# FLORIDA HOUSE OF REPRESENTATIVES BILL ANALYSIS

BILL #: <u>CS/HB 1267</u> TITLE: Education COMPANION BILL: <u>SB 1708</u> (Calatayud) LINKED BILLS: None RELATED BILLS: None

SPONSOR(S): Busatta Committee References

> Education Administration 13 Y, 4 N, As CS

## **SUMMARY**

### Effect of the Bill:

The bill seeks to provide additional opportunities for hope operators by revising the provisions of the statute governing Schools of Hope. The bill provides more precision in the description of the school district facilities hope operators are authorized to use and requires school districts to execute agreements for the use of such facilities. The bill amends requirements regarding maintenance of facilities used by hope operators and updates the definition of a persistently low-performing school.

### Fiscal or Economic Impact:

The bill has an indeterminate, positive fiscal impact on school districts resulting from districts' authority to include certain school of hope students as capital outlay FTE students which impacts the amount of levied revenue a district may need to provide to eligible charter schools. Additionally, the bill has an indeterminate, negative fiscal impact on school district maintenance costs if the district is currently receiving a mutually agreeable fee from the school of hope.

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## ANALYSIS

## **EFFECT OF THE BILL:**

The bill seeks to provide additional opportunities for <u>hope operators</u> by revising the provisions of the statute governing <u>Schools of Hope</u>. The bill amends the definition of <u>persistently low-performing school</u> by including schools that fall in the bottom 10 percent of schools statewide for student performance on the grade 3 statewide, standardized English Language Arts assessment or the grade 4 statewide, standardized mathematics assessment in at least 2 of the previous 3 years.

The bill provides that a school of hope has a right to use a vacant or surplus <u>facility</u> or co-locate with another public school in any facility that has a utilization rate of less than 50 percent or a surplus of at least 500 student stations so long as the combined total enrollment of the schools does not exceed the capacity of the facility. The bill requires a school district to execute an agreement authorizing use of educational facilities upon receipt of a hope operators notice of intent to use the facility.

The bill replaces the current requirement that a hope operator and the school district develop a mutual management agreement, including the optional fee, by requiring that the use, operation, and maintenance of facilities occupied by schools of hope, must be provided at no cost to the school of hope pursuant to a mutual management agreement developed by the State Board of Education (SBE). The bill incorporates such a mutual management agreement into the <u>dispute resolution</u> provisions governing agreements between hope operators and school districts. To avoid unnecessary duplication, the bill requires a school of hope receive noninstructional services from the school district on a pro-rata basis based on the number of students enrolled.

**STORAGE NAME**: h1267.EAS **DATE**: 3/28/2025

The bill provides that students enrolled in the school of hope be included within the district's total capital outlay full-time equivalent membership for purposes of charter school capital outlay funding and for calculating the Public Education Capital Outlay maintenance funds or any other maintenance funds for the facility.

The bill clarifies that a nonprofit entity that operates more than one school of hope which is designated as a local education agency may directly report its students to the Department of Education. (Section <u>1</u>).

The effective date of the bill is July 1, 2025. (Section <u>2</u>).

## FISCAL OR ECONOMIC IMPACT:

### LOCAL GOVERNMENT:

The bill removes the authority of a school district to negotiate a maintenance fee with a hope operator and requires the school district to execute agreements with hope operators for the use of specified facilities. Existing maintenance costs for a school district's facility will continue to be borne exclusively by the school district. The bill also has an indeterminate, positive fiscal impact on school districts resulting from districts' authority to include students attending a school of hope in a district facility as a capital outlay FTE student when determining the amount of levied revenue a school district may need to provide to eligible charter schools.

## **RELEVANT INFORMATION**

### **SUBJECT OVERVIEW:**

#### **Schools of Hope**

In 2017, the Legislature established the Schools of Hope Program to provide students in areas of persistently lowperforming schools the opportunity to access a high-quality education designed to close the opportunity gap and increase student achievement.<sup>1</sup> A school of hope is defined as a charter school operated by a hope operator to serve students from one or more persistently low-performing schools; is located within the attendance zone of the persistently low-performing school or within a five mile radius of the school, whichever is greater; and is a Title I eligible school.<sup>2</sup>

A hope operator may also open a school of hope in a "Florida Opportunity Zone," which is a population census tract that has been designated by the Treasury as a Qualified Opportunity Zone pursuant to the federal Tax Cuts and Jobs Act of 2017.<sup>3</sup> In 2018, Governor Rick Scott nominated Florida's 427 opportunity zone sites located throughout Florida's 67 counties.<sup>4</sup> The zones were certified by the Treasury and will retain the designation for 10 years.<sup>5</sup>

A hope operator seeking to open a school of hope must submit a notice of intent to the school district that includes, among other information, an academic focus and plan, a financial plan, goals and objective for increasing student achievement for students from low-income families, and a completed or planned community outreach plan.<sup>6</sup> A school of hope must be operated under a performance-based agreement with an initial term of 5 years that meets the requirements established in statute, including, but not limited to: a delineation of the current incoming baseline

