

STORAGE NAME: s1996s2z.edk
DATE: July 2, 1998

****FINAL ACTION****
****SEE FINAL ACTION STATUS SECTION****

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
EDUCATIONAL SERVICES
FINAL BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: CS/CS/SB 1996

RELATING TO: Charter Schools

SPONSOR(S): Committees on Ways & Means and Education and Senators Grant and Latvala

COMPANION BILL(S): HB 4543 (similar)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) SENATE EDUCATION YEAS 9 NAYS 0
- (2) SENATE WAYS & MEANS YEAS 21 NAYS 6
- (3)
- (4)
- (5)

I. FINAL ACTION STATUS:

PASSED BY THE LEGISLATURE - CHAPTER #98 - 206, Laws of Florida.

On April 1, 1998, CS/CS/SB 1996 and 1182 (similar to HB 4543) was placed on the Senate Special Order Calendar and was amended. The amendment inserted language preventing an organization from holding more than 15 charters statewide. On second reading, an amendment passed that required the charter school's governing body to obtain the school board's permission in order to use funds from the Public Education Capital Outlay and Debt Service Trust Fund (PECO). On April 2, 1998, CS/CS/SB 1996 and 1182 (1st engrossed) was passed by the Senate as amended [YEAS 30, NAYS 9] and was immediately certified to the House.

On April 24, 1998, HB 4543 (similar to CS/CS/SB 1996) was temporarily postponed on second reading in the House and died on the Calendar according to House Rule 137.

On April 29, 1998, CS/CS/SB 1996 and 1182 (1st engrossed) was taken up instanter from messages in the House and was amended on second reading. The first amendment inserted language which specifies that a majority of the parents eligible to vote must participate in the decision to convert to charter status. The second amendment required the Department of Education to provide mediation services and only those disputes that cannot be resolved through mediation will be referred to the Department of Administrative Hearings for a hearing. The amendment also required the cost of the hearing to be paid by the party the administrative judge rules against. The third amendment revised the capital outlay provisions of the bill. CS/CS/SB 1996 and 1182 was read a third time and passed the House as amended [YEAS 65, NAYS 50].

On May 1, 1998, the Senate concurred with the first two House amendments and adopted three amendments to the third House amendment. The first Senate amendment to the third House amendment revised the capital outlay section by: reinserting a lien provision; allocating the funds from PECO; reinserting language listing specific purposes for which the funds may be used; permitting only those charter schools in operation for 2 years to be eligible for funding; referencing the \$5 million of PECO funds to be used; appropriating PECO funds to the Columbia County Schools District or the Ft. White High School; reinstating funds appropriated to the Accountability Commission; and dissolving the Governor's Commission on Education. The second amendment to the House amendment appropriated funds to the Fairchild Tropical Gardens. The third amendment to the House amendment appropriated funds to the Teen Voice of America Program. The Senate passed the bill as amended [YEAS 39, NAYS 0].

On May 1, 1998, the House concurred in the first Senate amendment to the House amendment and refused to concur in the second and third Senate amendments to the House amendment. The House

passed the bill as amended [YEAS 93, NAYS 23] and requested the Senate to recede on the second and third amendments. The Senate receded and passed the bill as amended [YEAS 37, NAYS 2].

The bill was presented to the Governor on May 8, 1998, and on May 24, 1998, became law without the Governor's signature.

II. SUMMARY:

The bill revised provisions relating to charter schools in the following ways:

- Permits district school boards to initiate a conversion charter school proposal and revises the provision relating to parental approval of a conversion charter school.
- Revises the dispute resolution process.
- Doubles current caps on the number of newly created charter schools and conversion charter schools per district.
- States that employees of a conversion charter school must remain public employees for all purposes, unless they choose not to do so, and restricts school districts from requiring resignations of teachers desiring to teach in a charter school.
- Creates charter schools-in-the-workplace to increase business partnerships in education, reduce school and classroom overcrowding, and offset the high costs for educational facility construction.
- Addresses capital outlay funding for charter schools; provides eligibility requirements to receive funds; provides authorized uses for the funds; and provides for the reversion of unencumbered funds, equipment, and property purchased with public funds to the ownership of the school board.

