

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 703 Class Size Reduction

SPONSOR(S): Pickens

TIED BILLS: IDEN./SIM. BILLS:

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Education Innovation (Sub)		Ager	Bohannon
2) Education K - 20			
3) Finance & Tax (Sub)			
4) Education Appropriations (Sub)			
5) Appropriations			

SUMMARY ANALYSIS

In the November 2002 General Election, the voters approved a class size reduction amendment to s. 1, Art. IX of the State Constitution. The amendment prescribes the maximum number of students that may be assigned to a teacher in a public school classroom by the 2010-2011 school year. Beginning in fiscal year (FY) 2003-2004, the amendment requires the Legislature to provide sufficient funds to reduce the average number of students per classroom by at least two students per year until the requirements of the amendment are satisfied. The bill provides for the implementation of the amendment.

The bill defines the terms "core-curricula courses" and "extracurricular courses;" provides procedures for reducing the average number of students per classroom by at least two students per year; provides procedures for school districts and the Department of Education to determine average class size and to monitor the required reductions; provides a toolbox of implementation options to assist school districts in meeting the class size requirements; and provides accountability measures to ensure implementation. The bill amends several statutes to provide greater flexibility and efficiency for school districts in meeting the class size reduction requirements. The bill preserves and expands educational choice options available to students and parents. The bill extends the length of time a teacher may participate in the DROP from 60 months to 96 months, at the discretion of the district school superintendent. The Department of Management Services is required to contact the Internal Revenue Service to determine that the proposed changes to the DROP meet IRS requirements.

The bill creates a Class Size Reduction Operating Categorical Fund and provides for the allocation and use of funds for reducing average class size by at least two students per year beginning in FY 2003-2004. The bill creates a Class Size Reduction Lottery Revenue Bond Program and provides for the allocation and use of funds for class size reduction. The bill creates the Classrooms for Kids Program, which provides for funds to be allocated to all school districts based on a statewide formula similar to the 1997 Classrooms First Capital Outlay Program. The bill also creates the District Effort Recognition Capital Outlay Program, which provides for funds to be allocated to school districts in which the district's voters by referendum have approved supplemental local revenue for public school capital outlay. All districts will have equal opportunity to participate in this program with funds allocated based on the statewide formula prescribed in this bill.

The bill repeals the current limitation on the number of charter schools that may be approved in a school district and the following: ss. 1002.33 (13), 1012.41, and 1013.43 of the Florida Statutes.

The bill has a fiscal impact. Please refer to the "Fiscal Comments" section of this analysis.

FULL ANALYSIS

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h0703.edk.doc
DATE: March 20, 2003

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 checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input 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 checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |

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

B. EFFECT OF PROPOSED CHANGES:

BACKGROUND

Prior to the November 2002 General Election, s. 1, Art. IX of the State Constitution provided:

The education of children is a fundamental value of the people of the State of Florida. It is, therefore, a paramount duty of the state to make adequate provision for the education of all children residing within its borders. Adequate provision shall be made by law for a uniform, efficient, safe, secure, and high quality system of free public schools that allows students to obtain a high quality education and for the establishment, maintenance, and operation of institutions of higher learning and other public education programs that the needs of the people may require.

In the November 2002 General Election, the voters approved an amendment that added the following language to s. 1, Art. IX of the State Constitution:

To assure that children attending public schools obtain a high quality education, the legislature shall make adequate provision to ensure that, by the beginning of the 2010 school year, there are a sufficient number of classrooms so that:

1. The maximum number of students who are assigned to each teacher who is teaching in public school classrooms for prekindergarten through grade 3 does not exceed 18 students;
2. The maximum number of students who are assigned to each teacher who is teaching in public school classrooms for grades 4 through 8 does not exceed 22 students; and
3. The maximum number of students who are assigned to each teacher who is teaching in public school classrooms for grades 9 through 12 does not exceed 25 students.

The class size requirements of this subsection do not apply to extracurricular classes. Payment of the costs associated with reducing class size to meet these requirements is the responsibility of the state and not of local school districts. Beginning with the 2003-2004 fiscal year, the legislature shall provide sufficient funds to reduce the average number of students in each classroom by at least two students per year until the maximum number of students per classroom does not exceed the requirements of this subsection.

Section 1.

The bill provides that this act may be cited as “The 2003 Class Size Reduction Act.”

Section 2.

