

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 149 Maximum Class Size

SPONSOR(S): Moraitis, Jr.

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Education Appropriations Subcommittee	12 Y, 0 N	Seifert	Heflin
2) Education Committee	14 Y, 2 N	Brink	Mizereck

SUMMARY ANALYSIS

The Florida Education Finance Program (FEFP) is the primary mechanism for funding the operating costs of Florida school districts and is the foundation for financing Florida's K-12 educational programs.

In 2003, the Florida Legislature enacted chapter 2003-391, Laws of Florida, which implements the provisions of the class-size amendment and defines the progress that districts must make in reducing class size.

Compliance with class size reduction requirements is calculated at the classroom level for traditional public schools as required by section 1003.03(1), F.S., at the school level for charter schools as required by section 1002.33(16)(b)3., F.S., and at the school level for district-operated schools of choice as required by section 1002.31(5), F.S.

Section 1003.03(4)(a), F.S., requires a reduction in class size categorical funding for districts and charter schools that are out of compliance with class size requirements. Up to 25 percent of the reduction is reallocated to districts and charter schools that are in compliance with these requirements. The remaining balance is restored to districts and charter schools that are not in compliance but have submitted a certified plan to the Commissioner annually by February 1, explaining the actions the district or charter school will take to ensure compliance by the next October. The reallocations for traditional public schools, district-operated schools of choice and charter schools are each calculated separately based on their respective reduction amounts. In order for a district's traditional schools or district-operated schools of choice to qualify for the reallocation, all of its traditional schools and district-operated schools of choice must be in compliance with class size requirements.

The bill removes the exemptions for class size requirements and maintains class size compliance for each classroom but revises the method for calculating the penalty to be at the school average for any school that fails to comply with class size requirements. The bill also modifies the allowable uses of class size reduction operating categorical funds for schools not in compliance. The bill also repeals an increase in the penalty scheduled to begin in FY 2014-2015 and thereafter.

The bill will result in a reduction in the amount deducted from a school district's class size reduction operating categorical. See Fiscal Analysis & Economic Impact Statement.

The bill takes effect July 1, 2016.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Maximum Class Size

Present Situation

In 2002, voters approved the Class Size Reduction Amendment to Section 1, Article IX of the Florida Constitution. The amendment required the Legislature by the beginning of the 2010 school year to make adequate provision to ensure that there are a sufficient number of classrooms in Florida so that the maximum number of students assigned to each teacher does not exceed:

- 18 students for prekindergarten through 3rd grade;
- 22 students for 4th through 8th grades; and
- 25 students for 9th through 12th grades.

Extracurricular courses are expressly excluded from the class size mandate; thus, its requirements apply only to core curricula courses, which are defined in s. 1003.01(14), F.S.

Additionally, the amendment requires that the Legislature provide sufficient funds, beginning in Fiscal Year (FY) 2003-2004, for school districts to reduce the average number of students in each classroom by at least two annually until the constitutionally prescribed maximum number of students is achieved. Under the initial implementing statute¹, compliance with the class size requirements was to be measured at the:

- District level for each of the three grade groupings during FYs 2003-2006.
- School level for each of the three grade groupings in FYs 2006-2008.
- Individual classroom level for each of the three grade groupings in FY 2008-2009 and thereafter.

The timeframe for measuring class size at the school level was extended twice by the Legislature. In 2008, the Legislature extended school level measurement through FY 2008-2009.² The next year, the Legislature extended this timeframe by one more year, thereby delaying measurement of class size at the individual classroom level until FY 2010-2011 and thereafter.³ Legislation enacted in 2010 established the compliance calculation for charter schools at the school level average.⁴ Legislation enacted in 2013 granted the same treatment to district-operated schools of choice.⁵

In 2013, the Legislature also added a provision to exempt “blended learning courses” from the core courses required to be in compliance with class size.⁶ Currently no definition exists for what comprises a “blended learning course”.

To implement the class size amendment, the Legislature annually appropriates class size reduction categorical funding for school district operating costs. Additionally, the Legislature has appropriated funds for capital outlay (facility) needs and granted bonding authority to fund classroom construction and other capital needs related to class size reduction. Since 2003, the Legislature has appropriated more than \$31.1 billion for operational expenses and \$2.5 billion in facilities funding to implement the Class Size Reduction Amendment.

¹ Section 2, ch. 2003-391, L.O.F.

² Section 5, ch. 2008-142, L.O.F.