<sup>&</sup>lt;sup>1</sup> Section 43, ch. 2017-116, L.O.F., codified at <u>s. 1002.333, F.S.</u>

<sup>&</sup>lt;sup>2</sup> Section <u>1002.333(1)(c)1., F.S.</u>

<sup>&</sup>lt;sup>3</sup> Tax Cuts and Jobs Act of 2017, Pub. L. No.115-97, H.R. 1, 115th Cong. (Dec. 22, 2017)

<sup>&</sup>lt;sup>4</sup> Florida Department of Economic Opportunity, Florida's Certified Opportunity Zones (2018), available at

http://www.floridajobs.org/docs/default-source/communicationsfiles/fl-opportunity-zones-county-summary.pdf.; See also Florida Department of Economic Opportunity, Bureau of Workforce Statistics and Economic Research, Opportunity Zones by Media Markets, available at

https://deolmsgis.maps.arcgis.com/apps/webappviewer/index.html?id=4e768ad410c84a32ac9aa91035cc2375 (providing a map of each identified opportunity zone (FOZ)).

<sup>&</sup>lt;sup>5</sup> U.S. Department of Treasury, Press Releases: Treasury, *IRS Announce Final Round of Opportunity Zone Designations* (June 14, 2018), <u>https://home.treasury.gov/news/press-releases/sm0414</u> (last visited Mar. 22, 2025).

standard of student academic achievement, the outcomes to be achieved, and the method of measurement that will be used; the grounds for termination, including failure to meet the requirements for student performance; and a description of the methods of involving parents and expected levels for such involvement.<sup>7</sup>

Under the Schools of Hope Program administered by the Florida Department of Education (DOE), a school of hope may receive additional funding for certain expenses such as funds for initial school facility leasing, hiring instructional support personnel, or acquiring supplies and educational materials, along with other expenses specified in law.<sup>8</sup> Funds allocated which are not disbursed by June 30 of the FY in which the funds are allocated may be carried forward for up to 5 years.<sup>9</sup> The DOE also operate the Schools of Hope revolving loan program to provide assistance to schools of hope with building construction needs and expenses related to startup of new schools of hope.<sup>10</sup> The Legislature, to date, has appropriated \$100 million for the revolving loan fund of which \$98,930,008 has been loaned to hope operators.<sup>11</sup>

A school of hope or a nonprofit entity that operates more than one school of hope may request that the SBE designate the school as a local education agency (LEA) for the purposes of receiving federal funds. As a LEA, the school accepts the full responsibility for all LEA requirements and the schools for which it will perform local education agency responsibilities.<sup>12</sup> Students enrolled in a school established by a hope operator designated as a LEA are not eligible students for purposes of calculating a district's school grade.<sup>13</sup>

A school of hope that has not been designated as an LEA must report its students to the school district for purposes of determining the school district's full-time equivalent FTE membership in calculating the Florida Education Finance Program FEFP.<sup>14</sup>

### Persistently Low-Performing Schools

A persistently low-performing school is a school that has earned three grades lower than a "C" in at least 3 of the previous 5 school years that the school received a grade and has not earned a grade of "B" or higher in the most recent 2 school years. A school is also a persistently low-performing school if it was closed pursuant to the school's turnaround option plan within 2 years after the submission of a notice of intent.<sup>15</sup> The SBE must publish annually a list of persistently low-performing schools and must provide students in persistently low-performing schools with a public school that meets accountability standards.<sup>16</sup> For school year 2023-2024, the SBE's published list include 51 persistently low-performing schools.<sup>17</sup>

#### **Hope Operators**

A hope operator is a tax-exempt, nonprofit organization that operates three or more charter schools that serve students in grades K-12 in Florida or other states with a record of serving students from low-income families and is designated by the SBE as a hope operator.<sup>18</sup> The SBE rule designates an entity as a hope operator if it submits a complete application and meets at least one of the following criteria:

• the entity was awarded a United States Department of Education Charter School Program grant for the Replication and Expansion of High-Quality Charter Schools pursuant to Title IV, Part C of the Elementary and Secondary Education Act of 1965 as amended by the Every Student Succeeds Act within the preceding 3 years from the date the entity submits an application to the DOE;

<sup>18</sup> Section <u>1002.333(2), F.S.</u>

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<sup>&</sup>lt;sup>7</sup> Section <u>1002.333(5), F.S.</u>

<sup>&</sup>lt;sup>8</sup> Section <u>1002.333(10), F.S.</u>

<sup>&</sup>lt;sup>9</sup> Section <u>1002.333(10)(b), F.S.</u>

<sup>&</sup>lt;sup>10</sup> Section <u>1001.292, F.S.</u>

<sup>&</sup>lt;sup>11</sup> Florida Department of Education, *School of Hope: Revolving Loan Fund*, <u>https://www.fldoe.org/schools/school-choice-options/schools-of-hope/loan-fund.stml</u> (last visited Mar. 24, 2025).

<sup>&</sup>lt;sup>12</sup> Section <u>1002.333(6)(a), F.S.</u>

<sup>&</sup>lt;sup>13</sup> Id.

