

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 319 Maximum Class Size

**SPONSOR(S):** Moraitis, Jr. and others

**TIED BILLS:** **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Choice & Innovation Subcommittee	12 Y, 1 N	Beagle	Fudge
2) Education Appropriations Subcommittee			
3) Education Committee			

### SUMMARY ANALYSIS

The Florida Constitution limits the maximum number of students that may be assigned to each teacher per classroom in core curricula courses to 18 students for prekindergarten through 3<sup>rd</sup> grade; 22 students for 4<sup>th</sup> through 8<sup>th</sup> grades; and 25 students for 9<sup>th</sup> through 12<sup>th</sup> grades. Florida law requires the Department of Education (DOE) to reduce class size categorical funding for school districts and charter schools that are out of compliance with class size requirements. The penalty is calculated at the classroom level for traditional public schools and at the school level for charter schools and district-operated schools of choice. DOE must calculate the penalty for traditional public schools as follows:

- Step 1:** Identify, for each grade grouping, the number of classrooms that exceed the maximum and the total number of students which exceeds the maximum for all classes.
- Step 2:** Determine the number of full-time equivalent (FTE) students which exceeds the maximum for each grade grouping.
- Step 3:** Multiply the total number of FTE students over the maximum for each grade grouping by the district's FTE dollar amount of the class size reduction operating categorical allocation for that year and calculate the total for all three grade groupings.
- Step 4:** Multiply the total number of FTE students over the maximum for all classes by an amount equal to 50 percent of the base student allocation adjusted by the district cost differential for the 2013-14 fiscal year.

A school district's class size reduction operating categorical allocation is then reduced by an amount equal to the sum of the calculations in Steps 3 and 4. In addition to the penalty, school districts that fail to meet class size limits must implement a compliance plan to remedy deficiencies. Beginning in FY 2014-2015 and thereafter, the total number of FTE students over the maximum for all classes must be multiplied by 100 percent of the base student allocation adjusted by the district cost differential, thereby increasing the amount of the penalty (see Step 4).

The bill revises the method for calculating the penalty for traditional public schools that fail to comply with the class size requirements by performing the calculation in Steps 2, 3, and 4 at the school average instead of at the classroom level. The increase in the penalty scheduled to begin in FY 2014-15 and thereafter is repealed. School districts must continue to assign students to teachers in a manner that meets the classroom level maximums. Districts that exceed the classroom level maximums will still be required to implement a compliance plan. However, calculation of the penalty at the school average will reduce the monetary penalties levied against school districts.

The bill does not have a fiscal impact on state government. The bill's changes to the compliance calculation for traditional public schools will likely have a positive fiscal impact on school districts. See Fiscal Impact on Local Governments.

The bill takes effect July 1, 2014.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Present Situation

##### Maximum Class Size

In 2002, voters approved the Class Size Reduction Amendment to Section 1, Article IX of the Florida Constitution.<sup>1</sup> The amendment requires the Legislature by the beginning of the 2010 school year to make adequate provision to ensure that there are a sufficient number of classrooms in Florida so that the maximum number of students assigned to each teacher does not exceed:

- 18 students for prekindergarten through 3<sup>rd</sup> grade;
- 22 students for 4<sup>th</sup> through 8<sup>th</sup> grades; and
- 25 students for 9<sup>th</sup> through 12<sup>th</sup> grades.

Extracurricular courses are expressly excluded from the class size mandate; thus, its requirements apply only to core curricula courses.<sup>2</sup>

Additionally, the amendment requires that the Legislature provide sufficient funds, beginning in Fiscal Year (FY) 2003-2004, for school districts to reduce the average number of students in each classroom by at least two annually until the constitutionally prescribed maximum number of students is achieved.<sup>3</sup> Under the initial implementing statute, compliance with the class size requirements was to be measured at the:

- District level for each of the three grade groupings during FYs 2003-2006.
- School level for each of the three grade groupings in FYs 2006-2008.
- Individual classroom level for each of the three grade groupings in FY 2008-2009 and thereafter.<sup>4</sup>