The bill also contains the following provisions:

- Appropriates \$13,244,151 of PECO funds to the Columbia County School district or the Ft. White High School upon approval of the project by the Special Facility Construction Committee.
- Reinstates funding to the Commission on Education Reform and Accountability.
- Dissolves the Governor's Commission on Education effective October 31, 1998.

III. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Authorization

Section 228.056, F.S., was enacted in 1996 to authorize the operation of nonsectarian charter schools within the public school system, either through the creation of a new school or converting an existing public school to charter status. Although current law states that charter schools are part of the "state's program of public education," the law has occasionally been misinterpreted to mean that charter schools are private schools.

Purpose of Charter Schools

The purpose of charter schools established by statute is to:

- improve student learning
- increase learning opportunities for all students, with special emphasis on expanded learning experiences for students who are identified as academically low achieving

- encourage the use of different and innovative learning methods
- increase choice of learning opportunities
- establish a new form of accountability for schools
- require measurement of learning outcomes and development of innovative measurement tools
- make the school the unit for improvement
- create new professional opportunities for teachers, including the opportunity to own the learning program at the school site

To facilitate the achievement of these goals, charter schools are exempt from all statutes of the Florida School Code, except those pertaining to civil rights and student's health, safety, and welfare. A charter school *must* provide instruction for at least the number of days required by law for other public schools, and charter schools *are* subject to the antidiscrimination provisions of s. 228.2001, F.S., public records, public meetings, and public inspections requirements, and are subject to an annual financial audit in a manner similar to that of a school district.

Proposal

A proposal for a newly created charter school may be made by an individual, teachers, parents, group of individuals, or a legal entity organized under Florida law.

The principal, teachers, parents, and/or the school advisory council at an existing public school, including a public school-within-a-school, may submit a proposal for converting the school to a charter school with the support of at least 50 percent of the teachers employed at the school and 50 percent of the parents whose children are enrolled at the school.

Sponsor

Each district school board may sponsor charter schools within the school district. A state university, after consulting with the local school board, may grant a charter to convert the university's developmental research school to a charter school. A charter school sponsor is required to monitor and review the charter school in its progress toward the goals established in the charter and to monitor the revenues and expenditures of the charter school and to ensure that the charter is innovative and consistent with the state education goals established by s. 229.591, F.S.

The governing body of the charter school is required to make annual progress reports to its sponsor which, after verification, are forwarded to the Commissioner of Education. These annual progress reports include: the charter school's progress towards achieving the goals outlined in its charter; the information required in the annual school report card required of other public schools (s. 229.592, F.S.); financial records of the charter school; and salaries and benefit levels of charter school employees.

Application Process

District school boards are required to receive charter school applications until at least February 1 for charter schools proposing to open the next school year; however, a district school board may choose to receive applications later than this date. Approval or denial of a charter school application must be determined by a majority vote of the school board no later than 60 days after the application is received. Criteria for the approval of the charter school are based on the contents of the charter agreement prescribed by s. 228.053(9), F.S. Districts are required to articulate in writing within 10 days reasons, based upon good cause, for denial of a charter school application. The sponsor and the applicant have 6 months in which to mutually agree to the provisions of the contract. If the sponsor and applicant do not agree within 6 months after an application is approved, the charter is denied.

Appeal Process

Charter school applicants may, not later than 30 days after the district school board's decision, appeal to the State Board of Education (i.e., the Governor and Cabinet) a school board's decision to deny a

charter school application, and must provide written notice to the district school board of such an appeal. Any response by the district school board must be submitted to the state board within 30 days after receiving notice of the appeal. The state board is required to, by majority vote, accept or reject the district school board's decision within 60 days after receiving an appeal. The state board may reject an appeal submission that does not meet procedural rules governing the appeals process. Appellants have 15 days to submit a revised appeal. An appeal rejected on procedural grounds will be considered timely filed if the original appeal was filed within 30 days after denial by the school board.

The district school board must act upon the recommendation of the state board within 30 days after it is received. The district school boards may only fail to act in accordance with the state board's recommendation for good cause, meaning the district has determined by competent substantial evidence that approving the state board's recommendation would be contrary to the best interests of the pupils or the community. The district school board's action on the state board's recommendation is a final action subject to judicial review.