³ Section 13, ch. 2009-59, L.O.F.

⁴ s. 1002.33(16)(b)3., F.S., as created in section 6, ch. 2010-154, L.O.F.

⁵ s. 1002.31(9), F.S., as created in section 9, ch. 2013-250, L.O.F.

⁶ s. 1003.01(14), F.S., as modified in section 3, ch. 2013-225, L.O.F.

History of Funding for Class Size Reduction			
Fiscal Year	Operating Funds	Facilities Funds	Total Funds
2003-2004	\$ 468,198,634	\$ 600,000,000	\$ 1,068,198,634
2004-2005	\$ 972,191,216	\$ 100,000,000	\$ 1,072,191,216
2005-2006	\$ 1,507,199,696	\$ 83,400,000	\$ 1,590,599,696
2006-2007	\$ 2,108,529,344	\$1,100,000,000	\$ 3,208,529,344
2007-2008	\$ 2,640,719,730	\$ 650,000,000	\$ 3,290,719,730
2008-2009	\$ 2,729,491,033	\$ -	\$ 2,729,491,033
2009-2010	\$ 2,845,578,849	\$ -	\$ 2,845,578,849
2010-2011	\$ 2,913,825,383	\$ -	\$ 2,913,825,383
2011-2012	\$ 2,927,464,879	\$ -	\$ 2,927,464,879
2012-2013	\$ 2,974,748,257	\$ -	\$ 2,974,748,257
2013-2014	\$ 2,974,766,164	\$ -	\$ 2,974,766,164
2014-2015	\$ 3,013,103,776	\$ -	\$ 3,013,103,776
2015-16	\$ 3,040,910,760	\$ -	\$ 3,040,910,760
Total to Date	\$31,116,727,721	\$2,533,400,000	\$33,650,127,721

Section 1003.03(4), F.S., requires the Department of Education (DOE) to reduce class size categorical funding for school districts and charter schools that are out of compliance with class size requirements. The penalty is calculated at the classroom level for traditional public schools and at the school level for charter schools, district-operated schools of choice, and innovation schools of technology. The penalties for traditional public schools and district-operated schools of choice are combined to make a total adjustment for each district. DOE must calculate the penalty for traditional public schools out of compliance as follows:

- Step 1:** Identify, for each grade grouping, the number of classrooms that exceed the maximum and the total number of students which exceeds the maximum for all classes.
- Step 2:** Determine the number of full-time equivalent (FTE) students which exceeds the maximum for each grade grouping.
- Step 3:** Multiply the total number of FTE students over the maximum for each grade grouping by the district's FTE dollar amount of the class size reduction operating categorical allocation for that year and calculate the total for all three grade groupings.
- Step 4:** Multiply the total number of FTE students over the maximum for all classes by an amount equal to 50 percent of the base student allocation adjusted by the district cost differential for the 2013-14 FY.

A school district's class size reduction operating categorical allocation is then reduced by an amount equal to the sum of the calculations in Steps 3 and 4. Beginning in FY 2014-2015 and thereafter, the total number of FTE students over the maximum for all classes must be multiplied by 100 percent, rather than 50 percent, of the base student allocation adjusted by the district cost differential, thereby increasing the amount of the penalty (see Step 4).

The reduced amount is the lesser of DOE's calculation or the undistributed balance of the school district's class size reduction operating categorical allocation. If a district made appropriate efforts to reduce class sizes but still failed to achieve compliance or an emergency caused noncompliance, the Commissioner of Education is authorized to recommend an alternative transfer amount for approval by the Legislative Budget Commission.⁷ Once the reduced amount is determined, after district appeals, the commissioner must prepare a reallocation of the funds made available as a bonus to districts that have fully met the class size requirements by calculating an amount that is up to five percent of the base student allocation multiplied by the total district FTE students. The reallocation total may not exceed 25 percent of the total funds reduced.

