

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

Prepared By: The Professional Staff of the Education Pre-K - 12 Committee

BILL: CS/SB 2272

INTRODUCER: Education Pre-K - 12 Committee and Senator Wise

SUBJECT: Inservice Professional Development Academies

DATE: April 16, 2009                      REVISED: \_\_\_\_\_

|    | ANALYST  | STAFF DIRECTOR | REFERENCE | ACTION        |
|----|----------|----------------|-----------|---------------|
| 1. | Carrouth | Matthews       | ED        | <b>Fav/CS</b> |
| 2. |          |                | EA        |               |
| 3. |          |                | WPSC      |               |
| 4. |          |                |           |               |
| 5. |          |                |           |               |
| 6. |          |                |           |               |

**Please see Section VIII. for Additional Information:**

A. COMMITTEE SUBSTITUTE.....  Statement of Substantial Changes

B. AMENDMENTS.....  Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

**I. Summary:**

The bill revises current provisions in law relating to regional professional development academies, including:

- Repealing the authorization for start-up funds and the eligibility requirements for regional academies to receive startup funding;
- Repealing the requirement that a regional academy be self-supporting after the first year of operation;
- Repealing the requirement that a regional academy own or lease the facility in which it delivers training and the responsibility of the academy to maintain such facility; and
- Repealing the provision which indicates that an academy is not a component of any school district.

Under the bill, regional academies would now be required to:

- Establish requirements to govern the academy’s day-to-day operations;
- Receive and administer property, private and public funds, and income from training services;
- Specify in the contract that intellectual property generated by school district personnel at a regional academy must be shared by the two entities; and

- Include greater specification for the contents and fiscal accountability within contracts between a regional academy and school districts. Such contracts must include:
  - Responsibilities for the prudent and lawful use of all public and private funds;
  - Documentation that funds received from the district are expended for authorized purposes and that services provided by the regional academy are commensurate to the amount paid by the district;
  - Provisions for making records available for inspection by the school board's auditor and the Auditor General;
  - Provisions for annually reporting activities and expenditures; and
  - Provisions for annual audits.

This bill substantially amends section 1012.985 of the Florida Statutes.

## II. Present Situation:

### **Regional Professional Development Academies**

The 1999 Legislature established regional training academies (regional academies) for the purpose of providing professional development opportunities for school personnel in each region of the state.<sup>1</sup> The regional academies would be operated in partnership with area business partners to develop and deliver high-quality training programs purchased by school districts.<sup>2</sup> The regional academies were required to be financed during the first year of operation by an equal or greater match from private funding sources and demonstrate the ability to be self-supporting within one year after opening through fees for services, grants, or private contributions.<sup>3</sup> The regional academies were to be governed by an independent board and were additionally required to own or lease a facility to deliver training, provide professional development services to participating school districts, and to provide, in its discretion, professional development services to other school districts, private schools, and individuals on a fee-for-services basis.<sup>4</sup> These requirements remain in current law.<sup>5</sup> However, the statewide system did not materialize and the Schultz Center for Teaching and Leadership in Jacksonville, FL, became the only inservice professional development academy to subsequently operate under the 1999 legislation.

### **The Schultz Center for Teaching and Leadership**

In 1997, through a \$1 million grant from Fred Schultz, other private donations, and state matching funds, the Schultz Center for Teaching and Leadership (Schultz Center) was established with the goal of raising student achievement by enhancing the professional skills of education professionals.<sup>6</sup>

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<sup>1</sup> s. 64, ch. 99-398, L.O.F., codified as s. 231.6135, F.S., (1999).

<sup>2</sup> s. 231.6135(1), F.S., (1999).

<sup>3</sup> s. 231.6135(6), F.S., (1999).

<sup>4</sup> s. 231.6135(7) and (8), F.S., (1999).

<sup>5</sup> s. 1012.985, F.S., formerly s. 231.6135, F.S.

<sup>6</sup> <http://www.schultzcenter.org/history.shtml>, (last visited April 10, 2009).

The Schultz Center received \$4 million in donations and used these funds as well as \$4 million in matching funds to create a state-of-the-art professional development facility.<sup>7</sup> At present, the Schultz Center contracts with five regional school districts<sup>8</sup> and conducts professional development training for teachers, principals and other education professionals. The Schultz Center has also conducted research and training for the Department of Education and the Southern Regional Educational Board.<sup>9</sup>

The Schultz Center currently collaborates with area school districts and the University of North Florida to offer leadership training that includes:

- Aspiring Leader Academies (one year training for assistant principals);
- Principal Academies;
- Instructional Training for the Southern Regional Educational Leadership Board;
- Assistant Principal Candidate Training; and
- Professional Learning Communities.

To date, the Schultz Center has also provided professional development in fifteen instructional areas and has delivered more than eighty diverse workshops targeted to new teacher training, as well as training for the State University System.<sup>10</sup>

### **Audit Findings**

The Auditor General (AG) reviewed the financial relationship between the Duval County School District and the Schultz Center in an operational audit of the Duval County District School Board.<sup>11</sup> In the audit for FY 2003-2004, the AG recommended that the school district should monitor the reasonableness of goods and services provided to and exchanged with the Schultz Center.<sup>12</sup> In particular, the AG noted the following:

- The Duval County School District provided a substantial portion of the Center's support through cash and in-kind contributions. The Schultz Center provides training to teachers at public and private schools in 5-county area; however, only the Duval County School District was required to provide cash and in-kind services to the Schultz Center for professional development services.
- The Duval County School District appears to be incurring the cost for operating the Schultz Center and providing training-related funding, while simultaneously providing the majority of the Schultz Center's professional development services with the school district's own staff.
- After more than three years of operation, the Schultz Center was not operating on a self-supporting basis if it was required to pay its full operating costs.<sup>13</sup>

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<sup>7</sup> The Duval County School District (DCSB) currently owns and maintains the facility and leases it to the Schultz Center for a nominal fee. (Email correspondence from DCSB, dated January 6, 2009.)

