

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 1279 Charter Schools  
**SPONSOR(S):** Rep. Baxley  
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 2242

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Education K-20		Ager	Bohannon
2) Education Apps. (Sub)			
3) Appropriations			
4)			
5)			

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### SUMMARY ANALYSIS

The bill provides guiding principles for the establishment and operation of charter schools. The guiding principles include high standards of student achievement, increased accountability, and specific emphasis on reading. The charter itself must contain specific information relating to the reading curriculum and show that instructional strategies are grounded in scientifically based reading research.

In addition, the bill modifies the charter school application and review process. The bill expands the list of eligible charter school sponsors by providing that a state university or community college may sponsor a charter school either by themselves or in partnership with a nonpublic postsecondary institution. The bill provides guidelines for the content of the annual progress report required of charter schools. Finally, the bill removes the existing caps on charter school establishment, and abolishes the Charter School Review Panel and replaces it with the Charter School Accountability and Funding Authority.

The bill repeals the current funding formula for distributing capital outlay funds and provides for a new funding methodology. The provision of the bill that allows state universities and community colleges to sponsor charter schools may result in: enabling charter lab schools to access both charter school capital outlay funds and lab school PECO funds; enabling charter lab schools to divert a disproportionate share of sparsity funds, and increased state responsibility for funding the operating costs of charter lab school. To the bill results in the establishment of additional charter lab schools, the bill may have a significant fiscal impact on expenditures by the state. **Please refer to the "Fiscal Comments" section.**

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**DATE:** April 4, 2003

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. DOES THE BILL:

- |                                      |                              |                             |   |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government?                | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes?                      | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom?        | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families?                 | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

#### B. EFFECT OF PROPOSED CHANGES:

##### **CHARTER SCHOOLS – GENERALLY: APPLICATION**

The Florida Legislature authorized charter schools in 1996. As provided in s.1002.33, F.S., charter schools are public schools that operate under contract (or charter) with a public sponsor. Section 1002.33(3), F.S., allows individuals, teachers, parents, a municipality, or a legal entity to apply for a charter to establish a new charter school or to convert a public school to a charter school. Charter schools are often free from state and local regulations and mandates, but are usually held accountable for the academic and financial performance of the school and its students.

The bill provides guiding principles for the establishment and operation of charter schools. The guiding principles specified in the bill include high standards of student achievement, increased accountability, and specific emphasis on reading. The bill requires the charter to contain specific information relating to the reading curriculum and show that instructional strategies are grounded in scientifically based reading research.

The bill modifies the charter school application and review process for all applications. Beginning September 1, 2003, the charter school application must demonstrate:

- How the school will implement the guiding principles.
- How the school's curriculum will enable students to meet the Sunshine State Standards.
- How success in student learning will be measured, as well as goals and objectives for improving student learning.
- How the school will employ curriculum and strategies to address the needs of students who read below, at, or above grade level.
- How the school will abide by its financial plan for each year of the requested charter, to a maximum of 5 years, together with a detail statement of expected revenues and operation expenses.

The bill provides a sponsor with discretion to receive applications later than the date specified in statute, if it so chooses. The bill also extends the time the State Board of Education has to act on charter school application appeals from 60 days to 90 days.

The bill also revises the required contents of the charter. Under the bill, the charter must ensure that the primary focus of the curriculum is on reading. The bill also requires that curriculum and instructional strategies must be consistent with the Sunshine State Standards. Further, reading strategies must be grounded in scientifically based reading research.

The bill generally includes clarifying language, corrections to cross-references, and provides for the disposal of equipment and property at charter lab schools.

### **CHARTER SCHOOL SPONSORSHIP**

Section 1002.32, F.S., provides for the establishment of developmental research schools, which are commonly referred to as "lab schools." Section 1002.32(2), F.S., authorizes Florida Agricultural and Mechanical University (FAMU), Florida Atlantic University (FAU), Florida State University (FSU), and the University of Florida (UF), to sponsor one or more lab schools. Prior to the 2002 session, the law provided that those schools could each sponsor a single lab schools.

