

**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 Committee on Appropriations

**BILL:** CS/SB 1390

**INTRODUCER:** Education Committee and Senator Montford

**SUBJECT:** School District Innovation

**DATE:** April 24, 2013                      **REVISED:** \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Hand	Klebacha	ED	<b>Fav/CS</b>
2.	Armstrong	Elwell	AED	<b>Favorable</b>
3.	Elwell	Hansen	AP	<b>Favorable</b>
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:**

CS/SB 1390 provides a process by which a school district may receive approval to establish an innovation school within the district, with statutory flexibility, responsibility, and authorization similar to charter schools. The purpose of an innovation school is to utilize innovation and to enhance high academic achievement and accountability in exchange for flexibility and exemptions from specific statutes and rules. Also, the bill allows three or more contiguous school districts to apply to enter into a joint performance contract as a Region of Innovation.

For district schools of choice, the bill exempts facilities leased by the district from ad valorem taxes and changes the compliance calculation for maximum class size from the maximum number of students for each classroom to the school average per classroom. District schools of choice are schools such as virtual instruction programs, magnet schools, alternative schools, special programs, advanced placement, dual enrollment, and the innovation schools created in this bill.

The bill has no fiscal impact on state appropriations. Calculating compliance for maximum class size, based on the average of all classrooms in the school instead of the maximum for each classroom, would make it easier for the schools of

choice to meet the requirement and would help the school district to avoid or minimize the fiscal penalty for noncompliance. This would not change the total funds allocated to school districts to meet the maximum class size requirement.

If a school district leases a private facility for an innovation school the provision of the bill that exempts innovation schools from ad valorem taxes and State Requirements for Educational Facilities for leased facilities will provide a cost savings to school districts to lease a private facility, however, any savings can be determined only at the time a lease is executed.

The effective date of the bill is July 1, 2013.

This bill substantially amends sections 196.1983 and 1002.31, Florida Statutes.

The bill creates section 1003.622, Florida Statutes.

## **II. Present Situation:**

### **Academically High-Performing School Districts**

To be designated as an academically high-performing school district, a school district must:

- Earn a grade of “A” for two consecutive years and have no grade “F” schools;
- Comply with the class size requirements; and
- Have no material weaknesses or instances of material noncompliance noted in the annual financial audit.<sup>1</sup>

An academically high-performing school district is exempt from many statutes in-the Florida K-20 Education Code (Education Code) and related state board of education rules.<sup>2</sup> However, each academically high-performing school district must comply with the provisions in the Education Code pertaining to:<sup>3</sup>

- Services to students with disabilities;
- Civil rights and discrimination;
- Student health, safety, and welfare;
- The election or compensation of district school board members;
- The student assessment program and the school grading system;
- Financial matters;
- Planning and budgeting;
- Differentiated pay and performance-pay policies for school administrators and instructional personnel;
- Education facilities; and

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<sup>1</sup> s. 1003.621(1)(a), F.S.

<sup>2</sup> s. 1003.621(1)(b), F.S. Chapters 1000 through 1013, F.S., are known as the “Florida K-20 Education Code.” s. 1000.01(1), F.S.

<sup>3</sup> s. 1003.621(2)(a)-(j), F.S.

- Instructional materials.<sup>4</sup>

An academically high-performing designation lasts for three years.<sup>5</sup> The school district may renew the designation if it continues to meet the eligibility requirements and earns an “A” grade for two years within a three-year period.<sup>6</sup> A school district must notify the State Board of Education (SBE) if it no longer meets eligibility requirements.<sup>7</sup>

For 2011-2012, there were 19 academically high-performing school districts, of which 10 waived some provisions of law.<sup>8</sup> For comparison, in 2010-2011 there were 13 academically high-performing school districts, of which 9 waived some provision of law.<sup>9</sup> The vast majority of the waivers for 2010-2011 and 2011-2012 related to the school opening and closing dates (i.e., opening schools earlier than 14 days before Labor Day).

### III. Effect of Proposed Changes:

The bill provides a process by which a school district may receive approval to establish an innovation school within the district, with statutory flexibilities, responsibilities, and authorities similar to those authorized for charter schools. The purpose of an innovation school is to utilize innovation and to enhance high academic achievement and accountability in exchange for flexibility and exemptions from specific statutes. The bill allows three or more contiguous school districts to apply to enter into a joint performance contract as a Region of Innovation.

Also, the bill exempts facilities leased by the district from ad valorem taxes, and changes the compliance calculation for maximum class size, from maximum for each classroom to the school average per classroom, for district schools or programs that are schools of choice (such as virtual instruction programs, magnet schools, alternative schools, special programs, advanced placement, and dual enrollment).

#### District Innovation Schools

The bill creates district innovation schools and authorizes school districts that meet specified requirements to apply to the State Board of Education to enter into a performance contract to operate an innovation school within the district.

#### *Purpose and Principles*

The purpose of an innovation school is to utilize innovation and enhance high academic achievement and accountability in exchange for flexibility and exemptions from specific statutes.

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<sup>4</sup> s. 1003.621(2), F.S.

