

**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 Budget Committee

BILL: SPB 7128

INTRODUCER: For consideration by the Budget Committee.

SUBJECT: K-12 Education Funding

DATE: March 28, 2011      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Hamon	Meyer, C.		<b>Pre-meeting</b>
2.				
3.				
4.				
5.				
6.				

**I. Summary:**

This bill conforms applicable statutes to the appropriations provided in the Senate proposed budget which makes appropriations for Prekindergarten through grade 12 education for the 2011-2012 fiscal year.

The bill:

- Authorizes the Department of Revenue to provide information regarding gross receipts taxes to the State Board of Education, the Division of Bond Finance and the Office of Economic and Demographic Research. In making the determination of the amount of bonds that can be serviced by gross receipts tax, the State Board of Education is to disregard the effects of a 2010 nonrecurring refund.
- Provides that certain charter school systems may be designated a local education agency for the purpose of receiving federal funds.
- Authorizes each school district to create pilot digital instructional materials schools with additional flexibility to make the transition to digital. Districts shall report the results of the pilot schools.
- Redefines the term “core curricula courses” for the purpose of designating classes subject to maximum class size requirements.
- Provides flexibility for school districts to implement class size requirements when additional students enroll in a school after the October survey and for grades 4 to 8 students who take high school courses. Clarifies the use of class size reduction funds.
- Adjusts industry certified bonus weights based on rigor and employment value of the certification; revised weights remain within existing funding levels.

- Removes provisions relating to the coenrollment of high school students in adult education courses.
- Authorizes interdistrict transfer of FEFP funds when students in Department of Juvenile Justice facilities are transferred between student membership surveys.
- Allows 16 districts that passed a referendum in the 2010 general election to levy 0.25 mills for the authorized two years and for eligible districts to receive state compression adjustment funds for two more years. Authorization for school boards to levy by supermajority vote, following referendum, an additional 0.25 mills for critical operations or capital outlay expires on June 30, 2011.
- Provides that state funding for the Merit Award Program will be discontinued after payment of the 2010-2011 awards.
- Clarifies prior legislation and authorizes the expenditure of PECO funds by a charter-school-in-the-work-place prior to July 1, 2010.
- Expands the class size reduction lottery bond program to include other educational facilities.
- Provides the Department of Education (DOE) with flexibility to provide Florida Knowledge Network materials and other educational services online or by other electronic media, instead of primarily through television broadcast. Updates and clarifies DOE responsibilities for the Florida Information Resource Network.
- Provides that education consortia funds are to be determined as provided in the General Appropriations Act.
- Provides recurring flexibility, after March 1 of each year, for instructional materials funds to be used to purchase hardware for student instruction.
- Adopts by reference, alternative compliance calculation amounts to the class size operating categorical allocation for the 2010-2011 fiscal year.

This bill substantially amends sections 213.053, 215.61, 1001.25, 1001.271, 1001.28, 1001.451, 1002.33, 1002.34, 1003.01, 1003.03, 1004.02, 1011.62, 1011.685, 1011.71, 1012.225, 1013.737, and creates sections 1006.282, and 1011.621, of the Florida Statutes.

## **II. Present Situation:**

### **Gross Receipts Tax**

Section 9 of Article XII of the Constitution requires that all of the proceeds of the revenues derived from the gross receipts taxes collected pursuant to the provisions of chapter 203, Florida Statutes, be placed in a trust fund to be known as the “public education capital outlay and debt service trust fund” in the state treasury. Monies in the trust fund may only be used to fund capital projects for the state education system. The trust fund is administered by the state board of education.

State bonds pledging the full faith and credit of the state may be issued pursuant to law to finance or refinance capital projects authorized by the legislature, for the state system of public education. The bonds are primarily payable from revenues derived from gross receipts taxes, and are additionally secured by the full faith and credit of the state.

Section 9 of Article XII of the Constitution states that “No such bonds shall ever be issued in an amount exceeding ninety percent of the amount which the state board determines can be serviced by the revenues derived from the gross receipts taxes . . . .”

Section 215.61, F.S., provides that in determining the amount of bonds which can be serviced by the gross receipts tax, the State Board of Education shall use the average annual amount of revenue collected for the tax periods during the 24 months immediately preceding the most recent collection date before the date of issuance of any such bonds, adjusted to reflect revenues that would have been collected had legislation enacted into law before the date of determination been in effect during the 24-month period. Such adjustment shall be based on the assumption that the provisions of the enacted legislation had become effective 24 months before the dates contemplated in the legislation.