The bill amends 1003.01, F.S., defining “core-curricula courses” and “extra-curricular courses” for the purpose of identifying courses that are subject to the class size requirement.

Section 3.

The bill amends 1003.03, F.S., incorporating the maximum class sizes specified in the constitutional amendment. Beginning in the 2010-2011 school year the maximum number of students who may be assigned to each teacher who is teaching core-curricula courses in public school classrooms is as follows:

- Pre-kindergarten through grade three -- no more than 18.
- Grades 4 through 8 -- no more than 22.
- Grades 9 through 12 -- no more than 25.

The bill also provides that alternatives to traditional public school instruction are not encompassed within the meaning of “core-curricula” courses for purposes of implementing the amendment. Such alternatives include, but are not limited to:

- Charter schools.
- The Florida Virtual School.
- Advanced Placement, International Baccalaureate, Advanced International Certificate of Education, and dual enrollment courses.

Beginning with the 2003-2004 fiscal year, each school district that is not in compliance with the 2010-2011 “18-22-25” requirement shall reduce the average number of students per classroom for each of the three grade groups by at least two students per year.

The bill requires the Department of Education to annually calculate district class size based on student membership surveys. School districts are required, before adopting the 2003-2004 budget, to hold public hearings to review school district attendance zones. The bill provides a list of implementation options available to districts to meet the class size requirements. The bill provides for accountability measures to ensure implementation of the “18-22-25” requirement. School districts that do not meet the two-student-per-year-reduction must implement one of the following accountability measures:

- Rezoning.
- Year-round schools.
- Double-sessions.
- Florida Learning Access Grants.

Section 4.

The bill creates s. 1011.685, F.S., the Class Size Reduction Operating Categorical Fund. This section provides for the allocation of funds to be used to meet the class size reduction requirement described in section 3 of the bill. The appropriated funds are to be prorated among all school districts based upon each district’s proportion of the Florida Education Finance Program. School districts that do not meet the class size reduction requirements may use the funds for any lawful purpose to reduce class size, but should give priority to using the funds to hire or compensate classroom teachers. School districts that meet the class size reduction requirements may use the funds for any lawful operating expense, but should give priority to increasing the salaries of classroom teachers.

Section 5.

The bill creates the Classrooms for Kids Program, providing for the allocation of capital outlay funds as appropriated in the General Appropriations Act. The program is to be administered similarly to the state capital outlay program authorized under s. 9(d), Art. XII of the State Constitution. Classrooms for Kids Program funds may be used to purchase or lease-purchase of relocatable facilities or to facilitate the construction, remodeling, or repair of educational facilities. Such purchase, construction, remodeling, or repair must be designed to reduce class size and must be in addition to the projects in the districts' five year work programs. The funds may also be used to hire or supplement the salaries of classroom teachers.

Section 6.

The bill creates the Class Size Reduction Small County Assistance Program for fiscal year 2004-2005. The purpose of the program is to assist counties with an unincarcerated population of less than 75,00 with the implementation of class size reduction. A sum of \$30 million is appropriated from the Public Education Capital Outlay and Debt Service Trust Fund to implement the program.

Section 7.

The bill provides an appropriation of \$100 million from the Public Education Capital Outlay and Debt Service Trust Fund to fund School Infrastructure Thrift Program awards.

Section 8.

The bill creates s. 1013.736 F.S., the District Effort Recognition Program, which provides for effort recognition capital outlay grants to eligible districts from funds appropriated in the General Appropriations Act. The bill provides an appropriation of \$500 million from the Public Education Capital Outlay and Debt Service Trust Fund to fund grant awards in the amount of \$50 million, \$75 million, \$100 million, \$125 million, and \$150 million in years 1, 2, 3, 4, and 5, respectively.

All school districts in which the voters through referendum have provided local funds for district capital outlay projects are eligible. The following sources of funds are available through referendum to all school districts:

- Half-cent school capital outlay surtax authorized in s. 212.055(6), F.S.
- Participation in the levy of the local government infrastructure sales surtax authorized in s. 212.055(2), F.S.
- Millage for capital outlay purposes as authorized in s. 9, Article VII of the State Constitution.

The bill provides for calculating the district effort amount, and allocating and distributing funds. School districts that do not meet the constitutional class size requirements must use the funds for capital outlay to reduce class size. Districts that have met the class size requirements may use the funds for any lawful capital outlay purpose.

