

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 7081 PCB SLC 07-15 Education Funding
SPONSOR(S): Policy & Budget Council and Representative Pickens
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.: Schools & Learning Council	9 Y, 5 N	Speir	Cobb
1) Policy & Budget Council	24 Y, 0 N, As CS	Martin	Hansen
2)			
3)			
4)			
5)			

SUMMARY ANALYSIS

This bill makes a number of changes to the sections of the Florida Statutes that govern education. These statutory changes are necessary to implement the education funding decisions included in the Schools and Learning Council's budget proposal. Specifically, this bill does the following:

- Revises the definition of a full-time equivalent student to include K-8 virtual school students;
- Requires K-8 virtual schools to enroll an eligible student that submits a timely application;
- Provides reporting requirements for K-8 virtual schools;
- Establishes a district cost differential for K-8 virtual schools;
- Allows K-8 virtual schools to receive grants and donations;
- Deletes obsolete language concerning pilot K-8 virtual schools;
- Revises the definition of gifted students from students in grades K-12 to students in grades K-8;
- Revises the Florida Teacher Lead Program to include teachers of charter school students and students in prekindergarten programs funded through the Florida Education Finance Program (FEFP);
- Creates a supplemental allocation for juvenile justice education programs;
- Deletes obsolete language referencing the Teacher Training and Instructional Technology categoricals in the FEFP;
- Deletes obsolete expenditure requirements for revenue generated by the Two Mill Capital Outlay Nonvoted Millage Levy;
- Specifies 35 years as the useful life of a modular non-combustible facility;
- Defines team-teaching, co-teaching and inclusion teaching strategy;
- Clarifies the definition of capital outlay full-time equivalent student for use in determining school district capital outlay funds; and
- Provides an effective date of July 1, 2007.

The fiscal impact of this bill is expected to be an indeterminate savings to the state. This bill provides funding for the K-8 Virtual School Program through the FEFP, instead of through a specific appropriation in the General Appropriations Act. For the 2007-08 school year, funding models indicate K-8 virtual schools will receive approximately \$5,190 per FTE. The per FTE state average funding in the 2006-07 FEFP is \$6,840, which is a savings of about \$1,650 for each K-8 virtual school student. Students enrolled in a K-8 virtual school would also generate a savings in capital outlay expenditures because these students receive services in their homes and would not require a classroom. The number of students that may participate in this program is not known.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Empower Families – The bill transfers K-8 Virtual School Program funding from a grant basis to the Florida Education Finance Program.

B. EFFECT OF PROPOSED CHANGES:

K-8 Virtual School Program

Through proviso in the General Appropriations Act (GAA), the 2003 Legislature authorized the Department of Education (DOE) to provide for the creation of at least two K-8 Virtual School pilot programs. The two pilot programs selected by the DOE were Connections Academy, Inc. and K12, Inc. The schools provide computers and help cover the cost of Internet access for their students who complete 10 to 30% of their work on-line depending on the grade level. Both of these schools utilize the parent or other responsible adult as the students' primary teachers while the virtual school teachers oversee the students' progress by checking samples of their work. These programs use on-line curriculum, lessons, and progress tests as well as books and other more traditional learning materials. A parent-teacher telephone conference is required at least once every two weeks. However, parents can reach virtual school teachers through e-mail or telephone at other times.

The 2006 Legislature established the K-8 Virtual School Program as an optional educational choice program within the Department of Education (chapter 2006-48, Laws of Florida). Like the K-8 Virtual School pilot programs, the K-8 Virtual School Program is to deliver academic instruction through the use of on-line and distance learning technology to full-time students in kindergarten through eighth grade. Each student enrolled in a K-8 virtual school must take state assessment tests within the student's school district of residence, which must provide that student with access to the district's testing facilities.