In August, 2010, AT&T Mobility LLC (AT&T) entered into a settlement agreement with a number of plaintiffs which, if finally approved by the court, will require AT&T to request refunds of Florida communications services taxes, including gross receipts taxes, paid on charges for wireless data services.<sup>1</sup> The potential refunds are for the period from November 5, 2005 to September 7, 2010. At this time, it is anticipated that any refunds paid to AT&T will be paid in the first half of Fiscal Year 2010-2011.

Under current practice for making the determination required by section 215.61, F.S., of the amount of bonds that can be serviced by the gross receipts tax, the effect of the refunds will be to reduce the amount of bonds that may be issued for 24 months following the payment of a refund.

### **Local Educational Agency**

Each school district is a local education agency. As a local education agency the school district receives state, local, and federal funds allocated for all public school students in the district, including funds for school district schools and charter schools. The school district provides to each charter school its per student share of each source of funds, state local and federal, as provided by law. The school district has the responsibility for all local educational agency requirements, assuring compliance with federal laws and regulations, submitting required information and reports, and federal audits. The charter school receives its per student share of federal funds received by the school district, but the school district, not the charter school, is responsible for performing all of the local education agency requirements.

### **Instructional Materials**

As provided in s. 1006.28, Florida Statutes, district school boards have the duty to provide adequate instructional materials for all students. The term “adequate instructional materials” means a sufficient number of textbooks or sets of materials that are available in bound, unbound, kit, or package form and may consist of hard-backed or soft-backed textbooks, electronic content, consumables, learning laboratories, manipulatives, electronic media, and computer courseware or software that serve as the basis for instruction for each student in the core courses of mathematics, language arts, social studies, science, reading, and literature, except for instruction for which the school advisory council approves the use of a program that does not include a textbook as a major tool of instruction. Instructional materials do not include computer hardware.

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<sup>1</sup> Information regarding the case can be obtained at: [www.attmsettlement.com](http://www.attmsettlement.com).

To ensure that all school districts have equitable access to digitally rich instructional materials, districts are encouraged to provide access to an electronic learning management system that allows teachers, students, and parents to access, organize, and use electronically available instructional materials and teaching and learning tools and resources, and that enables teachers to manage, assess, and track student learning.

In addition, as provided in s. 1006.40, Florida Statutes, school boards are required to purchase instructional materials for core courses within the first two years of an adoption. The adoption cycle for a subject is six years.

### **Class Size**

For the purpose of designating classes subject to maximum class size requirements “Core-curricula courses” are courses defined by the Department of Education as mathematics, language arts/reading, science, social studies, foreign languages, English for Speakers of Other Languages, exceptional education, and courses taught in traditional self-contained elementary school classrooms.

In November 2002, s. 1, Art. IX of the State Constitution was amended to provide that by the beginning of the 2010 school year, the maximum number of students assigned to a teacher who teaches core-curricula courses in public school classrooms shall be as follows:

- For prekindergarten through grade 3, the number of students may not exceed 18;
- For grades 4 through 8, the number of students may not exceed 22; and
- For grades 9 through 12, the number of students may not exceed 25.

The amendment required that, beginning with the 2003-2004 fiscal year, the Legislature must provide sufficient funds to reduce the average number of students in each classroom by at least two students per year until the number of students per classroom does not exceed the maximum required by the beginning of the 2010 school year.

Section 1003.03(2)(b), F.S., establishes an implementation schedule for reducing the average number of students per classroom by at least two students per year as follows:

- 2003-2004 through 2005-2006 at the district level;
- 2006-2007 through 2009-2010<sup>2</sup> at the school level; and
- 2010-2011 and thereafter, at the classroom level.

To implement the class size reduction provisions of the constitutional amendment, the Legislature created an operating categorical fund for the following district purposes:<sup>3</sup>

- to meet the constitutional maximums specified, or to reduce its class size by the required average two students per year toward the constitutional maximums; or
- for any lawful operating expenditure. Priority, however, is to be given to increase the salaries of classroom teachers.

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<sup>2</sup> ch. 2009-59, L.O.F.

<sup>3</sup> s. 3, ch. 2003-391, L.O.F., codified in s. 1011.685, F.S.

