

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 903 CS

Public School Class Size

SPONSOR(S): Harrell

TIED BILLS:

IDEN./SIM. BILLS: SB 1678

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Education Appropriations Committee	16 Y, 0 N, w/CS	Eggers	Hamon
2) PreK-12 Committee	9 Y, 0 N	Howlette	Mizereck
3) Fiscal Council		Eggers	Kelly
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

In the November 2002 General Election, the voters approved an amendment to Section 1, Article IX of the State Constitution to provide that by the beginning of the 2010-11 school year the maximum number of students assigned to a teacher teaching in public school classrooms shall be as follows: for students in prekindergarten through grade 3 no more than 18; for students in grades 4-8 no more than 22; and for students in grades 9-12 no more than 25. In addition, the amendment requires that beginning with the 2003-04 fiscal year, the legislature provide sufficient funds to reduce the average number of students in each classroom by at least two students per year until the maximum does not exceed the requirement in 2010-2011.

Section 1003.03, F.S., was created to implement the requirement of reducing class sizes and provides for a transfer of class size operating funds to a capital outlay categorical, in the event a school district does not reduce class sizes as required.

The CS authorizes, beginning in 2005-06, growth in the student population above initial estimates to be included in the calculation for determining compliance with class size requirements.

The CS authorizes, beginning in fiscal year 2005-06, a reversal of the prior year transfer of class size operating funds to a capital outlay categorical, if the district meets current year class size requirements.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government – The CS allows unexpected student growth to be included in the calculation to determine class size compliance, where unexpected student growth contributed to noncompliance, thereby negating the need for appeal to the State Board of Education.

B. EFFECT OF PROPOSED CHANGES:

In the November 2002 General Election, the voters approved an amendment to Section 1, Article IX of the State Constitution to provide that by the beginning of the 2010-11 school year the maximum number of students assigned to a teacher teaching in public school classrooms shall be as follows: for students in prekindergarten through grade 3 no more than 18; for students in grades 4-8 no more than 22; and for students in grades 9-12 no more than 25. In addition, the amendment requires that beginning with the 2003-04 fiscal year, the legislature provide sufficient funds to reduce the average number of students in each classroom by at least two students per year until the maximum does not exceed the requirement in 2010-2011.

Section 1011.685, F.S., created an operating categorical fund to provide school district funding for implementing the class size reduction provisions. Section 1003.03, F.S., was created to implement the requirement of reducing class sizes and specifies that in the 2003-04 fiscal year, each school district that is not in compliance with the maximum class size requirements, shall reduce the average number of students per classroom for each of the three grade groups by at least two students per year. Determination of the average number of students per classroom for each of the three grade groups are as follows:

- Fiscal years 2003-2004 through 2005-2006 shall be calculated at the district level,
- Fiscal years 2006-2007 through 2007-2008 shall be calculated at the school level, and
- Fiscal years 2008-2009 through 2009-2010 shall be calculated at the individual classroom level.

The Department of Education annually calculates district class size using student membership surveys. Pursuant to s. 1003.03, F.S., compliance with class size requirements is based on the February 2003 student membership survey. In the event a district does not reduce class sizes as required in s. 1003.03, F.S., the Department of Education calculates the amount of the class size reduction not accomplished and the Executive Office of the Governor transfers the funds from the district's class size operating categorical to a capital outlay categorical. The transferred amount is the lesser of the amount of class size not accomplished or the undistributed balance of the district's class size reduction operating categorical. However, based upon a recommendation by the Commissioner of Education that the State Board of Education has reviewed evidence indicating that a district has been unable to meet class size reduction requirements despite appropriate effort to do so, the Legislative Budget Commission may approve an alternative amount of funds to be transferred from the district's class size reduction operating categorical to its approved fixed capital outlay account for class size reduction.

The CS allows unexpected student growth to be included in the calculation to determine class size compliance by substituting the projected FTE student membership in the Florida Education Finance Program (FEFP) first calculation for the actual October FTE student membership, if the student membership in the October survey exceeds the projection. Currently, adjustments to the transfer calculation for unexpected growth have been approved through successful appeals to the State Board of Education.

The CS also provides that beginning in fiscal year 2005-06, any district in compliance with current year class size requirements is eligible for a reversal of the prior year class size operating categorical transfer to capital outlay.

C. SECTION DIRECTORY:

Section 1: Amends s.1003.03, F.S.; revising the calculation of the compliance transfer amount and authorizing a reversal of the transfer under certain conditions.

Section 2: Provides effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The CS does not appear to have a fiscal impact on state revenues

2. Expenditures:

The CS does not appear to have a fiscal impact on state expenditures.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The total amount of revenue provided by the state to districts for class size reduction is not affected. However, beginning in 2005-06, the prior year's transfer amount from operations to capital outlay could be reversed, for those districts that come into class size compliance in the current year. The 2004-05 transfer amount was \$1,076,719 and included nine districts. Therefore, the maximum potential transfer back to the operating categorical in fiscal year 2005-06 is \$1,076,719.

2004-05 Transfer Amounts

Flagler	\$ 170,958
Gadsden	\$ 239,147
Hernando	\$ 268,930
Putnam	\$ 164,128
Santa Rosa	\$ 93,202
Suwannee	\$ 21,100
Union	\$ 1,203
Walton	\$ 103,934
Washington	\$ 14,117
Total	\$1,076,719

Although the CS does not affect the 2003-04 transfer, the amount of \$1,479,948 was transferred from the operating categorical to the capital outlay categorical and included eight districts.

2003-04 Transfer Amounts

Miami-Dade	\$ 323,778
Flagler	\$ 91,000
Gadsden	\$ 21,452
Hardee	\$ 90,845
Manatee	\$ 67,858

Okaloosa	\$ 173,204
Palm Beach	\$ 636,324
Putnam	<u>\$ 75,487</u>
Total	\$1,479,948

2. Expenditures:

Potentially \$1,076,719 in 2004-05 school district capital funds could be transferred back, in 2005-06, to school district operating funds.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The CS does not appear to have a fiscal impact on the private sector.

D. FISCAL COMMENTS:

None

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The CS does not require a city or county to expend funds or to take any action requiring the expenditure of funds.

The CS does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

This CS does not reduce the percentage of state tax shared with counties or municipalities.

2. Other

B. RULE-MAKING AUTHORITY:

The CS does not create any rulemaking authority.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

The Education Appropriations Committee on March 18 adopted Amendment 1 changing the basis for school district eligibility for transfer reversal from the February 2005 baseline to the February 2003 baseline. This amendment makes the transfer eligibility requirement consistent with the requirement for current year class size reduction compliance.

The proposed committee substitute was adopted as amended. This bill analysis is drawn to the committee substitute.