

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 1362

INTRODUCER: Education Committee and Senator Broxson

SUBJECT: K-12 Education

DATE: April 28, 2017

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Androff</u>	<u>Graf</u>	<u>ED</u>	<u>Fav/CS</u>
2.	<u>Sikes</u>	<u>Hansen</u>	<u>AP</u>	<u>Pre-meeting</u>

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Technical Changes

I. Summary:

CS/SB 1362 creates the designation of High-Impact Charter Network (HICN), defines related terms, provides incentives for HICN entities to operate in Florida, and establishes application and review processes for the designation. Additionally, the bill:

- Eliminates the requirement for the Department of Education to compare student performance data of charter schools within a school district with public schools within that district, and with the other charter schools in Florida as well as the posting of such information on each charter school's Internet website.
- Allows a collocated school to receive a school improvement rating if all the schools at the site are eligible for a school improvement rating and do not elect to be graded.
- Replaces statutory reference to the ACT Aspire test with the PreACT.

The bill has no impact on state revenues or expenditures.

The bill takes effect July 1, 2017.

II. Present Situation:

The Florida Legislature has enacted legislation to promote school choice and strengthen education accountability.

Charter Schools

Charter schools are nonsectarian, public schools that operate under a performance contract with a sponsor, called a charter.¹ A guiding principle of charter schools is to meet high standards of student achievement while providing parents flexibility to choose among diverse educational opportunities within the state's public school system.²

Charter School Application Process

Florida law establishes an application process for establishing a new charter school.³ An applicant must submit a charter school application to the sponsor.⁴ The sponsor must review or deny the application.⁵ The law requires sponsors and applicants to use a standard charter school application and application evaluation instrument.⁶ The standard application is designed to enable the sponsor to evaluate the applicant's educational plan, organizational plan, financial viability, and business plan.⁷

In order to facilitate greater collaboration in the application process, an applicant may submit a draft charter school application by May 1 with an application fee of \$500.⁸ Otherwise, a sponsor is prohibited from charging an applicant any fee for the processing or consideration of an application.⁹

Charter school sponsors evaluate a variety of factors when considering an application to open a charter school.¹⁰ The standard application requires the applicant to:¹¹

- List each proposed member of the charter school's governing board and his or her background and qualifications.
- Indicate to what extent the governing board will contract with a management company, summarize the management company's history of operating charter schools, and list other charter schools managed by the company along with student achievement and financial performance data of such schools.

Charter School Accountability

Florida law establishes several requirements designed to hold charter schools accountable both financially and academically, including:¹²

- A detailed application and rigorous review and approval process.

¹ Section 1002.33(5)(a), (6)(h), (7) and (9)(a), F.S.

² *Id.* at (2)(a)1., F.S.

³ Section 1002.33(6)(a), F.S.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ Section 1002.33(6)(b), F.S. The deadline for applications is August 1, although sponsors may receive applications later if it so chooses. *Id.*

⁹ *Id.*

¹⁰ *Id.* at (6)(a), (7), (8), (9).

¹¹ *Id.* at (6).

¹² Sections 1002.33(6), (7), (9), (16), (21), (23), (24), (26), and 1002.345, F.S.

- The execution and maintenance of charter agreements between the charter school and its sponsor.
- Annual reporting, annual financial audits, and sponsor monitoring of monthly financial statements.
- Participation in statewide assessments and Florida's school grading system.
- Interventions for unsatisfactory academic performance and financial instability.
- Reporting of student performance information to parents and the public.
- Compliance with ethical standards for employees and governing board members.

Charter School Data Reporting Requirements

The Florida Department of Education (DOE) is required to report student assessment data to each school, including charter schools, that receives a school grade or school improvement rating.¹³ In 2009, the charter school statute was amended to require the DOE to report student assessment data for any charter school that was too small to receive a school grade, but had at least 10 students with assessment scores.¹⁴ The DOE is also required to compare the performance data for each of these charter schools with student performance data in traditional public schools in the district in which the charter school was located and other charter schools in the state.¹⁵ The information must be provided on each charter school's Internet website.¹⁶ When the law was changed to require the DOE to issue a school grade to any school that had at least 10 students with assessment scores, the provision requiring a comparative report for charter schools that did not receive a school grade was not eliminated.¹⁷ The DOE is required to develop an analysis and comparison of the overall performance of charter school students, to include all students whose scores are counted as part of the statewide assessment program versus comparable public schools in the district.¹⁸

Education Accountability

Florida's K-12 accountability system was created to provide for a uniform, efficient, safe, secure and high quality system of free public schools that allows students to obtain a high-quality education.¹⁹

School Grades

Florida assigns each public school, including charter schools, a school grade in order to help parents and the public measure the performance of a school.²⁰

¹³ Section 1008.34, F.S.