Section 1002.33(5), F.S., limits the sponsorship of charter schools. Section 1002.33(5)(a), F.S., provides that a district school board may sponsor a charter school in the county over which the district school board has jurisdiction. Additionally, s. 1002.33(5)(b), F.S., provides that a state university may grant a charter to a lab school created under s. 1002.32, F.S., and that the state university is considered to be the sponsor the charter lab school.

The bill expands the list of eligible charter school sponsors by providing that a state university or community college may sponsor a charter school either by themselves or in partnership with a nonpublic postsecondary institution. The college or university board must first consult with the affected local school board. If a community college or university offers secondary education at the charter school, the bill requires that the community college or university must provide students with an option to receive an associate degree. The bill requires sponsors to ensure that charter schools participate in the state's accountability program, and requires all sponsors of charter schools to intervene for the purposes of improvement and imposing sanctions on underperforming charter schools.

See also, "**Fiscal Comments**" section.

### **LIMITS ON THE NUMBER OF CHARTER SCHOOLS**

The number of charter schools is limited by the size of the district. A district with 100,000 or more students may have no more than 28 schools. A district with 50,000 to 99,999 students may have no more than 20 charter schools. A district with fewer than 50,000 students may have no more than 12 charter schools. Conversion schools do not count against these limits. Florida currently has 222 charter schools servicing approximately 51,000 students.

The bill repeals the limitations on the number of charter schools that may operate in any county. Any district school board that desires to impose a numerical cap is subject to review and approval of the State Board of Education.

### **CHARTER SCHOOL FUNDING AND ACCOUNTABILITY**

Section 1002.33(8)(a), F.S., currently includes the following grounds for termination or nonrenewal of a charter:

- Failure to meet the requirements for student performance stated in the charter.
- Failure to meet generally accepted standards of fiscal management.
- Violation of law.
- A showing of good cause.

The bill specifies that the failure to participate in the education accountability system, as provided for in s. 1008.31, F.S., is grounds for termination or nonrenewal of the charter.

Section 1002.33(23), F.S., provides for the Charter School Review Panel. The Panel consists of 2 appointees each from the Commissioner of Education, the President of the Senate, and the Speaker of the House of Representatives. The Governor may appoint three members and may designate the chair. The purpose of the panel is to make recommendations to the Legislature, the Department of Education, charter schools, and to school districts for improving operations and oversight and for ensuring best business practices with charter schools.

The bill replaces the current Charter School Review Panel with the Charter School Accountability and Funding Authority. The bill provides that the Authority consists of 9 members serving staggered 3-year terms.

Currently, charter schools are funded in a similar manner to public schools, receiving funding through the Florida Education Finance Program (FEFP). Each sponsoring school district may withhold up to five percent of such funding for administrative costs. Charter schools also receive capital outlay funding in the General Appropriations Act. For fiscal year 2002-2003, charter schools received \$27,700,000 for capital outlay purposes from PECO funds. These funds are distributed by a formula specified in statute and are prorated if sufficient funds are not appropriated to fully fund the formula.

The bill repeals the current funding formula for distributing capital outlay funds. The bill assigns the Authority responsibility for evaluating charter school performance and for recommending an allocation for charter school facilities funding to the Commissioner of Education. The bill establishes new criteria for a charter school to receive funds appropriated for facilities purposes.

The bill specifies that the charter ensure that the results of internal audits be compared with the financial projections contained in the charter application. The bill requires auditors to notify the charter school governing board, the sponsor, and the Department of Education if an internal audit reveals a deficit financial position.

The bill also revises provisions relating to charter school annual progress reports are modified by requiring specific performance data, financial status data, data on current and planned facilities, and information on school personnel, including the proportion that hold professional or temporary certificates to be included.

See also, "**Fiscal Comments**" section.

