

STORAGE NAME: h0703s1.edk

DATE: March 6, 1997

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
EDUCATION K-12
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT**

BILL #: CS/HB 703

RELATING TO: School District Personnel

SPONSOR(S): Committee on Education K-12/Representative Constantine

STATUTE(S) AFFECTED: Amends ss. 230.23, 230.33, and 236.02, F.S.
Creates s. 231.2905, F.S.

COMPANION BILL(S): S 342 (s)

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

- (1) EDUCATION K-12 YEAS 11 NAYS 0
 - (2)
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

The bill requires superintendents to recommend, and district school boards to establish, salary schedules for instructional personnel that base a portion of each employee's compensation on performance. The bill prohibits the use of awards and incentives provided in recognition of outstanding service in determining the salary schedules.

The bill creates the Florida School Recognition Program which provides financial awards to selected faculty and staff of identified schools. Schools are selected in recognition of high performance or exemplary improvement based on specified criteria.

The requirements for participation in the Florida Education Finance Program (FEFP) are revised to require school board expenditures for instructional personnel salaries to include compensation based on employee performance.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

School boards are required to adopt a salary schedule or schedules to be used as a basis for paying all school employees. (s. 230.23(5)(c), F.S.) The salary schedules must be designed to provide, to whatever extent practicable, incentives for improvement in training and for continued and efficient service. The school board must fix and authorize the compensation of school employees on the basis of such schedules.

School boards may provide for recognition of district employees who have contributed outstanding and meritorious service in their respective fields or areas. (s. 230.23(5)(g), F.S.) Monetary awards are limited to persons who propose procedures or ideas which are adopted by the school board and result in a reduction in school board expenditures or improved district or school center operations. Nonmonetary awards may include, but are not limited to, certificates, plaques, medals, ribbons, and photographs. The school board is authorized to expend funds for such recognition and awards, not to exceed \$2000, or ten percent of the first year's gross savings, whichever is greater.

The superintendent is required to prepare and recommend to the school board a salary schedule or schedules to be used as the basis for paying school employees. (s. 230.33, F.S.) To the extent practicable, the schedules must provide incentives for improvements in training and continued and efficient service.

Each school district that participates in the FEFPP must expend funds for salaries in accordance with a salary schedule or schedules adopted by the school board. (s. 236.02, F.S.)

Teacher salaries are determined at the district level through collective bargaining, they are not established in the General Appropriations Act or other statute. Most salary schedules identify a base salary and provide for periodic increases based on length of service and completion of additional training. Supplements for performing extra work or teaching in a high-demand field or in a difficult environment are sometimes furnished.

In 1961, the state created a program of competence awards for teacher and other instructional personnel to "recognize and provide financial compensation for outstanding contributions to the process of learning and for exceptional results in teaching." (Chapter 61-263, section 1, Laws of Florida) An employee was required to score above a certain level on the National Teacher Examination and receive a positive evaluation of teaching effectiveness from the principal or other superior. Those meeting the eligibility requirements were paid a competence award of \$400. This law was repealed in 1963.

In 1983, the state established a merit pay program designed to compensate teachers differentially based on performance rather than seniority. (Chapter 83-327, section 17, Laws of Florida) This program was abandoned after one year and replaced with a merit schools program that shifted the focus of performance assessment from the individual teacher to the school. (Chapter 84-336, section 17, Laws of Florida) Schools were selected in part by being at least in the upper quartile of district schools in terms of their relative or expected rate of student gain as measured by standardized tests of verbal and quantitative achievement. Also taken into consideration were the school's standardized test scores, participation standards in scholastics activities, achievement standards in scholastic competitions, and discipline standards such as suspension and attendance rates. The merit schools program was appropriated \$20 million in 1984, and \$10 million each following year until 1990, when the program was discontinued.

Research from the Southern Regional Education Board reflects programs such as merit pay and career ladder programs that significantly alter pay structure and are performance-based can produce fundamental changes in the education system. These changes can occur in school operation and with regard to principal/teacher roles, provided that adequate state support is provided to districts.

B. EFFECT OF PROPOSED CHANGES:

The bill requires superintendents to recommend, and district school boards to establish, salary schedules for instructional personnel that base a portion of each employee's compensation on performance demonstrated under s. 231.29, F.S. The referenced statute requires at least annual performance evaluations of instructional personnel using observable indicators of classroom management, subject matter knowledge, the ability to plan and deliver instruction, the ability to evaluate instructional needs, and other professional competencies determined by the local school district.

The bill prohibits the use of awards and incentives provided in recognition of outstanding service in determining salary schedules.

The bill creates the Florida School Recognition Program to provide financial awards to faculty and staff of schools maintaining high performance or demonstrating exceptional improvement. A school district must incorporate a performance incentive program into its employee salary structure. All public schools, including charter schools, are eligible to participate in the program. The selection of schools must be based on at least 2 school years of data, when available.

The Commissioner of Education must establish criteria for eligibility in the Florida School Recognition Program. The initial criteria for identification of a school must be based on statewide data and must include, but is not limited to, the following:

- statewide student achievement data
- readiness for postsecondary education data
- dropout rates
- attendance rates

Following the identification of a pool of eligible schools, each school must apply for final recognition and financial awards based on specified criteria. The criteria must include, but is not limited to, the following:

- school climate, including rates of school violence and crime
- indicators of innovation in teaching and learning
- indicators of successful challenging school improvement plans
- parent, community, and student involvement in learning

Once the schools have been selected for final recognition, the financial awards are distributed based on employee performance criteria established in district school board policy.