¹⁴ Section 7, ch. 2009-214, L.O.F.; Florida Department of Education, *SB 1362 Analysis* (2017), at 2.

¹⁵ *Id.*

¹⁶ Section 1002.33(21)(b)3., F.S.

¹⁷ Florida Department of Education, *SB 1362 Analysis* (2017), at 2; s. 1, ch. 2014-23, L.O.F.

¹⁸ Section 1002.33(21)(b)3., F.S.; Florida Department of Education, *SB 1362 Analysis* (2017), at 2.

¹⁹ See s. 1008.345(1), F.S. The Commissioner of Education is responsible for implementing and maintaining a system of intensive school improvement and stringent education accountability. *Id.*

²⁰ Florida Department of Education, *2016 Preliminary School Grades Overview*, available at <http://schoolgrades.fldoe.org/pdf/1516/SchoolGradesOverview16.pdf>.

Schools are graded using one of the following grades:²¹

- “A,” for schools making excellent progress – 62% or higher of total points.
- “B,” for schools making above average progress – 54% to 61% of total points.
- “C,” for schools making satisfactory progress – 41% to 53% of total points.
- “D,” for schools making less than satisfactory progress – 32% to 40% of total points.
- “F,” for schools failing to make adequate progress – 31% or less of total points.

In Florida, the lowest performing schools receive more comprehensive, state-provided intervention and support than schools that are closer to meeting state determined student achievement goals.²² A school district must select a turnaround option when a traditional public school earns a grade of “F”, two consecutive grades of “D”, or a single grade of “F”, immediately followed by a grade of “D” in the most recent grade release.²³ The first full school year after such grade is a planning year during which the school district must implement intervention and support strategies, select a school turnaround option, and submit a plan for implementing the turnaround option to the DOE for approval.²⁴ If the school does not improve by at least one letter grade at the end of the planning year, the turnaround option must be implemented the following school year.²⁵ Florida law specifies the turnaround options that a school district may select.²⁶

School Improvement Ratings

An alternative school or exceptional student education center may opt for a school improvement rating instead of a school grade.²⁷ The school improvement rating is calculated using student learning gains on statewide, standardized English Language Arts and Mathematics assessments for all eligible students who are enrolled in the school and who have assessment scores or comparable scores for the preceding school year.²⁸ Schools that improve their ratings by at least one level or maintain a commendable rating are eligible for school recognition awards.²⁹

III. Effect of Proposed Changes:

This bill creates the designation of High-Impact Charter Network (HICN), defines related terms, provides incentives for HICN entities to operate in Florida, and establishes application and review processes for the designation. Additionally, the bill:

- Eliminates the requirement for the Department of Education to compare student performance data of charter schools within a school district with public schools within that district, and with the other charter schools in Florida as well as the posting of such information on each charter school’s Internet website.

²¹ Section 1008.34(2), F.S.; rule 6A-1.09981, F.A.C.

²² Section 1008.33(2)(b) and (4), F.S.; *see* rule 6A-2.09981(2)(h), F.A.C. School improvement requirements were originally established under the federal 2002 reauthorization of Every Student Succeeds Act, otherwise known as the No Child Left Behind Act of 2001. Pub. L. No. 107-110, 115 Stat. 1425 (Jan. 8, 2002).

²³ Section 1008.33(4); rule 6A-1.09981(4)(b), F.A.C.

²⁴ *Id.*

²⁵ Section 1008.33(4)(c)-(e); rule 6A-109981(4)(c) and (5)(b), F.A.C.

²⁶ Section 1008.33(4)(b).

²⁷ Section 1008.341(2), F.S.

²⁸ *Id.* at (3).

²⁹ *Id.* at (2).

- Allows a collocated school to receive a school improvement rating if all the schools at the site are eligible for a school improvement rating and do not elect to be graded.
- Replaces statutory reference to the ACT Aspire test with the PreACT.

Charter Schools (Sections 1 and 2)

The bill makes the following modifications that affect charter schools.

High-Impact Charter Network (Section 2)

Section 2 establishes a High-Impact Charter Network (HICN) designation and specifies that the designation is valid for up to 4 years. This section defines critical need area as an area that is served by one or more nonalternative, traditional public schools that received a school grade of “D” or “F” in 4 of the last 5 years or whose school district is required to implement a turnaround option. Entity, for purposes of HICN, is defined as a nonprofit organization with tax exempt status under the federal Internal Revenue Code, which is authorized to operate a public charter school by Florida law.