Number of Charter Schools

The potential number of charter schools in a district varies based on district enrollment. Large school districts (100,000 or more students) may grant charters to seven start-ups and seven conversion charter schools. Medium-sized districts (50,000 to 99,999 students) may charter five of each. Small districts (less than 50,000 students) may authorize three start-ups and three conversion charter schools. A district school board may exceed its cap by obtaining a waiver from the State Board of Education.

According to the Department of Education, Office of Public School Choice, there are currently 33 newly created charter schools operating in Florida. Approximately 95 charter school applications are pending and the projected number of charter schools for 1998 is approximately 70 schools. Currently, there are no operating conversion charter schools, however, 2 conversion applications have been approved for the 1998 school year.

No organization may hold more than one elementary, one middle, and one high school charter contract in a school district and more than 15 charters statewide.

Eligible Students

Charter schools are required to be open to any student residing in the school district in which the charter school is located. Enrollment preference at a conversion charter school must be given to students who would have otherwise attended that public school. A charter school may also give enrollment preference to a sibling of a student enrolled in the charter school or to the child of an employee of the charter school.

Charter schools may limit enrollment only to target:

- students within specific age groups or grade levels; or,
- students who are considered to be at risk of dropping out of school or of academic failure, including exceptional education students.

The Charter

A written contractual agreement which specifies the terms and conditions for the operation of a charter school must be developed by the sponsor and the applicant, after a public hearing to ensure community input. Approval of the charter is based on the contents of this agreement, however, the applicant and sponsor have 6 months after the approval of the charter to finalize the contractual agreement which must be signed by the charter school's governing body and the sponsor. The terms and conditions of the agreement must include:

- The school's mission, students to be served, ages and grades to be included.
- The focus of the curriculum, instructional methods and techniques.

- The current baseline standard of achievement, outcomes to be achieved and method of measurement.
- The methods used to identify the educational strengths and needs of students and how well educational goals and performance standards are met by the students. At a minimum, students attending the charter school must participate in the statewide assessment program.
- In secondary charter schools, the method for determining that a student has met the state's high school graduation requirements.
- A method for resolving conflicts between the sponsor and governing body of the charter school.
- Student admission and dismissal procedures and the school's code of student conduct.
- Methods by which the school will achieve a racial and ethnic balance reflecting the community the charter school serves or within the racial/ethnic range of other public schools in the same school district.
- The financial and administrative management of the school.
- The manner in which the school will be insured and terms of insurance coverage.
- The term of the charter, not to exceed 3 years, and provisions for cancellation of the charter upon insufficient progress toward attaining student achievement objectives.
- Provision for cancellation of the charter for insufficient progress.
- The facilities to be used and their location.
- The qualifications to be required of teachers.
- The governance structure of the charter school, and whether it will be a private or public employer.
- An implementation timetable.
- Alternative arrangements for current students and teachers who choose not to participate in a conversion charter school.

A charter may be renewed in increments of 1, 2, or 3 years by a mutual agreement of the parties. A charter may be modified during its initial term or any renewal term upon the recommendation of the sponsor and the approval of both parties to the agreement. At the end of the term of a charter, the sponsor may choose not to renew the charter, or may, during the term of the charter, terminate the charter for any of the following grounds: failure to meet the requirements for student performance stated in the charter; failure to meet generally accepted standards of fiscal management; violation of law; or other good cause shown. At least 90 days prior to renewing or terminating a charter, the sponsor is required to notify the governing body of the charter school, in writing, of the proposed action. The school's governing body may, within 14 days after receiving the notice, request an informal hearing before the sponsor, which must take place within 30 days. The charter school's governing body may, within 14 days of receiving the sponsor's decision to terminate or refuse to renew the charter, appeal the decision pursuant to the charter school application appeal process established by s. 228.056(4), F.S. A charter may, however, be terminated immediately if the sponsor determines that good cause has been shown or if the health, safety, or welfare of the students is threatened. The school district in which the charter school is located will assume the operation of the school under those circumstances.

Upon receipt of the annual report of each charter school, the Department of Education is required to provide to the State Board of Education, the Commissioner of Education, the President of the Senate, and the Speaker of the House of Representatives, an analysis and comparison of the overall performance of charter school students versus comparable public school students in the district as determined by norm-referenced assessment tests currently administered in the school district and, as appropriate, statewide assessment tests.

