

**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.)

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Prepared By: The Professional Staff of the Appropriations Subcommittee on Education

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BILL: PCS/SB 818 (164078)

INTRODUCER: Appropriations Subcommittee on Education and Senator Garcia

SUBJECT: Maximum Class Size

DATE: March 17, 2015

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Bailey</u>	<u>Klebacha</u>	<u>ED</u>	<b>Favorable</b>
2.	<u>Sikes</u>	<u>Elwell</u>	<u>AED</u>	<b>Recommend: Fav/CS</b>
3.	_____	_____	<u>AP</u>	_____

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

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

PCS/SB 818 revises the method for calculating the penalty for failure to comply with the class size requirements by calculating the penalty at the school average rather than the classroom level. The bill also revises the penalty calculation to multiply the number of full-time equivalent students in excess of the class size requirements by 50 percent of the base student allocation (BSA) rather than the full base student allocation.

The bill also removes the class size reduction calculation provision that authorizes the Commissioner to reallocate funds from noncompliant school districts to school districts that have fully met the class size requirements. In place of this reallocation, the bill requires each noncompliant school district to expend an amount of funds equal to the amount of the class size reduction calculation in the noncompliant schools to comply with the class size requirements as determined at the school average. Noncompliant school districts are required to post their compliance plan on the school district website and provide the plan to the school advisory committee of all noncompliant schools.

This bill has no impact on state funds. The bill would reduce the initial penalty for schools not in compliance with class size requirements. For the current year, for traditional public schools, the initial penalty for non-compliance was \$11.3 million. If the school average had been the standard for compliance along with the use of 50 percent of the BSA, the initial penalty would have been \$57,144. According to the Department of Education, schools of choice and charter schools, both of which are already subject to the school average requirement, would have seen their penalties

reduced from \$421,513 to \$257,000 and from \$2.8 million to \$1.9 million, respectively, due to revising the base student allocation portion of the penalty calculation to 50 percent.

This bill takes effect on July 1, 2015.

## II. Present Situation:

In 2002, voters approved the Class Size Reduction Amendment to Section 1, Article IX of the Florida Constitution.<sup>1</sup> The amendment requires the Legislature to make provisions to ensure that there are a sufficient number of classrooms in Florida so the maximum number of students assigned to each teacher does not exceed:

- 18 students in prekindergarten through grade 3;
- 22 students in grades 4 through 8; and
- 25 students in grades 9 through 12.<sup>2</sup>

### Implementation of Class Size Reduction Amendment

In 2003, the Legislature enacted s. 1003.03, F.S., to implement the amendment's requirements.<sup>3</sup> The law required each school district not in compliance with the constitutionally prescribed maximums to annually reduce its average number of students per classroom by two students beginning in 2003-2004 fiscal year.<sup>4</sup> Further, it specified the number of students per classroom is to be measured at the:

- District level for each of the three grade groupings during fiscal years 2003-2006.
- School level for each of the three grade groupings in fiscal years 2006-2009.
- Individual classroom level for each of the three grade groupings in fiscal year 2009-2010 and thereafter.<sup>5</sup>

Currently, the compliance requirements for traditional public schools is calculated at the classroom level.<sup>6</sup>

### Charter Schools and Public Schools of Choice

In 2010, the compliance calculation for charter schools was changed from class level average to the school level average.<sup>7</sup> In 2013, the school level average calculation was applied to district operated schools of choice.<sup>8</sup> District school boards annually report the number of students

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<sup>1</sup> Office of Program Policy Analysis & Government Accountability, *School Districts are Reducing Class Size in Several Ways; May be able to Reduce Costs*, (May 3007), available at <http://www.oppaga.state.fl.us/MonitorDocs/Reports/pdf/0729rpt.pdf>.

<sup>2</sup> Art. IX, s. 1(a) Fla. Const.

<sup>3</sup> Section 2, ch. 2003-391, L.O.F., *codified at* s. 1003.03, F.S.

<sup>4</sup> Section 1003.03, F.S.

<sup>5</sup> Section 2, ch. 2003-391, L.O.F., *codified at* s. 1003.03(2)(b), F.S. (2003).

<sup>6</sup> Each year, on or before the October student membership survey, the maximum number of student assigned to each teacher who is teaching core-curricula courses for prekindergarten through grade 3 may not exceed 18 students, school classrooms for 4-8 may not exceed 22 students, core-curricula courses in 9-12 may not exceed 25 students. *See* ss. 1003.03(1), F.S. and 1002.33(16)(b)3, F.S.

<sup>7</sup> Section 6, ch. 2010-154, L.O.F., *codified at* s. 1002.33(16)(b)3, F.S. (2010).

<sup>8</sup> Florida Department of Education, *2014 Agency Legislative Bill Analysis for HB 319* (2014).

attending the various types of public schools of choice, which may include: virtual instruction programs, magnet schools, and public charter school.<sup>9</sup>

### **Class Size Categorical Reduction Allocation**

Traditional public schools have class size limits set in every core-curricula classroom.<sup>10</sup> Class size is measured at the classroom level average and if the district fails to comply with the class size requirements, a portion of the district class size reduction categorical funds are reduced.<sup>11</sup>

### **Funding**

The Class Size Reduction Allocation is funded with state funds in the Florida Education Finance Program (FEFP) based on a factor that compensates school districts for the additional teachers needed to achieve the class sizes of 18, 22, and 25 for grades prekindergarten to 3, 4 to 8, and 9 to 12, respectively.<sup>12</sup> Full funding was achieved by 2009-10 and since then, funds have been adjusted for workload.<sup>13</sup> In 2014-15, total funds are \$3 billion.<sup>14</sup>