The Legislature has appropriated over \$16 billion in the Class Size Reduction categorical for operations and \$2.5 billion for facilities funding for the Classrooms for Kids program.<sup>4</sup>

Also, s. 1003.03(4) provides for school district class size reduction accountability. Districts and charter schools are required to meet the constitutional maximums, and if they are not successful, their class size reduction funds are adjusted based on the additional students over the maximum for each classroom (for charter schools, the additional students over the maximum on a school average basis). Funds are reduced for the excess students from the class size reduction categorical plus 50 percent of the base student allocation. The resulting adjustment amount for 2010-2011 is \$40,795,637 (\$2,292,191 for charter schools).

Once the initial calculation is made, the Commissioner may recommend an alternate calculation for those districts not in compliance. For the current year, the recommended alternate calculation took into account data reporting errors and unintended student growth and the resulting amount was \$31,305,124. This amount is then to be brought to the Legislative Budget Commission for approval. If this amount is approved, then, non-compliant districts may earn back 75 percent of the reduction amount if they submit a plan by February 15 describing specific actions to be in compliance by the October survey of the subsequent school year. For the current year, all non-compliant districts submitted such a plan and \$23.5 million will be restored. In addition, the compliant districts may earn a bonus of up to 5 percent, but no more than 25 percent of the non-compliant district adjustment amount; for the current year, this amount is \$7.8 million. The same calculation methodology also applies to charter schools. For the current year, the Legislative Budget Commission has not yet acted on the recommended alternate calculation.

### **Industry Certified Career and Professional Academy**

A bonus value of 0.3 full-time equivalent student membership is provided in the FEFP as incentive funding to a school district for each high school student who receives industry certification as part of an Industry Certified Career and Professional Academy (CAPE) program and a high school diploma. In 2010-2011, there are 1,298 CAPE academies with 102,430 students, with 8.4 percent of CAPE students having earned at least one industry certification. Industry certifications increased from 803 in 2007-2008 to 8,629 in 2009-2010. Industry Certification bonus FTE funding in the FEFP is roughly \$4 million for 2010-2011.<sup>5</sup> The same 0.3 FTE bonus is earned by the student regardless of the difficulty or employment value of the certification.

### **Coenrollment in Adult General Education**

Adult education programs currently serve high school students who are enrolled in the K-12 system; these students are often referred to as coenrolled students. These students often take courses in adult education to improve the grade of a previously completed course or because they are behind in the number of credits completed in order to graduate on schedule. The definition of an "adult student" includes high school students who are taking an adult education course required for high school graduation. A majority of school districts' adult education programs

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<sup>4</sup> DOE presentation to the Senate Pre-K–12 Education Appropriations Committee, January 21, 2010, on file with the committee.

<sup>5</sup> DOE presentation to the Senate Pre-K – 12 Education Appropriations Committee, March 15, 2010, on file with the committee.

offer the coenrollment option to high school students, some more significantly than others. Funds for Workforce education, including adult education, are not to be used by school districts for their K-12 programs.

### **FEFP Funding for Department of Juvenile Justice Students**

Students in Department of Juvenile Justice (DJJ) programs are reported as FTE for FEFP funding in a manner similar to students in other district education programs. However, because of the unique nature of these programs, there are some exceptions made for FTE reporting and funding, e.g., DJJ FTE may be reported and funded on a year-long basis and DJJ programs also receive a funding supplement because they are not eligible for class size reduction funds. Also, if a new DJJ facility is opened in a district, the district is eligible for an alternate FTE survey for funding for the increase in FTE. Similarly, there have been instances of programs or providers relocating their efforts from one district to another with no corresponding adjustment in funding.

### **District Discretionary School Tax**

The Legislature authorized district school boards, by a super majority vote, to levy discretionary millage up to 0.25 mill for critical operating or capital outlay needs in 2009-2010 and 2010-2011. For the board to continue the levy by super majority board vote beyond the 2010-2011 fiscal year, voters had to give permission in the 2010 general election. If a district levies this millage for operations and the levy generates an amount of funds per weighted FTE for the district that is less than the state average, the district may receive in the FEFP a state-funded discretionary millage compression adjustment in an amount per FTE that, when added to the funds per FTE generated by the levy, is equal to the state average.

In 2010-2011, 53 districts levied the .25 mill for operations and 1 district levied it for capital outlay. In 2010-2011, the 53 districts that levied this millage for operations generated more than \$227 million in local funds and received more than \$33 million in the FEFP for the discretionary millage compression adjustment.

In the 2010 general election, 32 districts asked the voters for permission to continue the 0.25 levy for operations and 2 districts for capital outlay. Seventeen of the 34 were approved: sixteen for operations and 1 for capital outlay.

In addition, in the 2010 general election, 5 districts asked the voters to approve millage for operations for 4 years; three were successful. Historically, revenues from voted millage are not included in the FEFP.

