

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 1478

SPONSOR: Senator Wilson

SUBJECT: Teacher Salary Improvement Program

DATE: April 10, 2003

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Woodruff</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Favorable</u>
2.	<u>                    </u>	<u>                    </u>	<u>AED</u>	<u>                    </u>
3.	<u>                    </u>	<u>                    </u>	<u>AP</u>	<u>                    </u>
4.	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
5.	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
6.	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

## I. Summary:

The bill creates a Teacher Salary Improvement Program to provide funding to improve salaries for instructional personnel holding professional services contracts and who have received satisfactory performance reviews. For purposes of the bill, the Florida School for the Deaf and the Blind is considered as a school district.

The sum of \$192,150,200 is appropriated from the General Revenue Fund for the 2003-2004 fiscal year.

This bill creates a new section of the Florida Statutes.

## II. Present Situation:

Section 1012(2), F.S., defines instructional personnel as classroom teachers; student personnel services staff; librarians/media specialists; other instructional staff; and education paraprofessionals. According to the Department of Education, districts currently employ more than 192,000 instructional personnel including 31,953 aides/paraprofessionals (based on the October 2002 staff survey). Only instructional staff may be issued a professional services contract. Therefore, only about 158,000 to 160,000 may initially remain in the pool for the program.

In total, the districts currently hire between 6,000 and 7,000 new teachers each year. To receive a professional services contract, a teacher must have been employed for 3 years and be hired for the fourth year. Eliminating these new hires from the initial qualifiers reduces the pool by between 18,000 and 21,000 additional personnel, leaving approximately 137,000 to 142,000

qualifiers. The number of instructional personnel who did not receive a satisfactory evaluation is not available and so no adjustment has been made for that factor.

The majority of funding for district employee salaries, including instructional personnel, is distributed through the Florida Education Finance Program (FEFP). These funds are not distributed based on the number of employees in the state or district. Rather, distribution is based on per student FTE funding in specific programs in order to maintain an equitable funding level between the districts. FEFP appropriations are made to the district school board and the board determines or negotiates both the amount of any pay increase and the personnel who will receive it. Whether an across the board pay raise will be provided is usually at the discretion of the local board rather than the Legislature.

The Legislature has established specific programs related to instructional personnel pay. In general, these have rewarded personnel who have been recognized for outstanding performance or accomplishments and have not been across the board raises. Among the programs is the Dale Hickam Excellent Teaching Program, which was funded at \$48.7 million in fiscal year 2002-2003. The Excellent Teaching Program requires outside evaluation of teachers with high and rigorous standards.

A second approach implemented by the Legislature is the Florida Mentor Teacher School Pilot Program. A goal of this program is to establish broad salary ranges to provide flexibility, to reward performance, and to negotiate salaries to attract teachers to hard-to-staff schools and subjects.

The most recent approach by the Legislature is a requirement that districts implement a performance pay program. This approach requires districts to base a portion of each employee's compensation on performance. Beginning with the 2002-2003 fiscal year, each school district must adopt a performance-pay policy for school administrators and instructional staff. The program allows school administrators and instructional personnel who demonstrate outstanding performance to earn a 5 percent supplement in addition to their individual, negotiated salary.

In general, the Legislature allows districts to establish salary levels and salary increases at the local level through the collective bargaining process. Salaries are usually considered to be recurring expenses of a district. As such, when salaries have been increased, they become part of district salary costs and must be funded through the FEFP.

### **III. Effect of Proposed Changes:**

The bill creates a Teacher Salary Improvement Program to provide funding for instructional staff members who receive satisfactory performance reviews.

The bill requires the Department of Education to distribute to each district an amount prescribed annually by the Legislature for personnel who received a satisfactory performance review during the previous year and who have entered into a professional services contract during the current school year

School districts may establish additional criteria in order to award the funds. The impact this provision would have on eligibility is not known.

The Department of Education is required to provide technical assistance regarding implementation and is authorized to adopt rules to administer the program

The bill appropriates \$192,150,200 to the Department from the General Revenue Fund for fiscal year 2003-04 to implement the act.

Based on the \$192,150,000 appropriation, each instructional staff employee with a professional services contract would receive between \$1,070 and \$1,109. This assumes an equal distribution of funds among all instructional personnel with a professional services contract and is calculated using the 2001-02 statewide average benefits-to-salary percentage of 26.44 percent as reported on the school districts' annual financial reports.

$(\$192,150,200 \text{ appropriation} / 137,000, \text{ the number of instructional staff}) / 1.2644 = \$1,109$  increase per instructional staff member.  $(\$192,150,200 \text{ appropriation} / 142,000, \text{ the number of instructional staff}) / 1.2644 = \$1,070$  increase per instructional staff member.

Unlike bonus or one-time payments, recurring programs which increase salaries will require ongoing funding. The bill provides the appropriation only for 2003-04.

The effective date of the bill is July 1, 2003.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

#### **V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

**B. Private Sector Impact:**

The bill would provide additional spendable income to teachers. If the money is spent in the teacher's local community, there would be a multiplier effect on the community's economy.

**C. Government Sector Impact:**

The bill appropriates \$192,150,200 from the General Revenue Fund for the 2003-2004 fiscal year. If this is to be a recurring program, then the Legislature will need to appropriate approximately this level of funding in future years.

**VI. Technical Deficiencies:**

The title should be amended to reflect the name of the program as the Teacher Salary Improvement Program. See page 1, line 2.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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