<sup>5</sup> s. 1003.621(1), F.S.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> Email, Florida Department of Education, Re: Chart of Active Waivers By Academically High Performing Districts (March 25, 2013), on file with the Committee of Education Staff. The school districts designated as academic high-performing school districts for the 2011-12 academic year were: Brevard, Calhoun, Charlotte, Citrus, Clay, Flagler, Gilchrist, Gulf, Lee, Leon, Martin, Nassau, Palm Beach, St. Johns, Sarasota, Seminole, Sumter, Wakulla, and Walton.

<sup>9</sup> *Id.*

An innovation school is a school that:

- Operates as a public school of parental choice pursuant to s. 1002.31;
- Focuses on teaching and learning infused with current technology;
- Prepares students for a career or postsecondary education;
- Utilizes innovation and enhances high student academic achievement and accountability;
- Enhances academic success and financial efficiency by aligning responsibility with accountability;
- Provides a parent with information for each year spent in the innovation school regarding the educational progress of his or her child, the child's reading grade level, and the child's performance toward achieving common core standards appropriate for the student's grade level;
- Has a theme or academic focus that is based on innovation and is unique in the district;
- Offers specialized programs and created innovative learning approaches in a diverse environment; and
- Could operate as a virtual school.

The principles of an innovation school are:

- Student learning is aligned with Next Generation Sunshine State Standards;
- Students advance by demonstrating skills, abilities, and knowledge necessary to ensure a successful career;
- Teachers, advisors, students, and parents manage a personalized learning plan that accounts for each student's preferred pace and learning style;
- Each student learns in the way he or she learns best, such as independently, one-on-one with a coach, collaboratively in small groups, online, through internships or early college courses, or in other real-world contexts; and
- Instructional personnel take on roles as learning coaches, advisors, and content and assessment experts.

An innovation school must:

- Meet high standards of student achievement;
- Implement innovative learning methods, including blended learning, and assessment tools to implement a school wide transformation to improve student learning and academic achievement;
- Measure student performance based on student learning growth, or student achievement if student learning growth cannot be measured;
- Incorporate industry certifications and similar recognitions into performance expectations; and
- Tailor the program to students at the school, personalize education for each student, and empower students to plan and manage their own studies in a variety of ways.

*Application & Expansion*

A school district could apply to the State Board of Education to enter into a performance contract to operate an innovation school if the district:

- Has at least 20% of its total enrollment in public school choice programs or at least 5% of its total enrollment in charter schools;
- Has no material weaknesses or instances of material noncompliance noted in the annual financial audit conducted; and
- Has not received a district grade below B in the past 3 years.

A school district that meets the eligibility requirements could apply to the State Board of Education at any time to enter into a performance contract to operate an innovation school. The State Board of Education would either approve or deny the application within 90 days, or later time if agreed upon by the school district. The application must, at a minimum:

- Demonstrate how the school district meets and will continue to meet applicable requirements;
- Identify how the school will accomplish the purpose and guiding principles;
- Identify the statutes or rules the district is seeking to waive;
- Identify and provide supporting documentation for the purpose and impact of each waiver, how each waiver would enable the school to achieve the purpose and guiding principles of an innovation school, and how the school would not be able to achieve the purpose and guiding principles without each waiver; and
- Confirm that the school board remains responsible for the operation, control and supervision of the school in accordance with all applicable laws, rules and district procedures not waived for the innovation school or waived pursuant to other applicable law.

A school district could apply to the State Board of Education to establish additional innovation schools if each existing innovation school:

- Has a grade of “A” or “B;”
- Meets all requirements of innovation schools and the performance contract; and
- Has at least 50% of its students exceed the state average on the statewide assessment program. This comparison may take student subgroups into specific consideration so that at least 50% of students in each student subgroup meet or exceed the statewide average performance of the subgroups, when rounded to the nearest whole number, of that particular subgroup.

However, the number of innovation schools per school district could not exceed:

- Seven schools in a school district that has 100,000 or more students;
- Five schools in a school district that has 50,000 to 99,999 students; and
- Three schools in a district that has fewer than 50,000 students.

Additionally, three or more contiguous school districts could apply to enter into a joint performance contract as a Region of Innovation.

#### *Performance Contract & Renewal*

An innovation school would operate pursuant to a performance contract with the State Board of Education for a period of 5 years. The State Board of Education would monitor the school district and school for compliance with the contract. The performance contract must address, but not be limited to, identifying:

- That an innovation school may plan during the first year, begin at least partial implementation during the second year, and fully implement the program by the third year. However, a district may implement the program sooner than specified if authorized in the performance contract;
- How the school will integrate technology into instruction, assessment, and professional development. The school must restructure the school day or school year in a way that allows it to best accomplish its goals;
- How the school and district will monitor performance progress based on skills that help students succeed in college and careers, including problem solving, research, interpretation, and communication;
- How the school will allow students to advance based on student competency and understanding of the content;
- How the learning environment will allow for innovation and how the resources will enable personalization and increase student achievement and college and career readiness;
- How the school will incorporate industry certifications and similar recognitions into performance expectations; and
- That the State Board of Education may cancel the contract if:
  - The school receives a school grade of “F” as an innovation school for 2 consecutive years;
  - The school or district fails to comply with statutory requirements or the contract; or
  - Other good cause shown.