Section 9.

The bill creates s. 1013.737, F.S., the Class Size Reduction Lottery Revenue Bond Program, which authorizes the issuance of lottery revenue bonds to finance educational facilities for class size reduction. The bonds are payable from lottery revenues and do not constitute a general obligation of the state. The bonds will be issued by the Division of Bond Finance, and the total principal amount of bonds, excluding refinancing, shall not exceed \$2 billion. The purpose of this program is to provide revenue to fund the Classrooms for Kids Program and the District Effort Recognition Program as created in Sections 6 and 8 of this act.

Section 10.

The bill provides that the Commissioner of Education shall provide for timely encumbrances of funds for duly authorized projects.

Sections 11, 12, 13, and 14.

The bill amends ss. 203.01(1)(b), 202.12(1)(a) and (c), 202.18(2)(b), and 212.20(6)(d), F.S., to revise various rates of tax.

Section 15.

The bill amends s. 215.61, F.S., to revise the determination of the amount of bonds that can be serviced by the gross receipts tax levied and collected pursuant to ch.203, F.S.

Section 16.

Subsection (2) of s. 24.121, F.S., provides for allocation of lottery revenue and expenditure of funds for public education. It provides that in FY 1997-98 and for 30 years thereafter a maximum \$180 million of lottery funds shall be reserved to meet the requirements of bonds issued under s. 1013.68, F.S., or distributed to school districts for the Classrooms First Program. It states that these funds are intended to provide up to \$2.5 billion for public school facilities. The final bonds under this authorization have been issued. Funding for all capital outlay projects authorized by the 1997 Legislation has been finalized and all required bonding has been completed. The bill amends s. 24.121, F.S., to remove limitations on the amount of lottery revenues that may be pledged to the payment of debt service.

Section 17.

The bill amends s. 121.091, F.S., to allow a district school superintendent to authorize instructional personnel or school administrators to participate in the DROP for 96 months instead of the current 60 months.

Section 18.

The bill repeals a reference to the term "small school," in conformity with the act.

Section 19.

Section 1002.33(13), F.S., provides that the number of newly created charter schools is limited to no more than 28 in each school district that has 100,000 or more students, no more than 20 in each school district that has 50,000 to 99,999 students, and no more than 12 in each school district with fewer than 50,000 students. The bill amends s. 1002.33, F.S., to remove the current caps on the number of charter schools in a district.

Section 20.

Section 1002.37, F.S., establishes the Florida Virtual School and provides for its governance. The Virtual School provides courses for students in grades 9 through 12 through electronic means. The school is funded annually in the General Appropriations Act through a "Specific Appropriation". Public school students can take courses offered through the Virtual School concurrently with courses taken while enrolled in a public school. School districts can report for funding through the Florida Education Finance Program (FEFP) the courses its students complete through the Virtual School. The bill amends s. 1002.37, F.S., to provide that the Florida Virtual School is to be funded in the FEFP, rather than the current line-item funding. Pursuant to the bill, funding is to be based on "credit successfully completed" with 6 credits comprising one full-time equivalent student (FTE). The intended effect is to increase the number of grade 9-12 public school students taking courses through the Florida Virtual School in order

to assist with the requirement to reduce class size. By funding through a straight FEFP allocation, the bill also eliminates double funding for Florida Virtual School courses taken by public school students.

Section 21 .

The bill creates s. 1002.395 and the Florida Learning Access Grants (FLAG) Act. The FLAG Act allows the parent of any K-12 student who has been previously in attendance in the public school system during the October and February FTE counts to opt to receive a \$3500 FLAG grant for purposes of attending an eligible private school of the parent's choice. School districts may choose to implement the FLAG Act in order to implement the class size reduction requirements.

Section 22.

Section 1007.27, F.S., provides for articulated acceleration mechanisms. Articulated acceleration is intended to shorten the time necessary for a student to complete the requirements associated with the conference of a high school diploma and a postsecondary degree, broaden the scope of curricular options available to students, or increase the depth of study available for a particular subject. The bill requires each school district to notify parents of the acceleration mechanisms available to students. The bill repeals a reference to the term "small school," in conformity with the act.

Section 23.

The bill amends s. 1003.43, F.S., to provide flexibility for school districts to determine when students will take the one-half credit in life management skills.

Section 24.

The bill amends s.1003.436, F.S., to reduce the number of class hours of instruction required to receive one credit from the current 135 hours of instruction to 120 hours.