#### C. SECTION DIRECTORY:

**Section 1:** Amends s. 1002.33, F.S.; provides guiding principles; requires an emphasis on reading; authorizes a state university or community college to sponsor a charter school; requires certain accountability measures; revises application requirements; requires fiscal projections in a charter application; extends the time allowed for the State Board of Education to act on an appeal; requires auditors to provide notification of certain financial conditions; provides additional requirements for a charter school's annual report; eliminates limitations on the number of charter schools per district; replaces the Charter School Review Panel with the Charter School Accountability and Funding Authority and provides for purpose, composition and duties; revises provisions relating to accountability for charter school performance.

**Section 2:** Amends s. 1002.32, F.S.; corrects a cross-reference.

**Section 3:** Amends s. 1013.62, F.S.; requires the Charter School Accountability and Funding Authority to recommend allocations of capital outlay funds to charter schools; provides priorities; eliminates a formula for providing allocations.

**Section 4:** Provides an effective date.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Please refer to the “**Fiscal Comments**” section, below.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

### D. FISCAL COMMENTS:

Currently, charter schools are funded in a similar manner to public schools, receiving funding through the Florida Education Finance Program (FEFP). Each sponsoring school district may withhold up to five percent of such funding for administrative costs. Charter schools also receive capital outlay funding in the General Appropriations Act. For fiscal year 2002-2003, charter schools received \$27,700,000 for capital outlay purposes from PECO funds. These funds are distributed by a formula specified in statute and are prorated if sufficient funds are not appropriated to fully fund the formula.

The bill repeals the current funding formula for distributing capital outlay funds. The bill provides for a new funding methodology based upon the recommendations of the Charter School Accountability and Funding Authority. The bill may have a fiscal impact on state expenditures to the extent that it results in a different distribution of any funds appropriated for facilities purposes.

The bill also authorizes state universities and community colleges to sponsor an unlimited number of charter schools without any involvement by the local district school boards. One consequence of this provision would be to allow these charter lab schools to access both charter school capital outlay funds and lab school PECO funds. Additionally, charter labs receive more operating funds than conventional charter schools because the charter lab schools receive a proportionate share of the sparsity supplement -- even if a charter lab school is not located in a school district that generate sparsity supplement funds. The bill may also result in sparsity funds being diverted from those school districts that truly deserve them. Finally, conventional charter schools receive a proportionate share of operating funds from the FEFP; however, the funds they receive are a mix of state and local funds. Lab schools and, by extension, charter lab schools receive their share of the FEFP only from state funds. As additional charter lab schools are established, the State will lose the leverage of local funds and the funding of these students will become more of a state responsibility. Thus, to the extent that these changes result in the establishment of additional charter lab schools, the bill may have a significant fiscal impact on expenditures by the state.

### III. COMMENTS

#### A. CONSTITUTIONAL ISSUES:

##### 1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not require counties or municipalities to spend or take action requiring the expenditure of funds.

##### 2. Other:

Section 4, Art. IX of the State Constitution, provides that a school board is responsible for supervising, controlling, and operating all free public schools within its school district. Public schools include charter schools. Opponents of the provision of the bill that allows a community college or a state university to sponsor charter schools may argue that the provision violates a school board's constitutional authority to control and operate all of the public schools in its district.

#### B. RULE-MAKING AUTHORITY:

None.

#### C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

### IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

The sponsor intends to offer a strike-everything amendment that includes the following changes to the bill:

- Provides an additional guiding principle that charter schools provide an innovative and stable plan for capital outlay funding.
- Removes the authorization for community colleges and state universities to sponsor charter schools.
- Authorizes community colleges to work with school districts to create "dual enrollment" charter schools, which are targeted for high school education and also allow students to earn an AA degree while they are in high school.
- Removes the date and application deadlines for these dual enrollment charters so that community colleges may receive approval from the school boards any time during the year.
- Reinstates the provision that limits state universities to sponsoring a single lab school.
- Clarifies that charter schools can become eligible for any capital outlay funding if they have been in existence for 3 years, or are an expansion of current school intended to help feeder pattern, or are accredited by the Southern Association of Colleges and Schools.