The timeframe for measuring class size at the school level was extended twice by the Legislature. In 2008, the Legislature extended school level measurement through FY 2008-2009.<sup>5</sup> The next year, the Legislature extended this timeframe by one more year, thereby delaying measurement of class size at the individual classroom level until FY 2010-2011 and thereafter.<sup>6</sup> Legislation enacted in 2010 established the compliance calculation for charter schools at the school level average. Legislation enacted in 2013 granted the same treatment to district-operated schools of choice.<sup>7</sup>

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<sup>1</sup> Section 1(a), Art. IX of the State Constitution. Florida's class size requirements originated from a ballot initiative proposing an amendment to the Florida Constitution in the November 2002 general election. Florida Department of State, Division of Elections, *Florida's Amendment to Reduce Class Size*, <http://election.dos.state.fl.us/initiatives/initdetail.asp?account=34393&seqnum=1> (last visited Jan. 7, 2014).

<sup>2</sup> See s. 1(a), Art. IX of the State Constitution and s. 1003.01(14) and (15), F.S. For purposes of measuring compliance with the class size amendment "core-curricula courses" means courses in language arts/reading, mathematics, social studies, and science in prekindergarten through grade 3; courses in grades 4 through 8 in subjects that are measured by state assessment at any grade level and courses required for middle school promotion; courses in grades 9 through 12 in subjects that are measured by state assessment at any grade level and courses that are specifically identified by name in statute as required for high school graduation and that are not measured by state assessment; exceptional student education courses; and English for Speakers of Other Languages courses. Section 1003.01(14), F.S. "Extracurricular courses" means all courses that are not defined as "core-curricula courses," which may include without limitation physical education, fine arts, performing fine arts, career education, and courses that may result in college credit. Section 1003.01(15), F.S.

<sup>3</sup> See s. 1(a), Art. IX of the State Constitution.

<sup>4</sup> Section 2, ch. 2003-391, L.O.F., *codified at* s. 1003.03(2)(b), F.S. (2003).

<sup>5</sup> Section 5, ch. 2008-142, L.O.F., *codified at* s. 1003.03(2)(b)2. and 3., F.S. (2008).

<sup>6</sup> Section 14, ch. 2009-59, L.O.F., *codified at* s. 1003.03(2)(b)2. and 3., F.S. (2009).

<sup>7</sup> Section 9, ch. 2013-250, L.O.F., *codified at* s. 1002.31(9) (schools of choice); s. 6, ch. 2010-154, L.O.F., *codified at* s. 1002.33(16)(b)3., F.S. (charter schools).

To implement the class size amendment, the Legislature annually appropriates class size reduction categorical funding for school district operating costs.<sup>8</sup> Additionally, the Legislature has appropriated funds for capital outlay (facility) needs and granted bonding authority to fund classroom construction and other capital needs related to class size reduction. Since 2003, the Legislature has appropriated more than \$25 billion toward operational expenses and \$2.5 billion in facilities funding to implement the Class Size Reduction Amendment.

Fiscal Year	Operating Funds	Fixed Capital Outlay	Total Appropriations
2003-2004 <sup>9</sup>	\$468,198,634	\$600,000,000	\$1,068,198,634
2004-2005 <sup>10</sup>	\$972,191,216	\$100,000,000	\$1,072,191,216
2005-2006 <sup>11</sup>	\$1,507,199,696	\$83,400,000	\$1,590,599,696
2006-2007 <sup>12</sup>	\$2,108,529,344	\$1,100,000,000	\$3,208,529,344
2007-2008 <sup>13</sup>	\$2,640,719,730	\$650,000,000	\$3,290,719,730
2008-2009 <sup>14</sup>	\$2,809,079,054	\$0	\$2,809,079,054
2009-2010	\$2,845,578,849	\$0	\$2,845,578,849
2010-2011	\$2,913,825,383	\$0	\$2,913,825,383
2011-2012	\$2,927,464,879	\$0	\$2,927,464,879
2012-2013	\$2,983,788,477	\$0	\$2,983,788,477
2013-2014 <sup>15</sup>	\$2,974,766,164	\$0	\$2,974,766,174
<b>Total Year to Date Appropriations</b>	<b>\$25,062,713,185</b>	<b>\$2,533,400,000</b>	<b>\$27,596,113,185</b>