Students enrolled in a K-8 virtual school are subject to the compulsory attendance requirements of s. 1003.21. Student attendance must be verified according to procedures of the Department of Education. Enrollment is reported to the Department of Education by the virtual schools and is open to any K-8 student in this state if the student meets at least one of the following conditions:

1. Spent the prior school year in attendance at a public school in this state and was enrolled and reported by a public school district for funding during the preceding October and February for purposes of the Florida Education Finance Program surveys;
2. Was enrolled during the prior school year in a K-8 virtual school;
3. Is eligible to enroll in kindergarten or the first grade; or
4. Has a sibling who is currently enrolled in a participating K-8 virtual school and was enrolled at the end of the prior school year.

An appropriation category in the General Appropriations Act was created to fund the K-8 Virtual School Program in the amount of \$7.2 million during the 2006 Session. The per student grant award was not to exceed \$5,200, which allowed 1,384 students to be served. State funding for each school participating in the K-8 Virtual School Program is based on total program enrollment and the amount per student.

This bill amends s. 1002.415, F.S., to provide the K-8 Virtual School Program with the mission to provide students with technology-based educational opportunities to gain the knowledge and skills necessary to succeed.

This bill deletes the requirement that state funding for each school participating in the K-8 Virtual School Program shall be based on a total program enrollment and amount per student and replaces it with language that makes the K-8 Virtual School Program part of the FEFP with a district cost differential of 1.000. The definition of an FTE is amended to include K-8 virtual school students. The K-8 virtual schools are to report the full-time equivalent (FTE) students to the Department of Education.

For the 2007-08 school year, funding models indicate K-8 virtual schools will receive approximately \$5,190 per FTE. The per FTE state average funding in the 2006-07 FEFP is \$6,840, which is a savings of about \$1650 for each K-8 virtual school student. Students enrolled in a K-8 virtual school would also generate a savings in capital outlay expenditures because these students receive services in their homes and would not require a classroom. In addition to the FEFP funding, this bill would allow K-8 virtual schools to receive funding through grants and donations.

K-8 virtual schools must be nonprofit and must meet certain standards and accountability. Each K-8 virtual school must participate in the statewide assessment program and is subject to the school grading system. A K-8 virtual school with a performance grade category of "D" or "F" must file a school improvement plan with the Department of Education for review to determine the causes for low performance and to develop a plan for correction and improvement. This bill prohibits these schools from enrolling more students until a performance grade of "C" or greater is achieved.

This bill requires K-8 virtual schools to serve any student who meets the profile for success in this educational delivery context. Priority is to be given to students who need access to virtual courses in order to meet their educational needs and goals in a home environment, and those seeking accelerated access to move at their own pace in their educational progress.

This bill also requires K-8 virtual schools to enroll an eligible student who submits a timely application, unless the number of applications exceeds the capacity of a program. In such case, all applications are required to have an equal chance of being admitted through a random selection process.

This bill deletes statutory references to the two pilot K-8 virtual schools which were allowed to continue through the 2006-2007 school year.

Florida Teachers Lead Program Stipend

The Florida Teachers Lead Program Stipend provides approximately \$250 to full-time, certified classroom teachers for the purchase of classroom materials and supplies used in the instruction of students in kindergarten through grade 12. Funding for the program is determined by the Legislature in the General Appropriations Act.

This bill revises the Florida Teacher Lead Program to include teachers of students in prekindergarten programs funded through the FEFP and charter school teachers.

Florida Education Finance Program

The FEFP provides basic funding for all students. Additional funds are provided in the Exceptional Student Education (ESE) Guarantee for mild to moderately disabled students and gifted students in kindergarten through grade 12 above the basic funds per student amount to fund special programs and services needed for "exceptional students." Exceptional students include gifted students in grades K-12 as well as students with disabilities.

Students with disabilities need to be provided special programs and specific accommodations to enable them to effectively participate in public education programs. These special programs and services require funding above the amount required for students who do not have such disabilities.

Section 1003.01 (3) (a), F.S., is silent about what type of special program or accommodation is necessary to enable students in grades 9-12 who are gifted to participate in public school education that would require funding above the amount provided for the basic funds per student allocation. Generally, students in grades 9 through 12 who are gifted are able to participate in educational programs without the need for special accommodations such as those required for "exceptional students."

