

**STORAGE NAME:** h4543a.ed

**DATE:** April 14, 1998

**HOUSE OF REPRESENTATIVES  
AS REVISED BY THE COMMITTEE ON  
EDUCATION APPROPRIATIONS  
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

**BILL #:** HB 4543

**RELATING TO:** Charter Schools

**SPONSOR(S):** Committee on Education K-12 and Representative Andrews

**COMPANION BILL(S):**

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

- (1) EDUCATION K-12 YEAS 8 NAYS 4
  - (2) EDUCATION APPROPRIATIONS YEAS 8 NAYS 7
  - (3)
  - (4)
  - (5)
- 

**I. SUMMARY:**

The bill emphasizes that charter schools are public schools and adds district school boards to the list of those eligible to submit proposals for converting public schools to charter schools.

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.

The bill removes the cap on the number of newly created charter schools or existing public schools which may convert to charter schools. The bill authorizes the creation of charter municipal subdistricts within the county school district.

The bill authorizes students covered in an interdistrict agreement to attend charter schools in the district and permits charter schools to target students enrolling in a charter-school-in-the-workplace and students residing within a reasonable distance of the charter school.

The bill provides that the initial term of a charter must be for 3, 4, or 5 years and a charter may be renewed every 5 school years.

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 revises the administrative fee provisions and specifies certain services that the sponsor must provide to the charter schools at no additional fee.

The bill creates charter schools-in-the-workplace and provides requirements and tax exemption.

The bill establishes requirements for charter schools to obtain funds allocated from the Charter Schools Capital Outlay Trust Fund.

**STORAGE NAME:** h4543a.ed

**DATE:** April 14, 1998

**PAGE 2**

II. 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 towards 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

**STORAGE NAME:** h4543a.ed

**DATE:** April 14, 1998

**PAGE 3**

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 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 board may only fail to act in accordance with the state board's recommendation for good cause, meaning the district and 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 to determine 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 school, the method for determining that a student has met 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 students 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

**STORAGE NAME:** h4543a.ed

**DATE:** April 14, 1998

**PAGE 5**

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

Employees have the option to collectively bargain. 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. During 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, Florida Statutes. 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. 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.

### **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. State (FEFP, discretionary lottery funds weighted program funding), local (discretionary millage), 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 (i.e., the actual cost of administering the contract, or 5 percent of funds available to the school through the funding formula, whichever is less).

**STORAGE NAME:** h4543a.ed

**DATE:** April 14, 1998

**PAGE 6**

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. The governing body of the charter school may provide transportation through an agreement or contract with the district school board, a private provide, 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 is 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.

Sections 235.435 and 236.25, F.S., provide that purposes for which capital outlay funds may be used include:

- new construction and remodeling projects, as set forth in s. 235.435(3)(b) and (6)(b), F.S., and included in the district's educational plant survey pursuant to s. 235.15, F.S.;
- maintenance, renovation, and repair of existing school plants or of leased facilities to correct deficiencies pursuant to s. 235.056(2), F.S.;
- the purchase, lease-purchase, or lease of school buses, drivers' education vehicles, motor vehicles used for the maintenance or operation of plants and equipment, security vehicles, or vehicles used in storing or distributing materials and equipment;
- the purchase, lease-purchase, or lease of new and replacement equipment;
- payments for educational facilities and sites due under a lease-purchase agreement entered into by a school board pursuant to s. 230.23(9)(b)5 or s. 2358.056(2), F.S.;
- payment of loans approved pursuant to ss. 237.161 and 237.162, F.S.;
- payment of costs directly related to complying with state and federal environmental statutes and regulations governing school facilities; or
- payment of costs of leasing relocatable educational facilities and of renting or leasing educational facilities and sites pursuant to s. 235.056(2), F.S.

### **District School Boards**

The governance structure for Florida's educational system is established by Article IX of the Florida Constitution. Section 4 provides that district school boards are to operate, control, and

supervise all free public schools within the school district. Each county constitutes a school district.

Additionally, the state constitution provides that each of the school districts is governed by a school board composed of five or more elected members and a superintendent, who may either be elected or hired by the school board.

