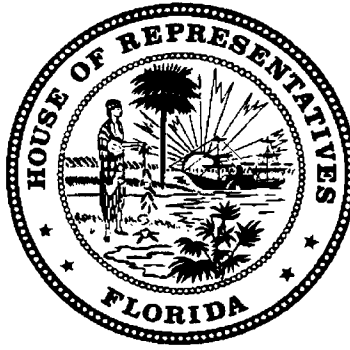


K - 12
Subcommittee
Tuesday, March 18, 2014
9:30 a.m. – 11:30 a.m.
17 HOB

Meeting Packet

Will Weatherford
Speaker

Janet H. Adkins
Chair



AGENDA

K-12 Subcommittee
Tuesday, March 18, 2014
9:30 a.m. – 11:30 a.m.
17 HOB

- I. Call to Order/Roll Call
- II. Opening Remarks
- III. Consideration of the following proposed committee substitute:
 - PCS for HB 875 Education Fiscal Accountability
- IV. Closing Remarks and Adjournment

1 A bill to be entitled
2 An act relating to education fiscal accountability;
3 amending s. 1008.02, F.S.; defining the terms "core
4 operating expenditure," "fiscal peers," and "return-
5 on-investment rating"; amending s. 1008.34, F.S.;
6 requiring school report cards to include school and
7 school district return-on-investment ratings;
8 requiring the Commissioner of Education to establish a
9 return-on-investment rating to evaluate the extent to
10 which schools and school districts are using financial
11 resources to improve student performance; requiring
12 the commissioner to determine fiscal peers and assign
13 and publish return-on-investment ratings; amending s.
14 1011.69, F.S.; creating the Schoolhouse Funding Pilot
15 Program; defining terms; providing a procedure for a
16 public school to participate in the pilot program;
17 requiring the principal of a pilot school to
18 participate in a professional development program;
19 providing assessment and accountability requirements
20 for a pilot school; providing funding for students
21 enrolled in a pilot school and calculation therefor;
22 providing for the receipt of federal funds and for the
23 distribution of state and federal funds; requiring a
24 school district to provide certain specified
25 administrative and educational services to a pilot
26 school; requiring a school district to provide student

27 performance data to a pilot school in the same manner
 28 as it provides data to other public schools; providing
 29 for an administrative fee for the specified services;
 30 providing requirements relating to employees of a
 31 pilot school, including selection, contracting,
 32 certification, background screening, and employment
 33 history checks; requiring a pilot school to adopt
 34 policies that establish standards of ethical conduct
 35 for instructional personnel and school administrators;
 36 amending ss. 1003.621 and 1011.64, F.S.; conforming
 37 cross-references; providing an effective date.

38

39 Be It Enacted by the Legislature of the State of Florida:

40

41 Section 1. Section 1008.02, Florida Statutes, is amended
 42 to read:

43 1008.02 Definitions.—As used in this chapter, the term:

44 (1) "Core operating expenditure" means the expenditure of
 45 general and special revenue funds, in accordance with the
 46 uniform chart of accounts included in the publication "Financial
 47 and Program Cost Accounting and Reporting for Florida Schools,"
 48 in the functional categories of instruction and instructional
 49 support services and in the object categories of salaries,
 50 employee benefits, purchased services, and materials and
 51 supplies. The Commissioner of Education may classify other
 52 expenditures, funds, and functional and object categories as

53 core operating expenditures.

54 (2)~~(1)~~ "Developmental education" means instruction through
 55 which a high school graduate who applies for any college credit
 56 program may attain the communication and computation skills
 57 necessary to successfully complete college credit instruction.
 58 Developmental education may be delivered through a variety of
 59 accelerated and corequisite strategies and includes any of the
 60 following:

61 (a) Modularized instruction that is customized and
 62 targeted to address specific skills gaps.

63 (b) Compressed course structures that accelerate student
 64 progression from developmental instruction to college-level
 65 coursework.

66 (c) Contextualized developmental instruction that is
 67 related to meta-majors.

68 (d) Corequisite developmental instruction or tutoring that
 69 supplements credit instruction while a student is concurrently
 70 enrolled in a credit-bearing course.