Florida law requires the Department of Education (DOE) to reduce class size categorical funding for school districts and charter schools that are out of compliance with class size requirements. The penalty is calculated at the classroom level for traditional public schools and at the school level for charter schools and district-operated schools of choice.<sup>16</sup> The penalties for traditional public schools and district-operated schools of choice are combined to make a total adjustment for each district.<sup>17</sup> DOE must calculate the penalty for traditional public schools out of compliance as follows:

- Step 1:** Identify, for each grade grouping, the number of classrooms that exceed the maximum and the total number of students which exceeds the maximum for all classes.
- Step 2:** Determine the number of full-time equivalent (FTE) students which exceeds the maximum for each grade grouping.
- Step 3:** Multiply the total number of FTE students over the maximum for each grade grouping by the district's FTE dollar amount of the class size reduction operating categorical allocation for that year and calculate the total for all three grade groupings.
- Step 4:** Multiply the total number of FTE students over the maximum for all classes by an amount equal to 50 percent of the base student allocation adjusted by the district cost differential for the 2013-14 FY.

A school district's class size reduction operating categorical allocation is then reduced by an amount equal to the sum of the calculations in Steps 3 and 4. Beginning in FY 2014-2015 and thereafter, the total number of FTE students over the maximum for all classes must be multiplied by 100 percent,

<sup>8</sup> Section 1011.685, F.S. (class size reduction operating categorical fund).

<sup>9</sup> Specific Appropriations 1A and 3C, s. 1, ch. 2003-397 L.O.F.; Specific Appropriations 14F & 59A, s. 2, ch. 2003-397, L.O.F.

<sup>10</sup> Specific Appropriation 6, s. 1, ch. 2004-268, L.O.F.; Specific Appropriations 28A & 82, s. 2, ch. 2004-268, L.O.F.

<sup>11</sup> Specific Appropriation 5, s. 1, ch. 2005-70, L.O.F.; Specific Appropriation 74, s. 2, ch. 2005-70, L.O.F.

<sup>12</sup> Specific Appropriation 7, s. 1, ch. 2006-25, L.O.F.; Specific Appropriations 38A & 92, s. 2, ch. 2006-25, L.O.F.

<sup>13</sup> Specific Appropriation 30, s. 2, ch. 2008-1, L.O.F.; Specific Appropriations 3 & 7, s. 1, ch. 2007-326, L.O.F.; Specific Appropriations 35 & 35A, s. 2, ch. 2007-326, L.O.F.; Specific Appropriation 7, s. 1, ch. 2007-72, L.O.F.; Specific Appropriations 36 & 87, s. 2, ch. 2007-72, L.O.F.

<sup>14</sup> Specific Appropriation 6, s. 1, ch. 2008-152, L.O.F.; Specific Appropriation 82, s. 2, ch. 2008-152, L.O.F.

<sup>15</sup> See Class Size Reduction Amendment, Florida Department of Education, available at, <http://www.fldoe.org/classsize/>.

<sup>16</sup> Sections 1002.31(9) (schools of choice), 1002.33(16)(b)3. (charter schools), and Section 1003.03(4)(a), F.S. (traditional public schools).