### **Municipalities**

Section 2 of Article VIII of the Florida Constitution provides that municipalities may be established or abolished and their charters amended pursuant to general or special law. Municipalities are constitutionally granted all governmental, corporate and proprietary powers to enable them to conduct municipal government, perform municipal functions and render municipal services. Municipalities may exercise any power for municipal purposes except as otherwise provided by law. The only specific constitutional requirement concerning municipal government is that its legislative body must be elected. (*The Florida Local Government Formation Manual*, 5th Edition, Florida House of Representatives, Committee on Community Affairs, October 1996). Florida law governing the formation and dissolution of municipal governments is found in Chapter 165, Florida Statutes, the "Formation of Municipalities Act."

## **B. EFFECT OF PROPOSED CHANGES:**

### **Authorization**

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

### **Proposal**

The bill adds district school boards to the list of those eligible to submit proposals for converting public schools to charter schools.

To convert an existing public school to a charter school requires the support of at least 50% of the teachers employed at the school and 50% of the parents whose children are enrolled at the school. The bill changes the requirement to 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, according to procedures established by rules of the state board.*

The bill provides that upon approval of a charter school application, the sponsor and the applicant have 4 months, as opposed to 6 months, in which to mutually agree to the provisions of the contract.

### **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, and 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.

### **Number of Schools**

The bill removes the cap on the number of newly created charter schools or existing public schools which may convert to charter schools. The number of charter schools will be unlimited.

The bill removes the restriction that no organization can hold more than one elementary, one middle, and one high school charter contract in a school district and no more than 15 charters statewide.

### **Charter Municipal Subdistricts**

The bill authorizes the creation of charter municipal subdistricts within the county school district. Municipality or municipalities with a total population of more than 25,000 residents may submit a proposal to govern a school or group of schools by a governing body appointed by the governing body of the municipality or by the governing bodies of the municipalities. This would authorize the municipally appointed governing body to be the governing body of the charter schools within the geographical area, similar to the current governing body of a single charter school. The proposal must be approved by a majority of the eligible voters voting and must comply with the requirements in s. 228.056, F.S. The bill does not address the operation of the municipally appointed governing body or the composition or pay of the members. These issues would be addressed in the charter.

Unincorporated areas adjacent to incorporated municipalities may be included in the jurisdictional area of the charter municipal subdistrict upon agreement of the municipality or municipalities. After approval of the voters, the proposal will then be presented to the district school board. If the school board approves, it must expeditiously authorize the requested charter, as long as it complies with the requirements and procedures in s. 228.056, F.S. No municipality is required to apply for a charter; this provision is optional.

### **Eligible Students**

The bill authorizes students covered in an interdistrict agreement to attend the charter schools in the district and permits charter schools to target students enrolling in a charter-school-in-the-workplace and students residing within a reasonable distance of the charter school. Charter schools-in-the-workplace are explained later in the research statement. The "reasonable distance" from the charter school is determined in the charter. The students within the reasonable distance 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.

### **The Charter**

The bill requires that the governance structure and the initial governing body of a conversion charter school initiated by the school board must be determined and selected by the school advisory council of the existing public school.

The bill provides that the initial term of a charter must be for 3, 4, or 5 years and a charter may be renewed every 5 school years. The current provisions restricting the term of a charter to a maximum of 3 years and providing charter renewals in increments of 1, 2, or 3 school years are removed.

### **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.



### **Charter School Funding**

The bill states that the taxation authority of any county, municipality, or special district must not be used to provide additional operational revenues to any charter. This provision is designed to protect the constitutional requirement of "a uniform system of free public schools" in Article IX, section 1, of the Florida State Constitution.

A school district may charge an administrative fee of 5%, (the bill removes the provision that permits the fee to be limited to the actual cost of administering the contract or 5%, whichever is less). The bill specifies certain services that the sponsor must provide to the charter schools at no additional fee, which 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, the 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 the sponsor to cooperate with the 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 establishes requirements for charter schools to obtain funds allocated from the Charter Schools Capital Outlay Trust Fund. 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. 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.

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), for an elementary, middle, or high school, as appropriate. (See Fiscal Comments)

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 permits a charter school's governing body to use funds from the Charter Schools Capital Outlay Trust fund for any capital outlay purpose pursuant to ss. 235.435 and 236.25, F.S. (see Present Situation)

When a charter is not renewed or is terminated, the bill states that any unencumbered funds and all equipment and property purchased with Charter School Capital Outlay 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 from the Charter Schools Capital Outlay Trust Fund, based on the projected number of students to be served in charter schools that meet the eligibility requirements of this section.