71 (3) "Fiscal peers" means public schools and school
 72 districts that are of similar size and have similar average
 73 total cost-per-student funding in the Florida Education Finance
 74 Program, as determined by the commissioner. At a minimum, the
 75 commissioner shall take into consideration the following
 76 factors:

77 (a) The Florida Price Level Index.

78 (b) School size.

79 (c) Student program cost factors.

80 (d) Geography.

81 (4)~~(2)~~ "Gateway course" means the first course that
 82 provides transferable, college-level credit allowing a student
 83 to progress in his or her program of study.

84 (5)~~(3)~~ "Meta-major" means a collection of programs of
 85 study or academic discipline groupings that share common
 86 foundational skills.

87 (6) "Return-on-investment rating" or "ROI rating" means a
 88 calculation developed by the commissioner which results in an
 89 annual ordinal rating for a public school and a school district
 90 that displays to the public the extent by which core operating
 91 expenditures have been used to positively impact student
 92 achievement. Ratings are assigned, as provided for under s.
 93 1008.34(6), based on spending and student performance relative
 94 to a school's fiscal peers or a school district's fiscal peers.

95 Section 2. Subsection (5) of section 1008.34, Florida
 96 Statutes, is amended, subsections (6) through (8) are renumbered
 97 as subsections (7) through (9), respectively, and a new
 98 subsection (6) is added to that section, to read:

99 1008.34 School grading system; school report cards;
 100 district grade.—

101 (5) SCHOOL REPORT CARD.—The Department of Education shall
 102 annually develop, in collaboration with the school districts, a
 103 school report card to be provided by the school district to
 104 parents within the district. The report card must ~~shall~~ include

105 the school's grade, information regarding school improvement, an
 106 explanation of school performance as evaluated by the federal
 107 Elementary and Secondary Education Act (ESEA), 20 U.S.C. ss.
 108 6301 et seq., and indicators of return on investment as provided
 109 in subsection (6). Each school's report card shall be published
 110 annually by the department on its website.

111 (6) RETURN-ON-INVESTMENT (ROI) RATING.-

112 (a) By January 31, 2015, the Commissioner of Education
 113 shall establish a ROI rating system. The ROI rating evaluates
 114 the extent to which public schools and school districts are
 115 using their financial resources in a cost-effective manner to
 116 improve student performance relative to their fiscal peers, as
 117 defined in s. 1008.02(3). The ROI rating must place the most
 118 weight on indicators designed to measure how dollars are being
 119 used to facilitate increased student academic performance.
 120 Student performance means student achievement and student
 121 learning gains on statewide, standardized assessments as
 122 provided for in this section.

123 (b) The commissioner shall determine fiscal peers, as
 124 defined in s. 1008.02(3), for each public school and school
 125 district. Each ROI rating shall be calculated relative to the
 126 performance of the fiscal peers of the school or school
 127 district.

128 (c) The commissioner shall assign the ordinal ROI ratings
 129 for all public schools and school districts in a sortable, easy-
 130 to-understand format that allows for comparisons among school

131 districts, public schools, public charter schools, and fiscal
 132 peers. Beginning with the 2015-2016 school year, the
 133 commissioner shall publish ratings on the Department of
 134 Education's website when school report cards are made publicly
 135 available. Each public school shall provide a link to this
 136 information on its website and annually post a copy of its most
 137 recent rating in a visible location.

138 (d) Beginning with the 2015-2016 school year, each
 139 school's report card shall include the ordinal ROI rating of the
 140 school and the school district.

141 (e) The commissioner shall make every attempt to use
 142 aggregated student data that is already being collected from
 143 public schools to develop the ROI rating, including, but not
 144 limited to, data from:

- 145 1. School report cards issued under this section.
- 146 2. Accountability measures, including the annual school
 147 accountability report required by ss. 1001.42(18) and 1008.345.
- 148 3. Profiles of school districts pursuant to ss. 1010.20
 149 and 1011.60.
- 150 4. The state's program cost reporting system.