<sup>8</sup> School districts served include Clay, Nassau, St. Johns, Baker, and Duval counties.

<sup>9</sup> Founded in 1948, the Southern Regional Education Board is a nonprofit, nonpartisan organization that works with leaders and policy-makers in 16 member states to improve pre-K through postsecondary education. <http://www.sreb.org/>

<sup>10</sup> Email correspondence from DCSB, dated April 8, 2009

<sup>11</sup> See *Duval County District School Board: Operational Audit: FY 2003-2004, Report No. 2006-002 (July 2005)*, "Finding No. 12," Florida Auditor General, available at [http://www.myflorida.com/audgen/pages/pdf\\_files/2006-002.pdf](http://www.myflorida.com/audgen/pages/pdf_files/2006-002.pdf).

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

In 2006, the Legislature revised the regional academy enabling statute to provide that an academy, upon complying with the requirement for the first year of operation, is not a component of any school district or governmental unit to which it provides professional development services.<sup>14</sup>

For FY 2006-2007, the AG again reviewed the financial relationship between Duval County School District and the Shultz Center in a financial, operational, and federal single audit of the Duval County District School Board.<sup>15</sup> In the audit, the AG recommended the school district to take appropriate action to evaluate the Schultz Center's ability to operate on a self-supporting basis as statutorily required.<sup>16</sup> In particular, the AG noted the following:

- The Schultz Center could not demonstrate the ability to be self-sustaining through fees for services, grants, or private contributions.<sup>17</sup>
- The school district is essentially incurring the costs to operate the Schultz Center and providing the majority of professional development with school district personnel.<sup>18</sup>
- The Schultz Center lease agreement generally requires that the school district be responsible for all facility operational, maintenance, and repair costs, in contravention of s. 1012.985(1)(g), F.S., which requires that the Schultz Center be responsible for those costs.<sup>19</sup>
- The school district's contracted payments to the Schultz Center of \$3,796,767 for 300,000 hours of training do not appear to be an arm's length purchase of goods and services from a vendor. Again, much of the training was developed and provided by school district personnel as an in-kind service to the Schultz Center.<sup>20</sup>

The Duval County School District did not concur with the AG's findings. In particular, the school district reported that the intent of its arrangement with the Schultz Center was that the center would pay for extensive renovations (approximately \$8 million) to the building in consideration for future operational, maintenance, and repair costs.<sup>21</sup>

### III. Effect of Proposed Changes:

The bill revises provisions relating to the statewide system for inservice professional development academies. In particular, the bill:

- Removes references in current law to authorize provisions for start-up funding;
- Removes the requirement that a regional academy be financially self-supporting after one year of operation;
- Repeals the requirement that a regional academy own or lease the facility in which it delivers training;
- Repeals the provision which indicates that an academy is not a component of any school district.

<sup>14</sup> ch. 2006-151, L.O.F.

<sup>15</sup> See *Duval County District School Board: Financial, Operational, and Federal Single Audit, FY 2006-2007 (February 2008)*, Florida Auditor General, available at [http://www.myflorida.com/audgen/pages/pdf\\_files/2008-084.pdf](http://www.myflorida.com/audgen/pages/pdf_files/2008-084.pdf).

<sup>16</sup> *Id.* at 11, "Finding No. 11."

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

<sup>20</sup> *Id.* at 94, "Federal Awards Finding No. 9."

<sup>21</sup> *Id.* at 102. "Management Response Section."

- Removes the requirement that a regional academy pay for facility maintenance and operating costs;
- Establishes requirements to govern the day-to-day operations of a regional academy;
- Requires greater specification for the contents and fiscal accountability of contracts between a regional academy and school districts;
- Authorizes a regional academy to receive and administer property, private and public funds, and income from training services; and
- Specifies that intellectual property generated by school district personnel at a regional academy must be shared by the two entities with such provisions included in the contract.

In effect, the bill currently affects only the operations of the Schultz Center. However, future regional academies, if they were established, would operate under the same enabling statute.

By removing the self-supporting and facility maintenance requirement, the bill addresses the audit criticisms that the Schultz Center was not self-sufficient or providing for facility maintenance as required in s. 1012.985, F.S. Nevertheless, the operating agreement between the school district and the Schultz Center would need to be revised.

Additionally, the federal awards audit issues under the Federal Single Audit, concerning whether the school district and the Schultz Center are operating at an arm's length in the purchase of goods and services, would remain.

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

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

#### **V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

There may be more regional academies established without the requirement of self-sufficiency after one year of operation.

**C. Government Sector Impact:**

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Additional Information:****A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

- Removes the requirement that a school district be designated to serve as the fiscal agent for each regional academy;
- Removes references in current law to required start-up funding;
- Removes the requirement that a regional academy be financially self-supporting after one year of operation;
- Repeals the requirement that a regional academy own or lease the facility in which it delivers training;
- Removes the requirement that a regional academy pay for facility maintenance and operating costs;
- Repeals the provision which indicates that an academy is not a component of any school district;
- Establishes requirements to govern the day-to-day operations of a regional academy;
- Requires greater specification for the contents and fiscal accountability of contracts between a regional academy and school districts;
- Authorizes a regional academy to receive and administer property, private and public funds, and income from training services; and
- Specifies that intellectual property generated by school district personnel at a regional academy must be shared by the two entities with such provisions included in the contract.

**B. Amendments:**

None.