History of Class Size Transfer (& Reallocation) Calculation for Traditional Public Schools		
	Pre-Appeals	Post-Appeals
		After Plan

⁷ s. 1003.03(4)(c), F.S.
STORAGE NAME: h0149c.EDC
DATE: 1/14/2016

District	2003-04	\$21,488,179	\$1,479,948	
District	2004-05	\$11,354,475	\$1,076,719	
District	2005-06	\$5,222,735	\$496,059	
School	2006-07	\$7,836,834	\$3,273,943	
School	2007-08	\$5,330,411	\$333,302	
School	2008-09	\$1,396,108	\$0	
School	2009-10	\$1,912,030	\$267,263	
Classroom	2010-11	\$40,795,637	\$31,305,124	\$7,826,281
Classroom	2011-12	\$58,749,605	\$43,407,465	\$10,851,866
Classroom	2012-13	\$26,965,789	\$22,698,784	\$5,674,696
Classroom	2013-14	\$12,674,357	\$9,558,513	\$2,389,628
Classroom	2014-15	\$11,306,609	\$1,260,083	\$315,021
Classroom	2015-16	TBD	TBD	TBD
History of Class Size Transfer (& Reallocation) Calculation for Charter Schools				
		Pre-Appeals	Post-Appeals	After Plan
N/A	2003-04	\$0	\$0	
N/A	2004-05	\$0	\$0	
N/A	2005-06	\$0	\$0	
School	2006-07	\$6,831,504	\$2,724,878	
School	2007-08	\$802,515	\$194,836	
N/A	2008-09	\$0	\$0	
N/A	2009-10	\$0	\$0	
School	2010-11	\$2,292,191	\$355,539	\$88,885
School	2011-12	\$3,921,323	\$652,851	\$163,213
School	2012-13	\$1,570,397	\$431,345	\$107,836
School	2013-14	\$835,448	\$204,863	\$51,216
School	2014-15	\$2,789,830	\$562,397	\$140,599
School	2015-16	TBD	TBD	TBD
History of Class Size Transfer (& Reallocation) Calculation for Choice Schools				
		Pre-Appeals	Post-Appeals	After Plan
School	2013-14	\$1,129,183	\$475,592	\$118,898
School	2014-15	\$421,513	\$177,347	\$44,337
School	2015-16	TBD	TBD	TBD

School districts that fail to comply with the class size requirements must submit a plan certified by the district school board by February 1 which describes the actions the district will take in order to be in compliance by October of the following year. For districts that submit the plan by the required deadline, the funds remaining after the reallocation calculation must be added back to the district's class size reduction operating categorical allocation based on each qualifying district's proportion of the total reduction for all qualifying districts for which a reduction was calculated. The amount added back may not be greater than the amount that was reduced.⁸

Effect of Proposed Changes

The bill amends s. 1003.03(04), F.S., to revise the method for calculating the penalty for schools that fail to comply with the class size requirements by calculating steps 2, 3, and 4 at the school average instead of at the classroom level. The increase in the penalty scheduled to begin in FY 2014-2015 and thereafter is repealed.

⁸ s. 1003.03(4)(e), F.S.
STORAGE NAME: h0149c.EDC
DATE: 1/14/2016

The bill removes the exemption from the class size requirement for charter schools, district-operated schools of choice, and district innovation schools of technology program.

The bill clarifies that a school's compliance with class size is measured at the classroom level and that only calculation of penalties is based upon the school average.

The bill requires the amount of the reduction calculation to be expended in the schools that are out of compliance to achieve compliance.

The bill repeals the reallocation of funds to districts that are in compliance with class size and requires the district to publish, by school, compliance data and the compliance plan on the school district website and provide a copy of the compliance plan to the School Advisory Committee at all non-compliant schools.

B. SECTION DIRECTORY:

Section 1: Amends s. 1002.31, F.S., exempting schools of choice from requirements relating to the class size.

Section 2: Amends s. 1002.33, F.S., exempting charter schools from requirements relating to the class size.

Section 3: Amends s. 1002.451, F.S., exempting the district innovation schools of technology program from requirements relating to the class size.

Section 4: Amends s. 1003.03, F.S., revising the compliance calculation for traditional public schools that fail to comply with the class size requirements by performing the compliance calculation at the school average instead of at the classroom level; requiring the amount of the reduction calculation to be expended in the schools that are out of compliance to achieve compliance; repealing the reallocation funds to class size compliant districts; modifying a plan describing the actions the district will take in order to be in compliance; and adding a requirement for the district to publish, by school, compliance data and the compliance plan on the school district website.

Section 5: Provides an effective date of July 1, 2016.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

See Fiscal Comments.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

The bill revises the compliance calculation for traditional public schools that fail to comply with the class size requirements by performing the compliance calculation at the school average instead of at the classroom level, so the amount deducted from a school district's class size reduction operating categorical will be reduced. The bill requires the district to spend the compliance funds within the school that is out of compliance to get the school to the class size maximum.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

None.