Section 25.

The bill amends s. 1011.24, F.S., to designate the Florida Virtual School as a special school district.

Section 26.

The bill amends s. 1011.61, F.S., to provide that a Florida Virtual School FTE student shall consist of six full credit completions in specified courses and that credit completions can be a combination of either full or half credit. The bill authorizes students enrolled in both a public school and Florida Virtual School to exceed the 180 day maximum; however, the public school is not authorized to report days over the 180 days.

Section 27.

The bill amends s. 1011.62, F.S., removing teacher recruiting and retention funds from categorical funds.

Section 28.

The bill amends s. 1011.68, F.S., correcting a cross reference.

Section 29.

The bill amends s. 1011.69, F.S., removing obsolete language and providing that the funds appropriated in the General Appropriations Act for the Class Size Reduction operating categorical are excluded from the school-level allocation in the Equity in School-Level Funding Act.

Section 30.

The bill amends s. 1012.56, F.S., revising teacher requirements for certification, including more reciprocity for teachers with a valid professional standard teaching certificate issued by another state, teachers with valid certificates issued by the National Board for Professional Teaching Standards or other nationally recognized organizations, and individuals who can document two semesters of successful teaching in a community college, state university, or private college.

Section 31.

The bill amends s. 1012.57, F.S., to require, rather than simply allow, districts to adopt rules allowing the issuance of adjunct teaching certificates. The bill requires applicants for an adjunct educator certification to have a major, rather than a minor, in their subject matter or the applicant can demonstrate sufficient subject area mastery by passing a subject area test.

Section 32.

The bill amends s. 1013.03, F.S. to require the Department of Education to review, by October 1, 2003, all rules related to school construction to identify requirements that are outdated, obsolete, or could be amended to provide additional flexibility to school districts in implementing class size reduction. The State Board of Education must act on the recommendations by December 31, 2003.

Section 33.

The bill requires school districts to periodically update the Florida Inventory of School Houses (FISH). The State Board of Education is required to adopt rules to establish the time frame for periodic updating of the FISH data.

Section 34.

Repeals a provision in accordance with the act.

Section 35.

The bill creates s. 1013.368, F.S., which relates to cost per student station requirements for educational facilities. The bill adjusts upward from the current costs per student station, beginning July 1, 2004.

Section 36.

The bill amends s. 1013.64, F.S., which relates to current cost per student station requirements for educational facilities. The bill deletes an exception from cost per student station limits on projects funded with certain sources of revenue.

Section 37.

The bill repeals s. 1012.41, F.S., requiring school districts to employ a director of career and technical education; repeals s. 1013.21, F.S., relating to the reduction of relocatable facilities in use; and repeals s. 1013.43, F.S., repealing requirements to construct small schools.

Section 38.

The bill provides for severability of the provisions of this act.

Section 39.

The bill provides an effective date of July 1, 2003, except as otherwise expressly provided for in this act.

C. SECTION DIRECTORY:

Section 1. The bill provides that this act may be cited as “The 2003 Class Size Reduction Act.”

Section 2. The bill amends 1003.01, F.S., defining “core-curricula courses” and “extra-curricular courses” for the purpose of identifying courses that are subject to the class size requirement.

Section 3. The bill amends 1003.03, F.S., incorporating the maximum class sizes specified in the constitutional amendment.

Section 4. The bill creates s. 1011.685, F.S., the Class Size Reduction Operating Categorical Fund.

Section 5. The bill creates the Classrooms for Kids Program.

Section 6. The bill creates the Class Size Reduction Small County Assistance Program for fiscal year 2004-2005.

Section 7. The bill provides an appropriation of \$100 million from the Public Education Capital Outlay and Debt Service Trust Fund to fund School Infrastructure Thrift Program awards.

Section 8. The bill creates s. 1013.736 F.S., the District Effort Recognition Program.

Section 9. The bill creates s. 1013.737, F.S., the Class Size Reduction Lottery Revenue Bond Program.

Section 10. The bill provides that the Commissioner of Education shall provide for timely encumbrances of funds for duly authorized projects.

Sections 11, 12, 13, and 14. The bill amends ss. 203.01(1)(b), 202.12(1)(a) and (c), 202.18(2)(b), and 212.20(6)(d), F.S., to revise various rates of tax.

