⁵ Estimated per student funding saved is based on the per student amount of the 2010-11 Fourth FEFP Calculation components of: Base Funding, Discretionary Compression, Exception Student Education Guaranteed Allocation, Supplemental Academic Instruction Allocation, Reading Allocation, State Discretionary Lottery Funds, Instructional Materials, Student Transportation, and Class Size Reduction Allocation.

size compliance. The bill also continues to allow compliant districts flexibility in use of their class size reduction operation categorical funds.

The bill provides a financial incentive for career and professional academies to encourage students to obtain more difficult certifications by identifying variable bonus weights, to be incorporated in the FEFP industry certification bonus add-on, based on the difficulty of obtaining the industry certification and the value of having the industry certification in terms of employment and wage earning capability. The total add-on for this program continues to be capped at \$15 million.

The bill provides cost savings and flexibility to school districts by modifying the instructional materials statutes. The bill aligns language with the minimum standards of Race to the Top and expands the options for instructional materials to include electronic and digital formats which will provide savings due to no printing costs. The bill restructures the instructional materials adoption process to require reviewers to only evaluate electronic format of materials reducing travel expenses for the Department of Education and the school districts. The bill also provides cost savings to publishers and the school districts by not requiring Florida specific references in the materials (such as FCAT or Sunshine State Standards benchmark crosswalks) thereby allowing products to be sold to other states resulting in reduced production expenses.

The bill also requires, by the 2015-2016 school year, school districts to use 50% of the instruction materials categorical for the purchase of electronic or digital materials and flexibility in the materials purchased with the remaining 50% of funding. This change accommodates the inclusion of electronic or digital materials as part of the potential cost savings in the instructional materials categorical to school districts.