151 Section 3. Subsection (5) is added to section 1011.69,
 152 Florida Statutes, to read:

153 1011.69 Equity in School-Level Funding Act.—

154 (5) Subject to annual appropriation in the General
 155 Appropriations Act, the Schoolhouse Funding Pilot Program is
 156 created for the purpose of giving principals increased authority

157 over school budgets and human capital decisions and then
 158 determining whether the increased flexibility positively impacts
 159 the return on investment at that school, as that term is defined
 160 in s. 1008.02(6).

161 (a) Definitions.—As used in this subsection, the term:

162 1. "Pilot program" means the Schoolhouse Funding Pilot
 163 Program.

164 2. "Pilot school" means a public school that participates
 165 in the pilot program.

166 (b) Participating pilot schools.—

167 1. The Commissioner of Education shall select a minimum of
 168 15 high schools and 15 middle schools from throughout the state
 169 to participate in a 2-year Schoolhouse Funding Pilot Program,
 170 beginning with the 2015-2016 school year. Participating pilot
 171 schools shall be selected as follows:

172 a. The school received a school grade of "C," "D," or "F"
 173 in the prior school year and has not received a school grade of
 174 "A" or "B" in the past 5 years.

175 b. The school represents diverse student populations,
 176 including minority students, students receiving free or reduced-
 177 price lunches, and students with disabilities.

178 2. The district school board must approve a school's
 179 participation in the pilot program for a school in the district
 180 that is recommended by the commissioner. If the district school
 181 board fails to approve a school for participation in the pilot
 182 program, the district school board must provide the commissioner

183 with a detailed written explanation for its refusal.

184 (c) Professional development.—The principal, and if
 185 possible the assistant principals, of a pilot school selected by
 186 the commissioner and approved by the district school board must
 187 participate in a professional development program, as provided
 188 in the General Appropriations Act. The professional development
 189 program must include leadership training that focuses on all of
 190 the following:

- 191 1. Improving student achievement.
- 192 2. Aligning standards, assessment, curriculum, and
 193 instruction.
- 194 3. Using data to drive instruction.
- 195 4. Using best financial management practices to drive
 196 student achievement.

197 (d) Assessment and accountability.—

- 198 1. A pilot school must participate in the student
 199 assessment program for public schools under s. 1008.22 and is
 200 subject to the school grading system under s. 1008.34.
- 201 2. The department shall measure the return on investment
 202 of each school upon its acceptance into the pilot program and
 203 annually thereafter in accordance with s. 1008.34(6).

204 (e) Funding.—A student enrolled in a pilot school shall be
 205 funded as if the student were in a basic program or a special
 206 program at any other public school within the school district.

- 207 1. A pilot school shall report its student enrollment to
 208 the district as required under s. 1011.62. The district shall

209 include each pilot school's enrollment in the district's report
210 of student enrollment. When submitting student record
211 information required by the Department of Education, a pilot
212 school shall comply with the department's guidelines for
213 electronic data formats. Each district shall accept electronic
214 data that complies with the department's electronic format.

215 2. The amount of funding for students enrolled in a pilot
216 school shall be the sum of the school district's operating funds
217 from the Florida Education Finance Program as provided in s.
218 1011.62 and the General Appropriations Act, including gross
219 state and local funds, discretionary lottery funds, and funds
220 from the school district's current operating discretionary
221 millage levy; divided by total funded weighted full-time
222 equivalent students in the school district; multiplied by the
223 weighted full-time equivalent students for the pilot school. A
224 pilot school whose students or programs meet the eligibility
225 criteria in law is entitled to its proportionate share of
226 categorical program funds included in the total funds made
227 available in the Florida Education Finance Program by the
228 Legislature, including transportation funds if applicable. Total
229 funding for each pilot school shall be recalculated during the
230 year to reflect the revised calculations under the Florida
231 Education Finance Program by the state and the actual weighted
232 full-time equivalent students reported by the pilot school
233 during the full-time equivalent student survey periods
234 designated by the Commissioner of Education.