<sup>17</sup> Florida Department of Education, *Memorandum to District School Superintendents and Charter School Directors, 2013-2014 School Class Sizes and Process and Time for Appeals*, at 2 (Dec. 4, 2013), available at

<http://www.fldoe.org/ClassSize/pdf/1314cscm.pdf>.

rather than 50 percent, of the base student allocation adjusted by the district cost differential, thereby increasing the amount of the penalty (see Step 4).<sup>18</sup>

The reduced amount is the lesser of DOE's calculation or the undistributed balance of the school district's class size reduction operating categorical allocation. If a district made appropriate efforts to reduce class sizes but still failed to achieve compliance or an emergency caused noncompliance, the commissioner is authorized to recommend an alternative transfer amount for approval by the Legislative Budget Commission. Once the reduced amount is determined, the commissioner must prepare a reallocation of the funds made available to districts that have fully met the class size requirements by calculating an amount that is up to five percent of the base student allocation multiplied by the total district FTE students. The reallocation total may not exceed 25 percent of the total funds reduced.<sup>19</sup>

<b>History of Class Size Transfer (&amp; Reallocation) Calculation for <u>Traditional</u> Public Schools</b>				
		Pre-Appeals	Post-Appeals	After Plan
District	2003-04	\$21,488,179	\$1,479,948	
District	2004-05	\$11,354,475	\$1,076,719	
District	2005-06	\$5,222,735	\$496,059	
School	2006-07	\$7,836,834	\$3,273,943	
School	2007-08	\$5,330,411	\$333,302	
School	2008-09	\$1,396,108	\$0	
School	2009-10	\$1,912,030	\$267,263	
Classroom	2010-11	\$40,795,637	\$31,305,124	\$7,826,281
Classroom	2011-12	\$58,749,605	\$43,407,465	\$10,851,866
Classroom	2012-13	\$26,965,789	\$22,698,784	\$5,674,696
Classroom	2013-14	Not	Available	
<b>History of Class Size Transfer (&amp; Reallocation) Calculation for <u>Charter</u> Schools</b>				
		Pre-Appeals	Post-Appeals	After Plan
N/A	2003-04	\$0	\$0	
N/A	2004-05	\$0	\$0	
N/A	2005-06	\$0	\$0	
School	2006-07	\$6,831,504	\$2,724,878	
School	2007-08	\$802,515	\$194,836	
N/A	2008-09	\$0	\$0	
N/A	2009-10	\$0	\$0	
School	2010-11	\$2,292,191	\$355,539	\$88,885
School	2011-12	\$3,921,323	\$652,851	\$163,213
School	2012-13	\$1,570,397	\$431,345	\$107,836
	2013-14	Not	Available	

Districts that fail to comply with the class size requirements must submit a plan by February 15, certified by the district school board, which describes the actions the district will take in order to be in compliance by October of the following year. For districts that submit the plan by the required deadline, the funds remaining after the reallocation calculation must be added back to the district's class size reduction operating categorical allocation based on each qualifying district's proportion of the total reduction for all qualifying districts for which a reduction was calculated. The amount added back may not be greater than the amount that was reduced.<sup>20</sup>

### **Effect of Proposed Changes**

<sup>18</sup> See Section 1003.03(4), F.S.

<sup>19</sup> See Section 1003.03(4), F.S.

<sup>20</sup> See Section 1003.03(4), F.S.

The bill revises the method for calculating the penalty for traditional public schools that fail to comply with the class size requirements by performing the calculation in Steps 2, 3, and 4 at the school average instead of at the classroom level. The increase in the penalty scheduled to begin in FY 2014-15 and thereafter is repealed. School districts must continue to assign students to teachers in a manner that meets the classroom level maximums. Districts that exceed the classroom level maximums will still be required to implement a compliance plan. However, calculation of the penalty at the school average will reduce the monetary penalties levied against school districts.

**B. SECTION DIRECTORY:**

**Section 1.** Amends s. 1003.03, F.S., relating to maximum class size.

**Section 2.** Provides an effective date of July 1, 2014.

**II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

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

1. Revenues:

None.

2. Expenditures:

None.

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

1. Revenues:

None.

2. Expenditures:

By calculating the penalty at the school level instead of at the class level, the amount deducted from a school district's class size reduction operating categorical will be decreased.

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

None.

**D. FISCAL COMMENTS:**

None.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

**B. RULE-MAKING AUTHORITY:**

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

**IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

None.