Section 15. The bill amends s. 215.61, F.S., to revise the determination of the amount of bonds that can be serviced by the gross receipts tax levied and collected pursuant to ch.203, F.S.

Section 16. The bill amends s. 24.121, F.S., to remove limitations on the amount of lottery revenues that may be pledged to the payment of debt service.

Section 17. The bill amends s. 121.091, F.S., to allow extended participation in DROP in certain circumstances.

Section 18. The bill repeals a reference to the term “small school,” in conformity with the act.

Section 19. The bill amends s. 1002.33, F.S., to remove the current caps on the number of charter schools in a district.

Section 20. The bill amends s. 1002.37, F.S., to provide that the Florida Virtual School is to be funded in the Florida Education Finance Program .

Section 21. The bill creates s. 1002.395 and the Florida Learning Access Grants (FLAG) Act.

Section 22. The bill requires each school district to notify parents of the acceleration mechanisms available to students.

Section 23. The bill amends s. 1003.43, F.S., to provide flexibility for school districts to determine when students will take the one-half credit in life management skills.

Section 24. The bill amends s.1003.436, F.S., to reduce the number of class hours of instruction required to receive one credit from the current 135 hours of instruction to 120 hours.

Section 25. The bill amends s. 1011.24, F.S., to designate the Florida Virtual School as a special school district.

Section 26. The bill amends s. 1011.61, F.S., relating to Florida Virtual School FTE.

Section 27. The bill amends s. 1011.62, F.S., removing teacher recruiting and retention funds from categorical funds.

Section 28. The bill amends s. 1011.68, F.S., correcting a cross reference.

Section 29. The bill amends s. 1011.69, F.S., removing obsolete language and providing that the funds appropriated in the General Appropriations Act for the Class Size Reduction operating categorical are excluded from the school-level allocation in the Equity in School-Level Funding Act.

Section 30. The bill amends s. 1012.56, F.S., revising teacher requirements for certification.

Section 31. The bill amends s. 1012.57, F.S., to relating to the issuance of adjunct teaching certificates.

Section 32. The bill amends s. 1013.03, F.S. to require the Department of Education to review, and the State to take action regarding, rules related to school construction to identify requirements that are outdated, obsolete, or could be amended to provide additional flexibility to school districts.

Section 33. The bill requires school districts to periodically update the Florida Inventory of School Houses (FISH).

Section 34. Repeals a provision in accordance with the act.

Section 35. The bill creates s. 1013.368, F.S., which relates to cost per student station requirements for educational facilities. The bill adjusts upward from the current costs per student station, beginning July 1, 2004.

Section 36. The bill amends s. 1013.64, F.S., which relates to current cost per student station requirements for educational facilities. The bill deletes an exception from cost per student station limits on projects funded with certain sources of revenue.

Section 37. The bill repeals s. 1012.41, F.S., requiring school districts to employ a director of career and technical education; repeals s. 1013.21, F.S., relating to the reduction of relocatable facilities in use; and repeals s. 1013.43, F.S., repealing requirements to construct small schools.

Section 38. The bill provides for severability of the provisions of this act.

Section 39. The bill provides for effective dates.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

Please refer to "Fiscal Comments."

2. Expenditures:

Please refer to "Fiscal Comments."

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

The bill has a fiscal impact. The bill provides for appropriations totaling \$630 million over the next five years. The June, 2002 revenue estimating conference held prior to the November election estimated that the first year operating cost impact of the amendment would be \$628 million and that the operating cost would grow to \$2.8 billion in fiscal year 2006-2007. The conference estimated a cost of \$2.4 billion in facilities for the first year and a total facilities cost of \$9.4 billion. These estimates were based on the procedure of current law - current practice. The cost figures will change as more accurate data on currently available space is collected, as the legislature defines the terms used in the language of the amendment, and if there are changes in the current law and practice relating to flexibility in the use of funds, utilization of existing facilities construction standards, and to requirements for the recruitment and retention of teachers.

The bill will also have a fiscal impact to the extent that instructional and administrative personnel exercise the option to extend participation in DROP.

Provisions of the bill affecting the rates of tax, as well as those provisions pertaining to bonding and the lottery will also have a fiscal impact, to be determined by the Subcommittee on Finance and Tax pursuant to reference.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not affect municipal or county government.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

District school boards and the State Board Of Education are provided with limited authority to promulgate rules in accordance with the specified provisions of this act.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

None.