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235 3. If the district school board is providing programs or
236 services to students funded by federal funds, any eligible
237 student enrolled in a pilot school in the school district shall
238 be provided federal funds at the same level as is provided to
239 students in the schools operated by the district school board.
240 Pursuant to the federal Elementary and Secondary Education Act
241 (ESEA), 20 U.S.C. ss. 7221-7225g, each pilot school shall
242 receive all federal funding for which the school is otherwise
243 eligible, including Title I funding, no later than 5 months
244 after the pilot school begins the pilot program and within 5
245 months after any subsequent expansion of enrollment. Unless
246 otherwise mutually agreed to by the pilot school and the
247 district, and consistent with state and federal rules and
248 regulations governing the use and disbursement of federal funds,
249 the district shall reimburse the pilot school on a monthly basis
250 for all invoices submitted by the pilot school using federal
251 funds available to the district for the benefit of the pilot
252 school, the pilot school's students, and the pilot school's
253 students as public school students in the school district. Such
254 federal funds include, but are not limited to, Title I, Title
255 II, and Individuals with Disabilities Education Act (IDEA)
256 funds. To receive timely reimbursement for an invoice, the pilot
257 school must submit the invoice to the district at least 30 days
258 before the monthly date of reimbursement set by the district. In
259 order to be reimbursed, any expenditure made by the pilot school
260 must comply with all applicable state and federal rules and

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CODING: Words ~~stricken~~ are deletions; words underlined are additions.

V

261 regulations, including, but not limited to, the applicable
 262 federal Office of Management and Budget circulars; the
 263 regulations of the United States Department of Education; and
 264 program-specific statutes, rules, and regulations. Such funds
 265 may not be made available to the pilot school until a plan is
 266 submitted to the district for approval of the use of the funds
 267 in accordance with applicable federal requirements. The district
 268 has 30 days to review and approve any plan submitted pursuant to
 269 this subparagraph.

270 4. Each district school board shall make timely and
 271 efficient payment and reimbursement to pilot schools and shall
 272 process paperwork required to access special state and federal
 273 funding for which they may be eligible. The district school
 274 board may distribute funds to a pilot school for up to 3 months
 275 based on the projected full-time equivalent student membership
 276 of the pilot school. Thereafter, the results of full-time
 277 equivalent student membership surveys shall be used in adjusting
 278 the amount of funds distributed monthly to the pilot school for
 279 the remainder of the fiscal year. The payment shall be issued no
 280 later than 10 working days after the district school board
 281 receives a distribution of state or federal funds. If a warrant
 282 for payment is not issued within 10 working days after receipt
 283 of funding by the district school board, the school district
 284 shall pay to the pilot school, in addition to the amount of the
 285 scheduled disbursement, interest at a rate of 1 percent per
 286 month calculated on a daily basis on the unpaid balance from the

287 expiration of the 10 working days until such time as the warrant
 288 is issued.

289 (f) Services.-

290 1. A school district shall provide certain administrative
 291 and educational services to pilot schools. These services must
 292 include contract management services; full-time equivalent and
 293 data reporting services; exceptional student education
 294 administrative services; services related to eligibility and
 295 reporting duties required to ensure that school lunch services
 296 under the federal lunch program, consistent with the needs of
 297 the pilot school, are provided by the district at the request of
 298 the pilot school, that any funds due to the pilot school under
 299 the federal lunch program be paid to the pilot school if the
 300 pilot school begins serving food under the federal lunch
 301 program, and that the pilot school is paid at the same time and
 302 in the same manner under the federal lunch program as other
 303 public schools serviced by the district; test administration
 304 services, including payment of the costs of state-required or
 305 district-required student assessments; processing of teacher
 306 certificate data services; and information services, including
 307 equal access to student information systems that are used by
 308 public schools in the district in which the pilot school is
 309 located. Student performance data for each student in a pilot
 310 school, including, but not limited to, statewide test scores,
 311 standardized test scores, previous public school student report
 312 cards, and student performance measures, shall be provided by

313 the district to a pilot school in the same manner as they are
 314 provided to other public schools in the district.

315 2. A total administrative fee for the provision of such
 316 services shall be calculated based upon up to 5 percent of the
 317 available funds under paragraph (e) for all students, except
 318 that if 75 percent or more of the students enrolled in the pilot
 319 school are exceptional students as defined in s. 1003.01(3), the
 320 5 percent of those available funds shall be calculated based on
 321 unweighted full-time equivalent students. However, a district
 322 may withhold up to a 5-percent administrative fee only for
 323 enrollment for 250 students or less. Pursuant to its authority
 324 under s. 11.45, the Auditor General shall audit and report any
 325 noncompliance by a participating district.