<sup>&</sup>lt;sup>14</sup> *Id.* at (6)(g).

<sup>&</sup>lt;sup>15</sup> Section <u>1002.333(1)(c), F.S.</u>

<sup>&</sup>lt;sup>16</sup> Section <u>1002.333(11)(d), F.S.</u>

<sup>&</sup>lt;sup>17</sup> Florida Department of Education, Florida School Accountability Reports, *Persistently Low-Performing Schools* (2024), *available at* <u>https://www.fldoe.org/core/fileparse.php/18534/urlt/PLP24.xlsx</u>.

- the entity has a current and active grant award for funding through the National Fund of the Charter School Growth Fund; or
- the entity is a non-profit charter school that is selected by a district school board to turnaround the performance of a low-performing public school.<sup>19</sup>

Designation as a hope operator is valid for 5 years from the opening of a school of hope.<sup>20</sup> Presently, Florida has designated seven hope operators<sup>21</sup> that are running 12 schools of hope.<sup>22</sup>

### **Facilities**

A school of hope must use facilities that comply with the Florida Building Code, except for the State Requirements for Educational Facilities (SREF).<sup>23</sup> A school of hope that uses school district facilities must comply with SREF only if the school district and the hope operator have entered into a mutual management plan for the reasonable maintenance of such facilities, as specified in law.<sup>24</sup>

No later than January 1, the DOE must annually provide to school districts a list of all underused, vacant, or surplus facilities owned or operated by the school district as reported in the Florida Inventory of School Houses.<sup>25</sup> By each April 1, the DOE must update and publish a final list of all underused, vacant, or surplus facilities owned or operated by each school district, based upon updated information provided by each school district. A hope operator establishing a school of hope may use an educational facility identified by a school district at no cost or at a mutually agreeable cost not to exceed \$600 per student. A hope operator that uses a facility owned or operated by a school district may not sell or dispose of the facility without the written permission of the school district.<sup>26</sup>

### **Dispute Resolution for Hope Operators**

The SBE is responsible for overseeing the resolution of disputes between a hope operator and a school district arising from a performance-based agreement or a contract between a charter operator and a school district. The Commissioner of Education must appoint a special magistrate who must hold hearings to determine facts relating to the dispute and to render a recommended decision for resolution to the SBE. The recommendation may not alter in any way the provisions of the performance-based. Within 15 calendar days after the close of the final hearing, the special magistrate must transmit a recommended decision to the SBE and to the representatives of both parties.

The SBE must approve or reject the recommended decision at its next regularly scheduled meeting that is more than 7 calendar days and no more than 30 days after the date the recommended decision is transmitted. The decision by the SBE is a final agency action that may be appealed. A charter school may recover attorney fees and costs if the SBE determines that the school district unlawfully implemented or otherwise impeded implementation of the performance-based agreement.

<sup>23</sup> Section <u>1002.333(7)(a), F.S.</u>

<sup>&</sup>lt;sup>19</sup> Rule 6A-1.0998271(2)(b), F.A.C.

<sup>&</sup>lt;sup>20</sup> Section <u>1002.333(3), F.S.</u>

<sup>&</sup>lt;sup>21</sup> Democracy Prep Public Schools, Inc., Individuals Dedicated to Excellence and Achievement (IDEA) Public Schools, the Knowledge is Power Program (KIPP) New Jersey, Mater Academy, Renaissance/Warrington Preparatory Academy, Success Academy, and RCMA. *See* Florida Department of Education, *Schools of Hope*, <u>http://www.fldoe.org/schools/schoolchoice/other-school-choice-options/schools-of-hope/</u> (last visited Mar. 22, 2025).

<sup>&</sup>lt;sup>22</sup> Email, Florida Department of Education, *RE: Schools of Hope Data* (Mar. 24, 2025), on file with the Education Administration Subcommittee.

<sup>&</sup>lt;sup>24</sup> Id.

 <sup>&</sup>lt;sup>25</sup> Florida Department of Education, *Educational Facilities: Florida Inventory of School Houses*, <u>https://www.fldoe.org/finance/edual-facilities/fl-inventory-of-school-houses-fish.stml</u> (last visited Mar. 25. 2025).
 <sup>26</sup> Section <u>1002.333(7)(d)</u>, F.S.
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#### **RECENT LEGISLATION:**

YEAR	BILL #	HOUSE SPONSOR(S)	SENATE SPONSOR	OTHER INFORMATION
2021	<u>CS/CS/SB 1028</u>	McClain	Hutson	Became law on July 1, 2021.

BILL HISTORY						
COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY		
Education Administration Subcommittee	13 Y, 4 N, As CS	3/27/2025	Sleap	Wolff		
<ul> <li>Amended provisions related to schools of hope use of school district facilities</li> <li>Amended provisions related to schools of hope use of school district facilities</li> <li>Removed proposed definitions of underused facility, vacant or surplus facility, and schools of hope of distinction and requirement that certain property be provided to schools of hope of distinction.</li> <li>Removed requirement for the DOE to audit school district Florida Inventor of School Houses data.</li> </ul>						

THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.

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