Even so, funds above the basic per student amount are provided to school districts to fund a variety of advanced and higher level courses for high-achieving and gifted students in grades 9 through 12. Currently, high school students who want accelerated or advanced courses may take courses in Advanced

Placement (AP), International Baccalaureate (IB), Advanced International Certificate of Education (AICE) and dual enrollment programs. In addition to the "seat time" FTE for these students, the district earns "bonus" FTE of .24 in AP, IB and AICE programs for every student who passes a subject exam and an additional .30 FTE for each student who earns an AP, IB, or AICE diploma. In addition, students enrolled in dual enrollment courses earn FTE for the district and the postsecondary institution, regardless of which institution is providing the instruction. In summary, the "seat time" FTE and the "bonus" FTE fund the gifted programs. Providing more funding through the Exceptional Student Education (ESE) Guaranteed Allocation for Gifted 9 to 12 students in these and other programs is duplicative.

This bill amends s. 1003.01 (3) (a), F.S., to provide that the definition of "exceptional students" includes students who are gifted in grades K through 8 only and not those in grades 9 through 12. Many of those students already receive extra funding through AP, IB, AICE, and dual enrollment. With this revision, funding above the basic per student allocation will continue to be provided for advanced and higher level courses for gifted students in grades 9 through 12. Consequently, the FTE for gifted students in grades 9-12 were taken out of the ESE Guarantee and the funds were left in, which spreads the same funds over existing K-8 gifted and K-12 ESE students. The removal of the FTE for gifted students in grades 9-12 may limit funding through the ESE Guarantee in future years for gifted programs in grades 9-12, depending on the number of students the district identifies as gifted.

Educational programs for students in Department of Juvenile Justice (DJJ) Programs are funded in the same manner as students enrolled in school district programs, except for the class size reduction allocation. DJJ educational programs that are not provided in public schools are not required to meet minimum class size requirements. During the past four years, substantial increases in funds through the FEFP have been provided for class size reduction in school districts. The increase in per student funding for class size reduction has not been required for students in DJJ educational programs, consequently increased funding for students in DJJ educational programs has not kept pace with the increased funding for K-12 students in school district programs.

This bill amends s. 1011.62, F.S., to create a supplement for students in juvenile justice education programs. As a result, funding will be provided in an amount that is equal to what these programs otherwise would have received if they were required to participate in class size reduction. This enables juvenile justice education programs to be funded more on par with similar programs in the school districts.

In addition to the basic amount for current operations for the FEFP, the Legislature may appropriate categorical funding for specified programs, activities, or purposes. This bill deletes obsolete statutory language in s. 1011.62, F.S., referencing two categoricals which are no longer funded by specific appropriation in the General Appropriations Act. They are: 1) funds for in services educational personnel training and 2) funds for public school technology.

Two Mill Capital Outlay Revenue

Obsolete language limiting the amount of Two Mill Capital Outlay Revenue a district school board may spend on security vehicles, vehicles used in storing and distributing materials and equipment, and certificates of participation issued for any purpose during fiscal years 2000-2001 through 2002-2003 is deleted from s. 1011.71, F.S.

Class Size Reduction

This bill adds definitions to s. 1003.03, F.S., to clarify the meaning of team-teaching, co-teaching, and inclusion teaching strategy for use in determining class size reduction requirements. "Team-teaching" and "co-teaching" are defined as two or more teachers assigned to a group of students and each teacher is responsible for all of the students during the entire class period. In order to be considered team-teaching or co-teaching each teacher is responsible for planning, delivering, and evaluating instruction for all students in a class or subject for the entire class period. "Inclusion teaching strategy" is defined as two or more teachers assigned to a group of students, but one of the teachers is only responsible for one student or a small group of students in the classroom.