326 (g) Employees of pilot schools.—

327 1. A pilot school principal shall select the employees of
 328 the pilot school. A pilot school may contract with its school
 329 district for the services of personnel who are employed by the
 330 district.

331 2. Instructional personnel at a pilot school may choose to
 332 be part of a professional group that subcontracts with the
 333 district to operate an instructional program under the auspices
 334 of a partnership or cooperative that the instructional personnel
 335 collectively own. Under this arrangement, such personnel are not
 336 considered public employees for purposes of contract
 337 negotiations or for purposes of the Florida Retirement System.

338 3. An employee of a school district may take leave to

339 accept employment in a pilot school upon the approval of the
 340 district school board. While employed by the pilot school and on
 341 leave that is approved by the district school board, the
 342 employee may retain seniority accrued in that district and may
 343 continue to be covered by the benefit programs of that district
 344 if the pilot school and the district school board agree to this
 345 arrangement and its financing. A district may not require the
 346 resignation of an employee who desires to teach in a pilot
 347 school. This subparagraph does not prohibit a district school
 348 board from approving alternative leave arrangements consistent
 349 with chapter 1012.

350 4. A teacher who is employed by or under contract to a
 351 pilot school must be certified as required under chapter 1012. A
 352 pilot school may employ or contract with skilled selected
 353 noncertified personnel to provide instructional services or to
 354 assist instructional staff members as education
 355 paraprofessionals in the same manner as provided under chapter
 356 1012 and as provided by State Board of Education rule. A pilot
 357 school may not knowingly employ an individual to provide
 358 instructional services or to serve as an education
 359 paraprofessional if the individual's certification or licensure
 360 as an educator is suspended or revoked by this state or any
 361 other state. A pilot school may not knowingly employ an
 362 individual who has resigned from a school district in lieu of
 363 disciplinary action with respect to child welfare or safety or
 364 who has been dismissed for just cause by any school district

365 with respect to child welfare or safety. The qualifications of
366 teachers shall be disclosed to parents.

367 5.a. A pilot school shall employ or contract with
368 employees who have undergone background screening as provided in
369 s. 1012.32.

370 b. A pilot school shall disqualify instructional personnel
371 and school administrators, as defined in s. 1012.01, from
372 employment in any position that requires direct contact with
373 students if the personnel or administrators are ineligible for
374 such employment under s. 1012.315.

375 c. A pilot school shall adopt policies establishing
376 standards of ethical conduct for instructional personnel and
377 school administrators. The policies must require all
378 instructional personnel and school administrators, as defined in
379 s. 1012.01, to complete training on the standards; establish the
380 duty of instructional personnel and school administrators to
381 report alleged misconduct by other instructional personnel or
382 school administrators that affects the health, safety, or
383 welfare of a student and procedures for such reporting; and
384 include an explanation of the liability protections provided
385 under ss. 39.203 and 768.095.

386 d. A pilot school or an employee of a pilot school may not
387 enter into a confidentiality agreement regarding terminated or
388 dismissed instructional personnel or school administrators, or
389 personnel or administrators who resign in lieu of termination,
390 based in whole or in part on misconduct that affects the health,

391 safety, or welfare of a student and may not provide
 392 instructional personnel or school administrators with employment
 393 references or discuss such persons' performance with prospective
 394 employers in another educational setting without disclosing such
 395 misconduct. Any part of an agreement or contract that has the
 396 purpose or effect of concealing misconduct by instructional
 397 personnel or school administrators which affects the health,
 398 safety, or welfare of a student is void, is contrary to public
 399 policy, and may not be enforced.

400 e. Before employing instructional personnel or school
 401 administrators in any position that requires direct contact with
 402 students, a pilot school must conduct employment history checks
 403 of each such person's previous employers, screen such person
 404 using the educator screening tools described in s. 1001.10(5),
 405 and document the findings. If unable to contact such person's
 406 previous employer, the pilot school must document efforts to
 407 contact the employer.