### **Merit Award Program**

The Merit Award Program was established by the legislature in 2007. Each Merit Award Program plan must designate the top instructional personnel and school-based administrators as outstanding and must provide for payment to each such employee, by October 1 of the following school year, a merit-based supplement of at least 5 percent, but no more than 10 percent, of the average teacher's salary for that school district. The amount of a merit award may not be based on length of service or base salary. Pay supplements are to be funded from moneys appropriated by the Legislature and from any additional funds that are designated by the district for the Merit Award Program.

The district school board may not require instructional personnel or school-based administrators to apply for an award, or make any presentation, in order to be assessed for or receive a merit award. A plan is subject to negotiation as provided in chapter 447. School districts are not required to implement this section unless the program is specifically funded by the Legislature.

For 2009-10, 3 school districts, the Florida Virtual School, and a number of charter schools had approved plans with awards funded by the 2010-2011 appropriation in the amount of \$20 million.

#### **Class Size Reduction Lottery Revenue Bond Program**

The class size reduction lottery revenue bond program was established by the Legislature in section 1013.737, F. S., in 2003 to provide additional facilities to meet a constitutionally required reduction in public school class size by the beginning of the 2010-2011 school year. The bond proceeds were used to finance or refinance the construction, acquisition, reconstruction, or renovation of educational facilities. The bonds were issued pursuant to, and in compliance with, the provisions of s. 11(d), Art. VII of the State Constitution, the provisions of the State Bond Act, sections 215.57-215.83, F.S., as amended, and the provisions of section 1013.737, F.S. The bonds are payable from, and secured by a first lien on the first lottery revenues transferred to the Educational Enhancement Trust Fund each fiscal year, as provided by section 24.121(2), F.S., and do not constitute a general obligation of, or a pledge of the full faith and credit of the state.

#### **Florida Knowledge Network**

The Florida Knowledge Network is the instructional television broadcast service of the Florida Department of Education. The network is a partnership of the Department of Education, Florida school districts, and Florida public television stations. The network provides broadcasts on digital channels of the Florida satellite transponder of educational video programs that support Florida's K-12 curriculum and professional development programming. Programming is primarily distributed over digital multicast by Florida's public television stations.

#### **Florida Information Resource Network**

The Florida Information Resource Network (FIRN) was created to provide electronic information transmission for school districts and the DOE. Formerly, the DOE provided equipment and access to districts for these services. In addition, the legislature annually provided centralized line item funding for FIRN and the DOE coordinated federal e-rate discount funds for broadband access. In 2009, the Department of Management Services took the lead in managing "FIRN2" and coordinating the provision of internet access and services for school districts, colleges, and universities that wished to participate.

#### **Regional Consortium Service Organizations**

Regional Consortia exist for the provision of services to school districts with enrollments of 20,000 students or less. Currently, there are three: the Northeast Florida Education Consortium, the Panhandle Area Education Consortium and the Heartlands Consortium. Statute provides an incentive grant for the delivery of services to each in the amount of \$50,000 per member.

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

The bill makes the following revisions:

**Gross Receipts Tax**

- Amends section 215.61, F.S, to direct the State Board of Education to disregard the effects on gross receipts tax collections of refunds paid as a direct result of the settlement reached in *In re: AT&T Mobility Wireless Data Services Sales Litigation*, 270 F.R.D. 330 (August 11, 2010), when making the determination required by section 215.61, F.S..
- Allows the Department of Revenue to share information regarding the amount of any refunds with the State Board of Education, the Division of Bond Finance, and the Office of Economic and Demographic Research.
- Removes the effects of the refunds on the amount of bonds that can be issued and serve to provide a more accurate estimate of the amount of future bonds that can be serviced by the gross receipts tax.

**Local Educational Agency Designation for Certain Charter School Systems**

- Provides additional fiscal autonomy by allowing for the designation of a charter school system as a local educational agency for the purpose of receiving federal funds, the same as though the charter school system were a school district, if the charter school system governing board has adopted and filed a resolution with its sponsoring district school board and the Department of Education in which the charter board accepts full responsibility for all local education agency requirements and the charter school system meets all of the following:
  - includes both conversion charter schools and no conversion charter schools;
  - has all schools located in the same county;
  - has a total enrollment exceeding the total enrollment of at least one school district in the state;
  - has the same governing board; and
  - does not contract with a for-profit service provider for management of school operations.