**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?

*A referendum of eligible voters in the charter municipal subdistrict will need to be held after the municipality has decided the details of the charter proposal and the boundaries of the subdistrict.*

- (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?

*If a charter subdistrict is established, the municipally appointed charter school board will serve as the governance structure of the charter schools within its boundaries.*

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

*See Fiscal Section.*

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

*If a charter subdistrict is created, it is subject to the same causes for nonrenewal and termination provisions as other charter schools.*

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?

*Municipalities choosing to apply for and operate charter subdistricts would pay for the associated costs, including the referendum.*

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 schools-in-the-workplace. If funding is allocated to charter schools from the Charter Schools Capital Trust Fund, this will assist the charter schools with capital outlay purposes. Through the authorization of municipality charter subdistricts, the bill creates another option for a community to provide schools which fit the community's needs.*

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

*No.*

5. Family Empowerment:

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

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

*The eligible voters in the boundaries of the proposed subdistrict must vote on whether to approve a municipal subdistrict. Parents will have the same options of placing their children in the subdistrict school or schools as they currently have of placing their children in district schools.*

- (2) Who makes the decisions?

*See above. A subdistrict will be operated by a municipally appointed governing body.*

- (3) Are private alternatives permitted?

*Parents retain the option to send their children to private schools.*

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

*No.*

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

No.

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

No.

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 s. 228.056, 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; removing limitations on the number of charter schools; authorizing charter municipal subdistricts; providing requirements for operation and areas of municipal jurisdiction; 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; revising requirements relating to student transportation; revising administrative fee provisions and requiring certain administrative and educational services; 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 Charter Schools Capital Outlay 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 Charter Schools Capital Outlay Trust Fund.

Section 3: Provides an effective date upon becoming law, except that section 228.0561, F.S., as created by this act, shall take effect July 1, 1998, only if Senate Bill 1184 or similar legislation creating a Charter Schools Capital Outlay Trust Fund is adopted in the same legislative session or an extension thereof.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

See Fiscal Comments.

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:

Some costs could be associated with initial start-up of a municipal charter subdistrict. These costs might include the referendum for voter approval. These costs are voluntary since municipalities are not required to apply for a charter.

2. Recurring Effects:

Recurring costs incurred by the schools of a charter municipal subdistrict would be allocated by the school district from the FEFP, categorical programs, and other sources as for other charter schools.

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" sections in II. B. of this document, the following comments pertain to other fiscal issues:

**STORAGE NAME:** h4543a.ed

**DATE:** April 14, 1998

**PAGE 15**

If a dispute subsequent to a charter school application is appealed to an administrative law judge, the bill provides that the party the administrative law judge rules against must pay the costs of the appeal.

The bill establishes the requirements for charter schools to obtain funds allocated from the Charter Schools Capital Outlay Trust Fund. Creation of the Trust Fund is provided in SB 1184. The Charter Schools Capital outlay funding section of this bill is contingent on the enactment of SB 1184 or similar legislation.

The provision that 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.

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

E. 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.*

F. REDUCTION OF REVENUE RAISING AUTHORITY:

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

G. 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.*

IV. COMMENTS:

V. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 14, 1998, House Bill 4543 passed with four amendments which are travelling with the bill. The amendments address the following:

#1 Increases the cap on the number of newly created charter schools in a district from 3 to 6, 5 to 10, and 7 to 14 for small, medium, and large districts respectively.

#2 & #3 Remove language pertaining to the creation of charter municipal subdistricts.

#4 Removes the Capital Outlay allocation for charter schools from the bill.

**STORAGE NAME:** h4543a.ed

**DATE:** April 14, 1998

**PAGE 16**

VI. SIGNATURES:

COMMITTEE ON EDUCATION K-12:  
Prepared by:

Legislative Research Director:

Molly A. Jones

M. Elizabeth Atkins

AS REVISED BY THE COMMITTEE ON EDUCATION APPROPRIATIONS:  
Prepared by:

Legislative Research Director:

Mark Armstrong

John Newman