408 Section 4. Paragraphs (a) and (d) of subsection (1) of
 409 section 1003.621, Florida Statutes, are amended to read:

410 1003.621 Academically high-performing school districts.—It
 411 is the intent of the Legislature to recognize and reward school
 412 districts that demonstrate the ability to consistently maintain
 413 or improve their high-performing status. The purpose of this
 414 section is to provide high-performing school districts with
 415 flexibility in meeting the specific requirements in statute and
 416 rules of the State Board of Education.

417 (1) ACADEMICALLY HIGH-PERFORMING SCHOOL DISTRICT.—
 418 (a) A school district is an academically high-performing
 419 school district if it meets the following criteria:
 420 1.a. ~~Beginning with the 2004-2005 school year,~~ Earns a
 421 grade of "A" under s. 1008.34(8) ~~1008.34(7)~~ for 2 consecutive
 422 years; and
 423 b. Has no district-operated school that earns a grade of
 424 "F" under s. 1008.34;
 425 2. Complies with all class size requirements in s. 1, Art.
 426 IX of the State Constitution and s. 1003.03; and
 427 3. Has no material weaknesses or instances of material
 428 noncompliance noted in the annual financial audit conducted
 429 pursuant to s. 218.39.
 430 (d) In order to maintain the designation as an
 431 academically high-performing school district pursuant to this
 432 section, a school district must meet the following requirements:
 433 1. Comply with the provisions of subparagraphs (a)2. and
 434 3.; and
 435 2. Earn a grade of "A" under s. 1008.34(8) ~~1008.34(7)~~ for
 436 2 years within a 3-year period.
 437
 438 However, a district in which a district-operated school earns a
 439 grade of "F" under s. 1008.34 during the 3-year period may not
 440 continue to be designated as an academically high-performing
 441 school district during the remainder of that 3-year period. The
 442 district must meet the criteria in paragraph (a) in order to be

443 | redesignated as an academically high-performing school district.

444 | Section 5. Paragraph (a) of subsection (2) of section
445 | 1011.64, Florida Statutes, is amended to read:

446 | 1011.64 School district minimum classroom expenditure
447 | requirements.—

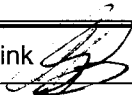
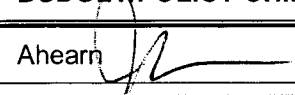
448 | (2) For the purpose of implementing the provisions of this
449 | section, the Legislature shall prescribe minimum academic
450 | performance standards and minimum classroom expenditure
451 | requirements for districts not meeting such minimum academic
452 | performance standards in the General Appropriations Act.

453 | (a) Minimum academic performance standards may be based
454 | on, but are not limited to, district grades determined pursuant
455 | to s. 1008.34(8) ~~1008.34(7)~~.

456 | Section 6. This act shall take effect upon becoming a law.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCS for HB 875 Education Fiscal Accountability
SPONSOR(S): K-12 Subcommittee
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: K-12 Subcommittee		Brink 	Ahearn 

SUMMARY ANALYSIS

The proposed committee substitute (PCS) requires the Commissioner of Education (commissioner) to establish a return on investment (ROI) rating system by January 31, 2015, in order to evaluate the extent to which public school and school districts use financial resources in a cost-effective manner to improve student performance relative to fiscal peers. The ROI rating must place the most weight on indicators designed to measure how dollars are being used to facilitate increased student academic performance.

The bill defines the terms "return on investment rating," "fiscal peers," and "core operating expenditure" for the purpose of determining return on investment ratings for schools and districts.

In addition, the commissioner must determine fiscal peers for each public school and school district for the purpose of comparing ROI ratings among similar districts, public schools, and charter schools.

The PCS creates the Schoolhouse Funding Pilot Program for the purpose of giving pilot school principals increased authority over school budgets and human capital decisions and determining whether the increased authority positively impacts the return on investment for the principals' schools. The PCS requires the commissioner to select at least 15 middle schools and 15 high schools to participate as pilot schools and establishes criteria for their selection.

The PCS also establishes requirements for the pilot program relating to participation in state assessment and school accountability systems, educator certification, background screening, and personnel evaluation. The PCS also provides requirements with respect to employment contracts, personnel decisions, and distribution of state and federal funding.

The fiscal impact of the PCS is indeterminate. See Fiscal Impact on State Government.