**Electronic and Digital Instructional Materials Pilot Schools**

- Authorizes school districts to designate pilot schools to implement the transition to instructional materials that are in electronic or digital format.
- School boards may designate pilot schools only if the school district:
  - Has implemented a learning management system pursuant to s. 1006.281;
  - Requests only the electronic format of the specimen copies of instructional materials submitted pursuant to s. 1006.33, F.S.; and
  - Uses at least 50 percent of the pilot school's annual allocation from the district for the purchase of electronic or digital instructional materials included on the state-adopted list.
- Provides fiscal flexibility for schools designated as pilot schools by the school board to be exempt from section 1006.40(2)(a), F.S., relating to the purchase of instructional materials for core courses within the first two years of the adoption cycle, if the school provides comprehensive electronic or digital instructional materials to the students within the pilot school, and section 1006.37, F.S., relating to the requisition of instructional materials from the state depository.
- Requires that each district that designates a pilot school provide to the Department of Education the name of each pilot school; the grade or grades and associated course or courses included in the pilot; a description of the type of technological tool or tools that will be used



to access the electronic or digital instructional materials included in the pilot; and the projected costs, including cost savings or cost avoidances, associated with the pilot.

- Requires that each district review each pilot school's implementation to identify successful practices; lessons learned; level of investment and cost-effectiveness; and impacts on student performance.

### **Class Size**

- Provides flexibility by redefining "core-curricula courses". Under current law, the courses are defined by the Department of Education as mathematics, language arts/reading, science, social studies, foreign language, English for Speakers of Other Languages, exceptional student education, and course taught in traditional, self-contained elementary school classrooms.<sup>6</sup> Under the bill, the courses are specified by grade levels, subjects measured by state assessments, high school graduation requirements, and subgroups of students as follows:
  - Language arts/reading, mathematics, and science courses in prekindergarten through grade 3;
  - Courses in grades 4 through 8 in subjects that are measured by state assessment at any grade level;
  - Courses in grades 9 through 12 in subjects that are measured by state assessment at any grade level;
  - Courses that are specifically identified by name in statute as required for high school graduation and that are not measured by state assessments, excluding any extracurricular courses;
  - Exceptional student education courses; and
  - English for Speakers of Other Languages courses.
- Provides flexibility by redefining "extracurricular courses" to include courses that may result in college credit. Current law specifies that these courses include physical education, fine arts, performing fine arts, and career education.
- Provides flexibility by allowing a maximum class size of 25 for a core-curricula high school course in which a student in grades 4 through 8 is enrolled for high school graduation credit.
- There will be relatively little change in the core courses for students in grades K-3 and no change in core courses for ESE and ESOL students. The DOE notes that in 2010-2011, there were approximately 849 core courses in Kindergarten through Grade 12. Under the bill, there would be approximately 288 core courses. The decrease would primarily be due to courses that have much lower student enrollment such as foreign languages, honors and advanced courses at secondary grade levels, courses without state assessments, and courses that are not required for graduation at the middle and high school level.
- Provides districts with additional flexibility after the October survey by allowing them to increase class enrollment at a school by up to three students in Prekindergarten to Grade 3 and five students in Grades 4 to 12 if additional students enroll and the school board determines that it would be impractical, educationally unsound, or disruptive to not do so, and the board provides a plan for compliance by the subsequent October survey.

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<sup>6</sup> Courses offered under ss. 1002.37 (the Florida Virtual School), 1002.415 (the K-8 Virtual School Program), and 1002.45 (the school district virtual instruction (VIP) programs), F.S., are excluded.

**Industry Certified Career and Professional Academy**

- Adjusts the bonus FTE value for each student who receives industry certification for completing an Industry Certified Career and Professional Academy program and a high school diploma by creating bonus FTE values of 0.1, 0.2, and 0.3. The Department will assign the value to each certification with 50 percent based on rigor and the remaining 50 percent on employment value. Three different values will provide a bonus FTE that is more appropriate to different certifications. The maximum bonus FTE for any student will remain at 0.3.

**Coenrollment in Adult General Education**

- Removes provisions relating to the coenrollment of high school students in adult education courses to be consistent with SPB 7130 in which a student who is coenrolled in a K-12 education program and also in an adult general education course may not be reported for funding in the workforce or college adult general education program. The effect of this change is to reduce workforce education funding. In the budget, the funds reduced by the elimination of coenrollment FTE are reallocated with an emphasis on equity for other adult or career education programs.

**Transfer of FTE for DJJ Students**

- Authorizes an equitable transfer of FEFP funds between school districts when students in Department of Juvenile Justice facilities are transferred between student membership surveys. Each school district is to receive a pro rata share of the funds based on the amount of time the student is enrolled in each district.