### ***Compliance – Funding Adjustment***

For 2014-15, school districts are required to comply with class size requirements at the classroom level for each of the grade groups.<sup>15</sup> If a district is out of compliance, an initial reduction to the district's class size allocation is calculated by cumulating the excess students in a classroom and then multiplying the total by the class size reduction factor and the base student allocation.<sup>16</sup> The initial penalty was calculated and determined to be \$11.3 million for traditional schools.<sup>17</sup>

For charter schools and schools of choice, compliance is measured based on the average class size for each school.<sup>18</sup> Once compliance is determined, the calculation proceeds in the same manner as for traditional schools.<sup>19</sup> The initial penalty was \$2.8 million for charter schools and \$421,513 for schools of choice for 2014-15.<sup>20</sup>

Following the initial reduction calculation, the Commissioner can review appeals from school districts and make a recommendation to the Legislative Budget Commission for an alternate

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<sup>9</sup> Section 1002.31(4), F.S.

<sup>10</sup> Section 1003.01(14), F.S.

<sup>11</sup> Section 1003.03(4), F.S.

<sup>12</sup> Section 1003.03, F.S.

<sup>13</sup> Florida Department of Education, *Budget Amendment Request, FY 2014-2015* (Feb. 2015) on file with the Committee on Education Pre-K – 12 staff.

<sup>14</sup> *Id.*

<sup>15</sup> Section 1003.03(4), F.S.

<sup>16</sup> *Id.*

<sup>17</sup> Florida Department of Education, *Budget Amendment Request, FY 2014-2015* (Feb. 2015) on file with the Committee on Education Pre-K – 12 staff.

<sup>18</sup> Section 6, ch. 2010-154, L.O.F., *codified at* s. 1002.33(16)(b)3, F.S. (2010).

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

<sup>20</sup> Florida Department of Education, *Budget Amendment Request, FY 2014-2015* (Feb. 2015) on file with the Committee on Education Pre-K – 12 staff.

reduction amount.<sup>21</sup> For 2014-15, the Commissioner's recommendation is based on data errors and unexpected student growth.<sup>22</sup> Following appeals, the Commissioner's alternate penalty recommendation for 2014-15 is \$1.3 million for traditional schools, \$562,397 for charter schools, and \$177,347 for schools of choice.<sup>23</sup> If approved, 25% of the penalty funds will be allocated to compliant districts and schools, and if the noncompliant districts and schools submit a plan to achieve compliance in the following school year, then 75% of the penalty will be waived.<sup>24</sup>

### III. Effect of Proposed Changes:

The bill revises the method for calculating the penalty for failure to comply with the class size requirements by performing the calculation at the school average instead of at the classroom level. The bill also revises the penalty calculation to multiply the number of full-time equivalent students in excess of the class size requirements by 50 percent of the BSA rather than the full base student allocation.

Changes to the calculation of full-time equivalent (FTE) students greater than the class size maximums in traditional public schools to be based on school level averages, rather than at the classroom level, will reduce the amount of FTE out of compliance used to calculate the reduction to the class size allocation.<sup>25</sup> Furthermore, the change to the BSA for the penalty calculation will reduce the penalty associated with the FTE that are out of compliance for traditional schools, schools of choice, and charter schools.

The bill removes the class size reduction calculation provision that authorizes the Commissioner to reallocate funds from noncompliant school districts to school districts that have fully met the class size requirements. In place of this reallocation, the bill requires each noncompliant school district to expend an amount of funds equal to the amount of the class size reduction calculation in the noncompliant schools to comply with the class size requirements as determined at the school average. Noncompliant school districts are required to post their compliance plan on the school district website and provide the plan to the school advisory committee of all noncompliant schools.

The bill takes effect July 1, 2015.

### IV. Constitutional Issues:

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

None.

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

None.

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<sup>21</sup> Section 1003.03(4), F.S.

<sup>22</sup> *Id.*

<sup>23</sup> Florida Department of Education, *Budget Amendment Request, FY 2014-2015* (Feb. 2015) on file with the Committee on Education Pre-K – 12 staff.

<sup>24</sup> *Id.*

<sup>25</sup> Florida Department of Education, *2014 Agency Legislative Bill Analysis for HB 319* (July 2014).

C. Trust Funds Restrictions:

None.

V. **Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

PCS/SB 818 has no impact on state funds. The bill would reduce the penalty for schools not in compliance with class size requirements. For the current year, for traditional public schools, the initial penalty for non-compliance was \$11.3 million. If the school average had been the standard for compliance along with the use of 50 percent of the BSA, the initial penalty would have been \$57,144. According to the Department of Education, schools of choice and charter schools, both of which are already subject to the school average requirement, would have seen their penalties reduced from \$421,513 to \$257,000 and from \$2.8 million to \$1.9 million, respectively, due to revising the base student allocation portion of the penalty calculation to 50 percent.

VI. **Technical Deficiencies:**

None.

VII. **Related Issues:**

None.

VIII. **Statutes Affected:**

This bill substantially amends section 1003.03 of the Florida Statutes.

IX. **Additional Information:**

A. Committee Substitute – Statement of Substantial Changes:

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

**Recommended CS by Appropriations Subcommittee on Education on March 16, 2015:**

The committee substitute:

- Modifies the charter school and district innovation school of technology class size requirement statutes to conform to the bill's language for traditional public schools.

- Removes the class size provision allowing for the reallocation of funds from noncompliant school districts to compliant school districts.
- Specifies that each noncompliant school district shall expend an amount of funds equal to the amount of the class size reduction calculation in the noncompliant schools to comply with the class size requirements as determined at the school average.
- Requires noncompliant school districts to post their compliance plan on the school district website and provide the plan to the school advisory committee of all noncompliant schools.

B. Amendments:

None.