Public Education Capital Outlay and Debt Service Trust Fund

The Public Education Capital Outlay and Debt Service Trust Fund (PECO) is a state program that provides capital outlay and building maintenance funds to school districts from revenue derived from a tax collected on the gross receipts from the sale of utility services. The amount collected each year varies based on economic conditions.

This bill amends s. 1013.64(1), F.S., which governs building maintenance allocations from the PECO Fund, assigning modular non-combustible facilities a 35 year building life. Section 1013.64(3), F.S., is amended to clarify the definition of capital outlay full-time equivalent membership to include only K-12 students for whom the school district is required to provide the educational facility, consistent with current policy. This definition is used in determining school district capital outlay allocations.

C. SECTION DIRECTORY:

Section 1. Amends s. 1002.415, F.S., providing a mission for the K-8 Virtual School Program; revising the definition of full-time equivalent student; requiring K-8 virtual schools to enroll eligible children; deleting pilot school provisions; revising funding rules for K-8 virtual schools.

Section 2. Amends s. 1003.01, F.S., revising the definition of gifted students from students in grades K-12 to students in grades K-8.

Section 3. Creates new paragraphs in s. 1003.03, F.S., defining team-teaching, co-teaching and inclusion teaching strategy.

Section 4. Amends s. 1011.61, F.S., revising the definition of full-time equivalent student to include K-8 virtual school students.

Section 5. Amends s. 1011.62, F.S., creating a supplemental allocation for juvenile justice education programs, and deleting obsolete categorical appropriation language.

Section 6. Amends s. 1011.71, F.S., deleting obsolete language.

Section 7. Amends s. 1012.71, revising the Florida Teacher Lead Program to include teachers of students in prekindergarten programs funded through the FEFP and charter school teachers.

Section 8. Amends s. 1013.64, F.S., specifying the useful life of a modular non-combustible facility; clarifying the definition of capital outlay full-time equivalent membership for use in determining school district capital outlay funds.

Section 9. Provides an effective date of July 1, 2007.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

This bill provides funding for the K-8 Virtual School Program through the Florida Education Finance Program, instead of through a specific appropriation in the General Appropriations Act. For the 2007-08 school year, funding models indicate K-8 virtual schools will receive approximately \$5,190 per FTE. The per FTE state average funding in the 2006-07 FEFP is \$6,840, which is a savings of about \$1,650 for each K-8 virtual school student. Students enrolled in a K-8 virtual school would also generate a savings in capital outlay expenditures because these students receive services in

their homes and would not require a classroom. The number of students that may participate in this program is not known.

The proposed General Appropriations Act provides \$1.3 million to fund the cost of revising the Florida Teacher Lead Program to include teachers of students in prekindergarten programs funded through the FEFP and charter school teachers.

The supplemental allocation for juvenile justice education programs will result in \$12.5 million of additional funds for these programs.

Section 1013.64(3), F.S., is amended to clarify the definition of capital outlay full-time equivalent membership to include only K-12 students for whom the school district is required to provide the educational facility, consistent with current policy. This definition is used in determining school district capital outlay allocations.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

See "FISCAL IMPACT ON STATE GOVERNMENT"

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not appear to require a county or municipality to spend funds or take an action requiring expenditures; reduce the authority that counties and municipalities had as of February 1, 1989, to raise revenues in the aggregate; or reduce the percentage of a state tax shared in the aggregate with counties and municipalities as of February 1, 1989.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

N/A

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On March 20, 2007, the Schools & Learning Council adopted a strike-all amendment that made mostly technical changes to the bill. The only substantive change was to pay K-8 virtual schools based on the FTE as opposed to paying them only for those students who are promoted to the next grade level.

On March 30, 2007, the Policy & Budget Council adopted three amendments that do the following:

- Revise the definition of gifted students from students in grades K-12 to students in grades K-8;
- Revise the Florida Teacher Lead Program to include teachers of students in prekindergarten programs funded through the FEFP and charter school teachers;
- Create a supplemental allocation for juvenile justice education programs.

This analysis is drafted to the bill as amended.