**District Discretionary School Tax**

- Provides for the expiration of the authority for school boards to levy an additional 0.25 mills for critical operations or capital outlay on June 30, 2011, except for the 16 districts in which the voters in the 2010 general election gave permission for the millage to be levied for two additional years;
- Excludes local funds generated by the additional 0.25 mills and state funds provided pursuant to s. 1011.62 (5) from the calculation of the Florida Education Finance Program in 2011-2012 or any subsequent year and excludes the same funding from the calculation of any hold-harmless or other component of the Florida Education Finance Program in any year, except that, during 2011-2012 and 2012-2013, a district that levies this voter-approved 0.25 mills for operations may be eligible for a compression adjustment pursuant to s. 1011.62 (5) if the adjustment is calculated and added to the district's FEFP allocation, subject to determination in the General Appropriations Act.

**Merit Award Program**

- Discontinues funding for the Merit Award Program following payment of awards for the 2010-2011 fiscal year.

**Class Size Reduction and Educational Facilities Lottery Revenue Bond Program**

- Expands the class size reduction lottery revenue bond program as provided in section 1013.727, F.S., to include educational facilities in addition to facilities required to reduce

class size. Issuance of any bonds and the use of any bond proceeds under this statute requires prior authorization by the Legislature.

#### **Charter School-in-the-Workplace**

- Clarifies prior year conforming bill legislation and authorizes the expenditure of PECO funds prior to July 1, 2010 by a charter-school-in-the-work-place.

#### **Florida Knowledge Network and Florida Information Resource Network**

- Provides flexibility for the Department of Education to provide the Florida Knowledge Network and other materials online or through other electronic media, instead of primarily through television broadcast, updates obsolete language, and clarifies DOE responsibilities for coordinating district access to “FIRN2”.

#### **Regional Educational Consortia**

- Provides that regional education consortia funds are to be determined in the General Appropriations Act.

#### **Instructional Materials**

- Clarifies current law that provides a flexible opportunity after March 1 for instructional materials funds to be used for other urgent classroom expenditures or the purchase of computer hardware for student instruction.

#### **Class Size Operating Categorical**

- Adopts by reference the alternative compliance calculation amounts for the class size operating categorical allocation that were submitted to the Legislative Budget Commission on March 2, 2011. Adopting the alternative compliance calculation amounts by reference expedites the provisions of section 1003.03 (4) (c), F.S., for implementation during the 2010-2011 fiscal year.

#### **Other Potential Implications:**

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

##### **A. Municipality/County Mandates Restrictions:**

None.

##### **B. Public Records/Open Meetings Issues:**

None.

##### **C. Trust Funds Restrictions:**

None.

D. Other Constitutional Issues:

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The bill conforms the statutes to the Pre-K -12 public schools budget. The bill provides school districts and other entities with additional fiscal flexibility; provides for potential future cost savings and cost avoidance; provides funding equity; provides additional fiscal opportunity; eliminates or reduces improper or unnecessary expenditures; provides fiscal autonomy; eliminates obsolete and clarifies fiscal provisions; expedites payments; and promotes fiscal efficiency.

Specifically, the bill modifies education bonding programs by broadening the uses of bond proceeds by expanding the Class Size Reduction lottery bond program and by increasing PECO bond capacity by disregarding the effects of a 2010 refund. The lottery bond program has approximately \$30 million in available bond capacity and the change in PECO creates additional capacity of approximately \$130 million.

In addition, the bill provides school districts with additional flexibility regarding implementation of Class Size provisions by redefining core courses and allowing schools to adjust class sizes by three for Prekindergarten to Grade 3 and by five for Grades 4 to 12 if additional students enroll at a school after the October survey. In order to have this opportunity, districts will have to submit a plan for compliance for the subsequent October.

The bill also removes the authority for districts to levy the 0.25 discretionary millage for critical operations or capital, effective June 30, 2011, except for the 17 districts that have a current two-year voter authorization. In addition, the 0.25 discretionary local funds are removed from the FEFP calculation along with related calculations, except for the 0.25 mill discretionary compression, as provided in s. 1011.62, F.S., for the same 16 districts, who may be eligible for the state supplement.

Finally, the bill adopts by reference the recommended Class Size Reduction alternative calculation so that funds may flow accordingly and additional adjustments and repayments may take place in a timely manner.

**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.)

None.

**B. Amendments:**

None.

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This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

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