Legal Status

Charter schools are required to organize as nonprofit organizations. This provision forces already established nonprofit organizations to "reorganize" in order to submit a proposal for a charter school.

Employees of Charter Schools

A charter school may be either a public or private employer. Employer status and governance must be addressed in the charter. As a public employer, the charter school may participate in the Florida Retirement System (FRS). If the charter school participates in the FRS, its employees are compulsory members of the FRS. Individuals or groups of individuals who contract their services to the charter

STORAGE NAME: s1996s2z.edk

DATE: July 2, 1998

PAGE 6

school, and teachers who are part of a partnership or cooperative that subcontracts with the charter school are not public employees.

Employees have the option to bargain collectively. When a public school converts, the charter school employees may bargain through an established bargaining unit or as a separate bargaining unit. If they bargain through an established unit, their contract must be distinctly separate from the established district collective bargaining contract.

District employees may take leave to become charter school employees, with approval of employing school board, or the school district may provide for alternative leave arrangements consistent with chapter 231, F.S. During a leave of absence, seniority with the district may be maintained. Benefit programs may continue for employees on leave of absence from the school district, if the charter school and the district agree to this arrangement and its financing.

Teachers employed by or under contract to a charter school must be certified as required by chapter 231, F.S. A charter school may, however, employ or contract with skilled selected noncertified personnel to provide instructional services or to assist instructional staff members as teachers aides in the same manner as defined in chapter 231, F.S. The qualifications of teachers must be disclosed to parents. A charter school is required to employ or contract with employees who have been fingerprinted as provided in s. 231.02, F.S.

Charter School Funding

The statute specifies that funds for students in charter schools are generated in the same manner as students enrolled in other public schools. Each charter school is required to report its student enrollment to the district school board, according to program, as required in s. 236.081, F.S. State, local, and federal funds flow through the district school board to the charter school as specified in the charter. Each charter school's funding must be recalculated during the year to reflect revised calculations of student enrollment at each student survey period.

School boards are required to make every effort to ensure that charter schools receive timely and efficient reimbursement of funds. Each school board may recoup administrative costs from the charter school in the amount of the actual cost of administering the contract, or 5 percent of funds available to the school through the funding formula, whichever is less.

Section 235.435(6)(b), F.S., states that unless granted a waiver under s. 235.4351, F.S., a district school board must not use funds from the Public Education Capital Outlay and Debt Service Trust Fund or the School District and Community College District Capital Outlay and Debt Service Trust Fund for any new construction of educational plant space with a total cost per student station, including change orders, that equals more than:

- \$11,600 for an elementary school,
- \$13,300 for a middle school; or
- \$17,600 for a high school;

(1997) as adjusted annually by the Consumer Price Index.

Transportation

Transportation of charter school students is required to be provided according to the requirements of chapter 234, F.S. The governing body of the charter school may provide transportation through an agreement or contract with the district school board, a private provider, or parents. The charter school must ensure that transportation is not a barrier to equal access for all students residing within a reasonable distance of the charter school as determined in its charter.

Facilities

District school board facilities or properties which are available because they are surplus, marked for disposal, or are otherwise unused, may be provided for a charter school's use on the same basis as

they are made available to other public schools in the district. For an existing public school converting to charter status, no rental or leasing fee for the existing facility or for the property normally inventoried to the conversion school may be charged by the district school board to the parents and teachers organizing the charter school. Facilities utilized by the charter school must comply with the State Uniform Building Code for Public Educational Facilities Construction or with applicable state minimum fire protection codes as adopted by the authority in whose jurisdiction the facility is located.

If other goods and services are made available to the charter school through the contract with the school district, they are to be provided to the charter school at a rate no greater than the district's actual cost.

Governor's Commission on Education

The Governor's Commission on Education was established by Executive Order on September 10, 1996. According to the Executive Order "the purpose of the Commission [was] to develop consensus about meeting Florida's education challenges for the next decade and to assist in accomplishing that task." To do this, the Commission was required to look at the overall education system in Florida—pre-kindergarten through post-secondary—focusing on student achievement standards, the means by which the educational system is funded, the status of the education personnel system, capital infrastructure, and technological infrastructure.