The PCS is effective upon becoming law.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Return on Investment

Present Situation

The K-20 performance accountability system maintained by the Department of Education (DOE) must measure student progress toward goals that include, among other things, quality efficient services as measured by evidence of return on investment.¹

In addition, school report cards, including school report cards for alternative schools, must include, along with information regarding school improvement and performance, indicators of return on investment.

Effect of Proposed Changes

The PCS requires the Commissioner of Education (commissioner) to establish a return on investment (ROI) rating system by January 31, 2015 which evaluates the extent to which public school and school districts use financial resources in a cost-effective manner to improve student performance relative to fiscal peers. The ROI rating must place the most weight on indicators designed to measure how dollars are being used to facilitate increased student academic performance.

The PCS defines the term "return-on-investment rating," or "ROI rating," to mean a calculation developed by the commissioner which results in an annual ordinal rating for a public school and a school district that displays to the public the extent by which core operating expenditures have been used to positively impact student achievement. Ratings are assigned, as provided for under s. 1008.34(6), based on spending and student performance relative to a school's fiscal peers or a school district's fiscal peers.

The PCS defines the additional following terms for the purpose of calculating a ROI rating:

- "Core operating expenditure" means the expenditure of general and special revenue funds, in accordance with the uniform chart of accounts included in the publication "Financial and Program Cost Accounting and Reporting for Florida Schools," in the functional categories of instruction and instructional support services and in the object categories of salaries, employee benefits, purchased services, and materials and supplies. The Commissioner of Education may classify other expenditures, funds, and functional and object categories as core operating expenditures.
- "Fiscal peers" means public schools and school districts that are of similar size and have similar average total cost-per-student funding in the Florida Education Finance Program, as determined by the commissioner. At a minimum, the commissioner shall take into consideration the following factors:
 - The Florida Price Level Index;
 - School size;
 - Student program cost factors; and
 - Geography.

¹ Section 1008.31(c)4., F.S. A statutory statement of legislative intent provides that that the K-20 education performance accountability system be established as a single, unified accountability system with multiple components, including, but not limited to, measures of adequate yearly progress, individual student learning gains in public school, school grades, and return on investment.

Section 1008.31(1)(b), F.S.

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In addition, the commissioner must determine fiscal peers for each public school and school district, as each ROI rating must be calculated relative to the performance of the fiscal peers of the school or school district. The PCS requires the commissioner to assign the ROI ratings for all public schools and school districts in a sortable, easy-to-understand format that allows for comparison among districts, public schools, charter schools, and fiscal peers.

Beginning with the 2015-2016 school year, the commissioner must publish ratings on the Department of Education's (DOE) website when school report cards are published. Each school must provide a link to this information on its website and annually post a copy of its most recent ROI rating. Each school report card must include the ordinal ROI rating of the school and the school district.

The PCS requires the commissioner to make every attempt to use aggregated student data that is already collected from public schools to develop the ROI rating. This includes, but is not limited to, data from:

- School report cards;
- Accountability measures, including the school accountability report;
- Profiles of school districts; and
- The state program cost reporting system.

The Schoolhouse Funding Pilot Program

Effect of Proposed Changes

The PCS creates the Schoolhouse Funding Pilot Program for the purpose of giving pilot school principals increased authority over school budgets and human capital decisions and determining whether the increased authority positively impacts the return on investment for the principals' schools. The program is subject to annual appropriation as provided in the GAA. The PCS defines the term "pilot school" to mean a public school that participates in the program.

The PCS requires the commissioner to select a minimum of 15 high schools and 15 middle schools from throughout the state to participate in a two-year Schoolhouse Funding Pilot Program beginning with the 2015-2016 school year. To be eligible for selection, a middle or high school must:

- Have received a school grade of "C," "D," or "F" in the prior school year and have not received a school grade of "A" or "B" in the past five years; and
- Represent diverse student populations, including minority students, students receiving free or reduced-price lunches, and students with disabilities.

The DOE must measure the return on investment of each school upon its acceptance into the pilot program and annually thereafter.

The PCS requires district school boards to approve a school's participation in the pilot program for a school in the district that is recommended by the commissioner. A district school board that refuses to allow a recommended school to participate must provide the commissioner with a detailed written explanation for the refusal.