All selected schools will receive financial awards depending on the availability of funds appropriated and the number and size of schools selected to receive an award. The funds must be used as financial awards for bonuses to faculty and staff and are not subject to collective bargaining.

The requirements for participation in the FEFP are revised to require school board expenditures for instructional personnel salaries to include compensation based on employee performance.

C. APPLICATION OF PRINCIPLES: GENERALLY:

1. Less Government:

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

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

Yes, school superintendents must recommend performance-based instructional personnel salary schedules. Also, the Commissioner must establish criteria for the Florida School Recognition Program.

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

Yes, school district instructional personnel must demonstrate specified performance; school superintendents must recommend performance-based instructional personnel salary schedules; the Commissioner must establish criteria for the Florida School Recognition Program; and the DOE will assess and apply the criteria for the program.

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

Only contingent upon appropriation for those schools selected for final recognition by the Florida School Recognition Program.

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

Not Applicable.

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

Not Applicable.

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

Not Applicable.

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

Not Applicable.

2. Lower Taxes:

Not Applicable.

- 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?

No.

- 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?

Yes, high performance by instructional personnel can improve their salaries, and high performance by schools can earn recognition awards.

- 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:

Not Applicable.

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

Not Applicable.

- (2) Who makes the decisions?

Not Applicable.

- (3) Are private alternatives permitted?

Not Applicable.

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

Not Applicable.

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

Not Applicable.

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

Not Applicable.

- 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?

Not Applicable.

- (2) service providers?

Not Applicable.

- (3) government employees/agencies?

Not Applicable.

ACADEMIC EXCELLENCE COUNCIL'S ADDITIONAL CONSIDERATIONS:

The bill could be viewed as meeting each of the Academic Excellence Council's seven additional considerations, e.g., improving instruction, allowing teachers to teach, improving student character, preparing students for the workforce, empowering parents to make decisions, creating educational options, and creating an environment where students can learn.

1. Does it improve instruction?

The bill could be viewed as improving instruction by requiring a portion of the salaries of instructional personnel to be based on performance standards.

2. Does it allow teachers to teach?

The bill could be viewed as improving the ability of teachers to teach by moving toward performance-based compensation standards.

3. Does it improve student character?

The bill could be viewed as improving student character by raising standards for teacher performance and also by providing for awards based on high performance by schools.

4. Does it prepare our students to be a part of the 21st century workforce?

By recognizing high-performing schools and encouraging high-performing teachers, the bill could be viewed as having a positive effect on preparation of students for the workforce.

5. Does it empower parents to make decisions?

The bill's recognition of high-performing schools and encouragement of performance-based compensation of instructional personnel could be viewed as empowering the parents of students to hold higher expectations for their children's education.

6. Does it create educational options?

Performance-based criteria for schools and instructional personnel could eventually create new educational options.

7. Does it create an environment where students can learn?

To the extent that learning is enhanced by an environment of high expectations for performance by schools and instructional personnel, the bill should have a positive impact on the learning environment.

D. SECTION-BY-SECTION ANALYSIS:

- Section 1: Amends s. 230.23, F.S., relating to powers and duties of district school boards, requiring the adoption of salary schedules based on performance assessments of instructional personnel.
- Section 2: Amends s. 230.33, F.S., relating to duties and responsibilities of the superintendent, requiring superintendents to recommend salary schedules for instructional personnel based on performance assessments.
- Section 3: Creates s. 231.2905, F.S., relating to the Florida School Recognition Program, creating the program to provide financial awards to selected faculty and staff of identified schools and providing the criteria for selection.
- Section 4: Amends s. 236.02, F.S., relating to the Florida Education Finance Program, requiring expenditures for instructional personnel salaries based on performance assessments.
- Section 5: Provides an effective date of July 1, 1998.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

Funds must be appropriated to use as financial awards for the Florida School Recognition Program.

3. Long Run Effects Other Than Normal Growth:

Indeterminate.

4. Total Revenues and Expenditures:

Indeterminate.

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:

None.

2. Direct Private Sector Benefits:

To the extent that the bill results in improved instruction of a student population better prepared for the workforce, the benefits to the private sector, while indeterminate, could be significant.

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

The bill could have a positive, though indeterminate, effect on competition, private enterprise, and employment markets.

D. FISCAL COMMENTS:

Regarding an employees's compensation based on performance, the impact of the bill on local school districts cannot be determined since each district would have wide latitude in determining how and to what extent performance will be factored into salary schedules.

IV. 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.

V. COMMENTS:

According to the Education Commission of the States only a few states, including Kansas, Kentucky, and Tennessee, link teacher assessment to student achievement. Texas is currently considering a proposal to tie teacher performance to school scores.

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As of April, 1994, six states funded incentive programs that reward schools for improved performance. These states include Georgia, Indiana, Kentucky, North Carolina, South Carolina, and Texas. (Southern Regional Education Board Career Ladder Clearinghouse, April 1994)

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On March 6, 1997, HB 703 was reported favorably with 1 amendment changing the effective date of the bill from July 1, 1997 to July 1, 1998.

VII. SIGNATURES:

COMMITTEE ON EDUCATION K-12:

Prepared by:

Legislative Research Director:

M. Elizabeth Atkins

Lynn Cobb