The Commission was required to submit an interim report to the Governor by January 15, 1997; an annual report one year from the execution of the executive order; a second annual report to the Governor by January 31, 1998; and a final report January 1, 1999.

This Executive Order is scheduled to expire January 1, 1999.

B. EFFECT OF PROPOSED CHANGES:

Authorization

The bill emphasizes that all charter schools in Florida are recognized as public schools.

Proposal

The bill authorizes district school boards, in addition to the principal, teachers, and/or the school advisory council of an existing public school, to submit proposals for converting public schools to charter schools.

The bill revises the number of parents required to approve a proposal to convert a public school to charter status to specify that 50% of the parents *voting* whose children are enrolled at the school, *provided that a majority of the parents eligible to vote participate in the ballot process*, must approve the proposal to convert to charter status. Under current law, which requires the support of 50% of the parents whose children are enrolled at the school, a charter conversion proposal could fail due to low parental turnout.

Dispute Resolution

The bill creates an appeal process for all disputes subsequent to the approval of a charter application, with the exception of a charter school application denial. The Department of Education must provide mediation services for disputes subsequent to the approval of a charter application. If the Commissioner determines that the dispute cannot be resolved through mediation, the dispute may be appealed to an administrative law judge appointed by the Division of Administrative Hearings. The costs of the administrative hearing must be paid by the party whom the administrative law judge rules against.

Number of Schools

The bill doubles the cap on the number of newly created charter schools and existing public schools which may convert to charter schools.

The bill removes the restriction that prohibits an organization from holding more than one elementary, one middle, and one high school charter contract in a school district. An organization will still be prohibited from holding more than 15 charters statewide.

Eligible Students

The bill authorizes students covered in an interdistrict agreement to attend the charter schools in the district. In addition, student eligibility guidelines are revised to allow charter schools to target students enrolling in a charter-school-in-the-workplace or students residing within a reasonable distance of the charter school. Students residing within a reasonable distance, as prescribed by the charter, will be subject to a random lottery and must represent a racial/ethnic balance reflective of the community or represent the racial/ethnic range of other public schools in the same district and any applicable federal provisions.

The Charter

The bill provides that the initial term of a charter must be for 3, 4, or 5 years, rather than 1, 2, or 3 years. In addition, the current provision restricting the term of a charter to a maximum of 3 years is removed. Instead, a charter may be renewed every 5 school years, provided that a program review demonstrates that the criteria for initial approval of the charter have been successfully accomplished.

Legal Status

The bill clarifies that a charter school may be operated by an existing nonprofit organization. Current law requires a charter school to *organize* as a nonprofit organization, which forces existing nonprofit organizations to form a new nonprofit organization.

Employees of Charter Schools

The bill provides that employees of a conversion charter school must remain public employees for all purposes, unless they choose not to do so. The bill prohibits school districts from requiring resignations of teachers desiring to teach in a charter school.

Charter School Funding

The bill allows a school district to charge an administrative fee of 5% for costs associated with administering the charter contract and specifies certain services that the sponsor must provide to the charter schools at no additional fee. Current statute limits the fee to the lesser of the actual cost of administering the contract *or* 5%. These services include contract management services, FTE and data reporting, exceptional student education administration, test administration, processing of teacher certificate data, and information services.

Current law requires school boards to make every effort to ensure that charter schools receive timely and efficient reimbursement. The bill specifies that this timely and efficient reimbursement includes processing paperwork required to access special state and federal funding for which the charter school may be eligible.

In order to maximize the use of state funds, the bill requires school districts to allow charter schools to participate in the sponsor's bulk purchasing program if applicable.

Transportation

Currently, a charter school must ensure that transportation is not a barrier to equal access for students residing within a reasonable distance of the charter school. The bill requires that

sponsor to cooperate with a charter school in making arrangements that ensure that transportation is not a barrier.

Facilities

The bill requires that if a district school board facility or property is available because it is surplus, marked for disposal, or otherwise unused, it must be provided for a charter school's use on the same basis as it is made available to other public schools in the district. Previously this was optional.