Section 2 states that in order to apply for HICN status, an entity must successfully operate a system of charter schools that serves primarily economically disadvantaged students who are eligible for free or reduced-price lunches under the National School Lunch Act.

Application and Review Process

Section 2 authorizes the SBE to adopt rules prescribing an application and review process for the HICN and specifies that the review:

- Must include student demographic information and a review of all schools currently and previously operated by the entity, including school-level financial performances and school wide and subgroup performance on all statewide assessments for the most recent 3 years as compared to all students in other schools at the same grade level and as compared to other schools serving similar student demographics.
- May include student performance on nationally norm-referenced tests, attendance and retention rates, graduation rates, college attendance rates, college persistence rates, and other outcome measures as determined by the state board.

The initial HICN designation is valid for up to 4 years. If an entity seeks to renew its status, the SBE must review the academic and financial performance of the charter schools established in critical need areas.

Incentives

Section 2 grants the following incentives to HICN entities:

- Authorizes an HICN to apply to a district school board to establish and operate charter schools in critical need areas or as turnaround options for schools that have earned a grade of “F” in the school district.
- Provides that a charter school operated by an HICN in a critical need area is eligible to receive charter school capital outlay immediately, rather than after 2 years of operation.

- Requires the Florida Department of Education (DOE) to give priority to new charter schools operated by HICNs in a critical need area in the Florida Public Charter School Grant Program competitions.
- Specifies that the governing board of a HICN must be designated as a local educational agency for the purposes of receiving federal funds if the governing board has adopted and filed a resolution with its sponsoring district school board and the DOE. This resolution must contain provisions indicating that the governing board accepts the full responsibility for all local educational agency requirements and that the charter schools for which the governing board will perform local educational responsibilities are all located in the same county.

The establishment of the HICN designation may result in the creation of additional charter schools to serve students in critical need areas within the state. The number of charter schools that will open in critical need areas is not known.³⁰

Reporting Requirements (Section 1)

Section 1 deletes the requirement for the DOE to compare the student performance data of each charter school to traditional district-managed public schools within the district and other charter schools across the state. The bill also eliminates the posting of such information on the Internet website of each charter school. This may limit public access to such comparative student performance data.

Education Accountability (Sections 3 and 4)

Additionally, section 4 provides that a collocated school that does not earn a school grade or school improvement rating for the performance of its own students may use an aggregated school improvement rating under certain circumstances. A collocated school may use the aggregated school improvement rating if all schools at the site are eligible for a school improvement rating and do not elect to be graded.³¹ Under this option, the student performance data of all schools operating at the same facility must be aggregated to develop a school improvement rating.³² This may result in more collocated schools qualifying for and using a combined school improvement rating.³³

Finally, section 3 makes a conforming name change to replace statutory references to the ACT Aspire with the PreAct, which is the current name of the test.

The bill takes effect July 1, 2017.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

³⁰ Florida Department of Education, *SB 1362 Analysis* (2017), at 6.

³¹ *Id.* at 4.

³² *Id.* at 4-5.

³³ *Id.* at 5.

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:

None.

C. Government Sector Impact:

The bill has no impact on state revenues or expenditures.

The bill provides that new charter schools opened by High-Impact Charter Networks in critical need areas will be eligible for charter school capital outlay immediately, without the requirement of having been in operation for 2 years. It is not known how many such schools will be opened under the bill. The charter school capital outlay funding allocation for the 2016-2017 fiscal year was \$75 million and was allocated to 557 charter schools.³⁴ The estimated state average funding is \$298 per full-time equivalent (FTE).³⁵ The number of eligible charter schools and the average amount per FTE for the 2017-2018 fiscal year will not be final until June 2017, and an increase in the number of charter schools may result in a decrease in the individual school allocations.³⁶ The overall impact on capital outlay funding allocations is indeterminable.³⁷

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 1002.33, 1007.35, and 1008.34.

³⁴ Florida Department of Education, *SB 1362 Bill Analysis* (2017), at 6.

³⁵ *Id.*

³⁶ *Id.*

³⁷ *Id.*

This bill creates the following section of the Florida Statutes: 1002.334.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

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

CS by Education on April 17, 2017:

The committee substitute assigns a new section of law to the High-Impact Charter Network provisions in the bill and replaces the statutory references to the ACT Aspire test with the PreACT, which was referenced as the Preliminary ACT in SB 1362.

B. Amendments:

None.

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