The school's performance would be evaluated against the eligibility criteria, purpose, guiding principles, and compliance with the contract to determine contract renewal. The contract could be renewed every 5 years.

#### *Student Enrollment*

An innovation school would be open to any student covered in an interdistrict agreement or residing in the school district. If the number of student applicants exceed capacity, a public random selection process would be performed. A district could give an enrollment preference to students who identify the innovation school as the student's preferred choice pursuant to the district's controlled open enrollment plan.

### *Funding*

A district school board operating an innovation school would report full-time equivalent students to the department in a manner prescribed by the department. As with other schools in the district, funding would be provided through the Florida Education Finance Program as provided in ss. 1011.61 and 1011.62, F.S. An innovation school could seek and receive additional funding through incentive grants or public or private partnerships.

### *Exemptions from Statutes*

An innovation school would be exempt from many provisions in the Education Code, including, but not limited to:

- Autonomy in the budget, staffing, governance, curriculum, assessment, and school calendar, and
- Exemption from the State Requirements for Educational Facilities when leasing facilities.

However, an innovation school must comply with the following statutes in the Education Code:

- Statutes specifically applying to innovation schools, including this section;
- Statutes pertaining to the student assessment program and school grading system;
- Statutes pertaining to the provision of services to students with disabilities;
- Statutes pertaining to civil rights;
- Statutes pertaining to student health, safety, and welfare;
- Laws governing the election and compensation of district school board members and election or appointment and compensation of district school superintendents;
- Section 1003.03, F.S., relating to the maximum class size, except that the calculation for compliance is the average at the school level; and
- Certain statutes pertaining to contracts with instructional personnel.

### *Reports*

The school district of an innovation school would submit to the State Board of Education and the Legislature an annual report by December 1 of each year which delineates the performance of the school of innovation in regards to the academic performance of students. The annual report would be submitted in a format prescribed by the Department of Education and would include, but need not be limited to, the following:

- Evidence of compliance with this section;
- Efforts to close the achievement gap;
- Longitudinal performance of students, by grade level and subgroup, in mathematics, reading, writing, science, and any other subject that is included as a part of the statewide assessment program;
- Longitudinal performance regarding students who take an Advanced Placement Examination organized by demographic group, specifically by age, gender, and race, and by participation in the National School Lunch Program; and

- Number and percentage of students who take an Advanced Placement Examination.

### **Class Size**

For district schools of choice, the bill changes the compliance calculation for maximum class size from the maximum number of students for each classroom to the school average per classroom. District schools of choice are schools such as virtual instruction programs, magnet schools, alternative schools, special programs, advanced placement, dual enrollment, and they include the district innovation schools created in this bill.

Article IX, Section 1 of the Florida Constitution states in part that “[t]o assure that children attending public schools obtain a high quality education, the legislature shall make adequate provision to ensure that... there are a sufficient number of classrooms so that” the maximum number of students who are assigned to each teacher who is teaching in public school classrooms for various grades do not exceed a specific number. The Legislature implements the constitutional provision through responsibilities and penalties specified in s. 1003.03, F.S.

### **Ad Valorem Taxes**

The bill specifically exempts property leased by districts from ad valorem taxes pursuant to s. 196.1983, F. S; the landlord must certify by affidavit that lease payments are reduced to the extent of the exemption. The owner of the property also must disclose the full amount of the benefit derived from the exemption and ensure that the district receives the benefit through a credit to lease payments. The practical effect is to provide to school districts the same exemption provided to charter schools regarding leased property.

## **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:**



**C. Government Sector Impact:**

There is no fiscal impact to state appropriations.

Calculating compliance for maximum class size, based on the average of all classrooms in the school instead of the maximum for each classroom, would make it easier for the schools of choice to meet the requirement and would help the school district to avoid or minimize the fiscal penalty for noncompliance. This would not change the total funds allocated to school districts to meet the maximum class size requirement.

If a school district leases a private facility for an innovation school the provision of the bill that exempts innovation schools from ad valorem taxes and State Requirements for Educational Facilities for leased facilities will provide a cost savings to school districts to lease a private facility, however, any savings can be determined only at the time a lease is executed.

**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.)

**CS by Education on April 1, 2013:**

CS/SB 1390 differs from SB 1390 in that it:

- Deletes all references to charter schools and academically high performing school districts.
- Expands upon the creation of a district school of innovation.
- Requires a school district that seeks an innovation school to apply to the State Board of Education for approval to enter into a performance contract to create a school of innovation.
- Contains necessary provisions related to the creation of an innovation school, such as the purpose and definition of a school of innovation, the application and contract process, the operation of the school, and renewal and termination provisions.
- Authorizes three or more contiguous school districts to apply to enter into a joint performance contract as a Region of Innovation.

**B. Amendments:**

None.