The PCS requires, subject to appropriation, principals, and if possible, assistant principals, of selected and approved schools to participate in a professional development program which focuses on improving student achievement; aligning standards, assessment, curriculum, and instruction; using data to drive instruction; and using best financial management practices to drive student achievement.

Under the pilot program, participating schools enjoy greater authority over managerial decisions in a manner analogous to charter schools, including decisions over allocation of specified funds. However, the PCS provides that state assessment, school accountability, educator certification, background screening, and personnel evaluation requirements still apply. The PCS also provides requirements with respect to personnel decisions and distribution of state and federal funding. School districts that do not disburse state and federal funds to participating schools within 10 working days after receipt of the funding must pay the scheduled funding amount with interest at a rate of 1 percent per month calculated on a daily basis on the unpaid balance until a warrant for payment is issued.

In addition, the PCS requires school districts to provide certain administrative and educational services to pilot schools, including transmittal of student performance data to each participating school in the same manner as provided to other schools in the district. A total administrative fee for the provision of such services must be calculated based upon up to 5 percent of the available funds for all students, except that if 75 percent or more of the students enrolled in the pilot school are exceptional students,² the 5 percent of those available funds must be calculated based on unweighted full-time equivalent students. A district may withhold up to a 5-percent administrative fee only for enrollment for 250 students or less. The PCS requires the auditor general to audit and report any noncompliance by a participating district.

The PCS charges the pilot school principal with selecting employees for the school and allows a pilot school to contract with its district for the services of district personnel. The PCS provides that acceptance of employment at a pilot school constitutes leave from the district and that accrued seniority and benefits remain in place while the teacher is employed by the school. A school district may not require the resignation of an employee who desires to teach in a pilot school.

B. SECTION DIRECTORY:

Section 1. Amends s. 1008.02, F.S., defining the terms "core operating expenditure," "fiscal peers," and "return-on-investment rating."

Section 2. Amends s. 1008.34, F.S., requiring school report cards to include school and school district return-on-investment ratings; requiring the Commissioner of Education to establish a return-on-investment rating to evaluate the extent to which schools and school districts are using financial resources to improve student performance; requiring the commissioner to determine fiscal peers and assign and publish return-on-investment ratings.

Section 3. Amends s. 1011.69, F.S., creating the Schoolhouse Funding Pilot Program; defining terms; providing a procedure for a public school to participate in the pilot program; requiring the principal of a pilot school to participate in a professional development program; providing assessment and accountability requirements for a pilot school; providing funding for students enrolled in a pilot school and calculation therefor; providing for the receipt of federal funds and for the distribution of state and federal funds; requiring a school district to provide certain specified administrative and educational services to a pilot school; requiring a school district to provide student performance data to a pilot school in the same manner as it provides data to other public schools; providing for an administrative fee for the specified services; providing requirements relating to employees of a pilot school, including selection, contracting, certification, background screening, and employment history checks; requiring a

² Under section 1003.01(3), F.S., an exceptional student is "any student who has been determined eligible for a special program in accordance with rules of the State Board of Education. The term includes students who are gifted and students with disabilities who have an intellectual disability; autism spectrum disorder; a speech impairment; a language impairment; an orthopedic impairment; an other health impairment; traumatic brain injury; a visual impairment; an emotional or behavioral disability; or a specific learning disability, including, but not limited to, dyslexia, dyscalculia, or developmental aphasia; students who are deaf or hard of hearing or dual sensory impaired; students who are hospitalized or homebound; children with developmental delays ages birth through 5 years, or children, ages birth through 2 years, with established conditions that are identified in State Board of Education rules."

pilot school to adopt policies that establish standards of ethical conduct for instructional personnel and school administrators.

Section 4. Amends s. 1003.621, F.S., conforming cross-references.

Section 5. Amends s. 1011.64, F.S., conforming cross-references.

Section 6. Provides that the PCS is effective upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Indeterminate. To the extent establishment of the return on investment rating and determination of fiscal peers requires development of additional data collection and reporting processes, there may be associated costs. However, because the PCS requires the commissioner to make every attempt to use aggregated student data already collected by the DOE, any costs would likely be minimal.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

Not applicable.