Charter Schools-in-the-Workplace

The bill creates charter schools-in-the-workplace with the Legislative intent of increasing business partnerships in education, reducing school and classroom overcrowding, and offsetting the high costs for educational facilities construction. In order to establish a charter school-in-the-workplace, a business partner must provide the school facility, enroll students based upon a random lottery which involves all of the eligible children of employees of that business or corporation who are seeking enrollment, and enroll students according to the racial/ethnic balance reflective of the community or other public schools within the district. A facility or part of a facility that is used as a public charter school will be exempted from ad valorem taxes as long as it is used as a public school.

Charter Schools Capital Outlay Funding

The bill established requirements for charter schools to obtain funds allocated from the Public Education Capital Outlay (PECO) and Debt Service Trust Fund in each year in which funds are appropriated from that trust fund for charter schools. In order to be eligible for a funding allocation, a charter school must be approved pursuant to s. 228.056, F.S. for operation during that fiscal year and must serve students in facilities that are not provided by the charter school's sponsor. The charter school must also have been in continuous operation in the district in which its charter was approved for at least two school years immediately preceding the school year in which the school seeks an appropriation from the Public Education Capital Outlay and Debt Service Trust Fund. A conversion charter school that operates in facilities provided by the sponsor for a nominal fee or at no charge is not eligible for a funding allocation.

Prior to the release of funds to the charter school, the Department of Education is required to enter into a written agreement that includes provisions for attaching a lien to property that has been improved through the use of these funds, in the event that the school terminates operation. The formula to determine each charter school's allocation will be determined by calculating the school's projected student enrollment multiplied by one-thirtieth of the cost-per-student station specified in s. 235.435(6)(b), F.S., for an elementary, middle, or high school, as appropriate. (See Present Situation)

The Commissioner of Education will allocate funds among the eligible charter schools. If the funds appropriated are insufficient, the Commissioner will prorate the available funds. In the first quarter of the fiscal year, funds shall be distributed on the basis of projected enrollment and the Commissioner will adjust subsequent distributions to reflect each charter school's actual student enrollment. The Commissioner is required to establish the intervals and procedures for determining the projected and actual student enrollment of eligible charter schools. The bill requires the Commissioner to specify procedures for submitting and approving requests for funding and procedures for documenting expenditures. If a school district chooses to share funding for capital outlay purposes with the applicable charter school or charter schools, any allocation from the Charter Schools Capital Outlay Trust Fund to the charter school or charter schools will be reduced by the amount shared.

The bill specifies purposes for which a charter school's governing body may use funds from the Public Education Capital Outlay and Debt Service Trust Fund, including the:

- purchase of real property;

- construction, renovation, repair, and maintenance of school facilities;
- purchase, lease-purchase, or lease of permanent or relocatable school facilities; and
- purchase of vehicles to transport students to and from the charter school.

When a charter is not renewed or is terminated, the bill states that any unencumbered funds and all equipment and property purchased with Public Education Capital Outlay and Debt Service Trust Fund moneys must revert to the ownership of the district school board. The reversion of such equipment and property includes recoverable assets, but not intangible or irrecoverable costs such as rental or leasing fees, normal maintenance, and limited renovations. The charter contract must address any additional issues such as the shared use of facilities or partial ownership of facilities or property.

The bill requires the Department of Education to include, in its annual legislative budget request, a request for funding for charter schools from the Public Education Capital Outlay and Debt Service Trust Fund, based on the projected number of students to be served in charter schools that meet the eligibility requirements of this section.

Governor's Commission on Education

The bill dissolves the governor's Commission on Education effective October 31, 1998.

Additional Funding Provisions

The bill contains additional funding provisions. (See Fiscal Research & Economic Impact Statement)

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

The bill requires the Department of Education to provide mediation services for disputes subsequent to the approval of a charter application, except those regarding charter school application denials. If the Commissioner determines that the dispute cannot be settled through mediation, the dispute may be appealed to an administrative law judge appointed by the Division of Administrative Hearings. The costs of the administrative hearing must be paid by the party whom the administrative law judge rules against.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

No.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

The bill will exempt any facility used as a charter school-in-the-workplace from ad valorem taxes.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

The bill increases the options of private organizations by creating charter school-in-the-workplace.

If funding is allocated to charter schools from the Public Education Capital Outlay and Debt Trust Fund, this will assist the charter schools with capital outlay purposes.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

- (5) Are families penalized for not participating in a program?

N/A

- b. Does the bill directly affect the legal rights and obligations between family members?

N/A

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

- (1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

The bill amends ss. 228.056 and 235.42, F.S., and creates s. 228.0561, F.S.

E. SECTION-BY-SECTION RESEARCH:

Section 1: Amends s. 228.056, F.S., relating to charter schools; providing for recognition as public schools; revising requirements relating to proposals; providing for appeals of disputes and requiring mediation services; revising limitations on the number of charter schools; revising provisions relating to eligible students; providing for operation by a nonprofit organization; deleting certain restrictions on holding charter contracts; revising provisions relating to charter terms; providing for public employee status; providing requirements relating to employees; revision requirements relating to student transportation; revising administrative fee provisions; revising provisions relating to charter school use of certain facilities or property; providing for certain purchasing; authorizing charter school-in-the-workplace; and providing requirements and tax exemption.

Section 2: Creates s. 228.0561, F.S., relating to charter schools capital outlay funding; providing for the distribution of funds from the Public Education Capital Outlay and Debt Service Trust Fund; providing duties of the Commissioner of Education; authorizing the use of funds for certain capital outlay purposes of charter schools; and requiring a legislative budget request for appropriations from the Public Education Capital Outlay and Debt Service Trust Fund.

Section 3: Amends s. 235.42, F.S., relating to the Public Education Capital Outlay and Debt Service Trust Fund; conforming to provisions of the bill which permit the use of these funds by eligible charter schools.

Section 4: Appropriates \$13,244,151 of PECO funds to the Columbia County School district or the Ft. White High School upon approval of the project by the Special Facility Construction Committee.

Section 5: Reinstates funding to the Commission on Education Reform and Accountability.

Section 6: Dissolves the Governor's Commission on Education effective October 31, 1998.

Section 7: Provides an effective date of upon becoming a law.

IV. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

The bill includes a provision which appropriates \$13,244,151 of PECO funds to the Columbia County School district or the Ft. White High School upon approval of the project by the Special Facility Construction Committee.

2. Recurring Effects:

See Fiscal Comments.

3. Long Run Effects Other Than Normal Growth:

See Fiscal Comments.

4. Total Revenues and Expenditures:

See Fiscal Comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

See Fiscal Comments.

2. Recurring Effects:

See Fiscal Comments.

3. Long Run Effects Other Than Normal Growth:

See Fiscal Comments.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

See Fiscal Comments.

3. Effects on Competition, Private Enterprise and Employment Markets:

N/A

D. FISCAL COMMENTS:

In addition to the information provided in the "Charter School Funding" and the "Charter Schools Capital Outlay Funding" subsections in the "Effect of Proposed Changes" section of this document, the bill contains the following fiscal issues:

- The fiscal impact of disputes subsequent to a charter school application which are appealed to an administrative law judge, will be paid by the party the administrative law judge rules against.
- The bill appropriates \$5,000,000 from the Public Education Capital Outlay and Debt Services Trust Fund in fiscal year 1998-1999 to be used for capital outlay purposes for eligible charter schools, as defined by the bill.
- A provision of the bill which extends the renewal length of a charter to 5 years, as opposed to 1 to 3 years, may assist in obtaining financing for the charter school.

- Proviso language immediately preceding Specific Appropriation 26 of the 1998-1999 General Appropriations Act restricts funds from being released to the Commission Education Reform & Accountability until such time as the Governor's Commission on Education is dissolved. The bill both dissolves the Governor's Commission on Education and reinstates funding to the Commission on Education Reform and Accountability.

V. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to expend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

VI. COMMENTS:

N/A

VII. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On March 17, 1998, SB 1996 was reported favorably by the Senate Committee on Education as a committee substitute.

On March 26, 1998, CS/SB 1996 was reported favorably by the Senate Committee on Ways & Means as a committee substitute which combines CS/SB 1996 with SB 1182 (related to charter school capital outlay funding).

VIII. SIGNATURES:

FINAL RESEARCH PREPARED BY COMMITTEE ON EDUCATION K-12:

Prepared by:

Legislative Research Director:

Molly A. Jones

M. Elizabeth Atkins