

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 5101 PCB APC 20-05 Education Funding

SPONSOR(S): Appropriations Committee, Latvala

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

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Appropriations Committee	24 Y, 0 N	Potvin	Pridgeon

SUMMARY ANALYSIS

The bill conforms applicable statutes to the appropriations provided in the House proposed General Appropriations Act for Prekindergarten through grade 12 education for Fiscal Year 2020-2021.

The bill:

- Modifies the definition of “auditory-oral education program” to require the program to use faculty and supervisors certified as listening and spoken language specialists each day the child is in attendance.
- Modifies the district cost differential in the Florida Education Finance Program (FEFP) by:
 - Requiring the Office of Economic and Demographic Research (EDR) to calculate an annual comparable wage index (CWI) for each county.
 - Specifying the formula that EDR shall use to calculate the annual CWI for each county.
 - Specifying how the district cost differential for each school district shall be calculated for Fiscal Years 2020-2021 through 2022-2023.
 - Requiring EDR to provide the district cost differentials to the Legislature no later than January 1 of each year.
- Modifies the FEFP by:
 - Creating the Salary Enhancement Supplement to assist school districts in their recruitment and retention of classroom teachers and other instructional and educational support staff.
 - Repealing the Decline in Full-Time Equivalent Students Allocation.
 - Repealing the Florida Best and Brightest Teacher and Principal Allocation.
 - Deleting the use of the Florida Best and Brightest Teacher and Principal Allocation in calculating the Virtual Education Contribution (VEC) and adding the use of the Salary Enhancement Supplement in its calculation.
 - Repealing the Florida Digital Classrooms Allocation.
 - Not reenacting the Funding Compression Allocation.

The bill takes effect July 1, 2020.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Auditory-Oral Education Program

Background

An auditory-oral education program is a program that develops and relies solely on listening skills and uses an implant or assistive hearing device for the purpose of relying on speech and spoken language skills as the method of communication.¹ A student who is deaf or hard of hearing is a student who has a hearing loss aided or unaided that affects the processing of linguistic information and adversely affects performance in the educational environment.²

The Department of Education developed the Matrix of Services Handbook to provide school districts, schools, and teachers with information about the matrix of services required for selected students with exceptionalities.³ The matrix is designed with five domains and a student is evaluated within each of these five domains to determine the appropriate level of service required. Level 1 represents the lowest level of service and Level 5 represents the highest level of service.

Exceptional student education (ESE) services for students whose level of service is Levels 1 through 3 are funded through the ESE Guaranteed Allocation in the Florida Education Finance Program (FEFP). Students whose level of service is Level 4 or 5 do not receive funds from the ESE Guaranteed Allocation but instead generate weighted funding using a higher program cost factor which provides for both their education program and their exceptional services.⁴

In 2016, legislation⁵ passed that, in addition to other changes, revised the matrix of services calculation for students who are deaf and enrolled in an eligible auditory-oral education program. The revised matrix calculation resulted in students who are deaf and enrolled in an auditory-oral education program generating additional FEFP funds.

Effect of the Bill

The bill amends the definition of “auditory-oral education program” to require these programs to use faculty and supervisors certified as listening and spoken language specialists each day the child is in attendance

District Cost Differential

Background

The district cost differential (DCD) equalizes the Florida Education Finance Program (FEFP) base funding by using the Florida Price Level Index (FPLI) to adjust each school district’s base funding to reflect the relative cost of hiring comparably qualified school personnel among Florida’s school districts. Annually a DCD is calculated for each school district using the most recent 3 years of the FPLI.⁶ Each school district’s FEFP base funding is calculated by multiplying the district’s number of weighted full-time equivalent (FTE) students times the base student allocation and then multiplied by the district’s DCD.

¹ Section 1002.391(1)(a), F.S.

² Section 1002.391(1)(b), F.S.

³ <http://www.fldoe.org/core/fileparse.php/7690/urlt/2015MatrixServices.pdf>

⁴ Section 1011.62(1)(e), F.S.

⁵ Chapter law 2016-62, Law of Florida

⁶ Section 1011.62(2), F.S.

The calculation of the FPLI is a joint project between the Florida Polytechnic University and the Bureau of Economic and Business Research at the University of Florida.⁷ In the Fiscal Year 2018-2019 General Appropriations Act, \$100,000 was appropriated to the Department of Education to issue a competitive solicitation to contract with an independent third party consulting firm to conduct a review of the methodology used to calculate the FPLI and report recommendations to the Legislature and the Governor's Office of Policy and Budget by January 1, 2019.

The Department of Education contracted with a third party consulting firm to complete the review of the methodology for calculating the FPLI and the firm submitted its report to the department on December 21, 2018.⁸

The report included a number of observations and findings⁹ to include:

- Data modifications and formula changes have been made from year to year with varying degrees of transparency which makes replication of the FPLI difficult.
- A geographic smoothing process is used which is not the norm across other states that use similar index methodologies.

The report included three specific recommendations¹⁰:

- Thoroughly document the process steps and data sources to promote understanding and validate the process and calculation to ensure that the FPLI represents the original objectives.
- Take advantage of new county-level Occupational Employment Statistics data and other data sources to consider a Comparable Wage Index based on school personnel-credentialed comparable occupations. This is generally, but not for all positions, college-educated workers.
- Create an advisory group that is conversant in relevant terminology and familiar with Florida's education financing which may help to address FPLI concerns.

Continued work by the third party consulting firm produced a proposed methodology for the calculation of a comparable wage index for each county in lieu of the FPLI.

Effect of the Bill

The bill clarifies that the Legislature shall annually prescribe in the General Appropriations Act the district cost differential which represents the variance in personnel costs among school districts and is used to determine the basic amount for current operations to be included in the Florida Education Finance Program (FEFP) for kindergarten through grade 12.

The bill requires the Office of Economic and Demographic Research (EDR) to calculate an annual comparable wage index (CWI) for each county to measure the systematic, county-level variations in the wages of similarly educated workers who are not in a kindergarten through grade 12 education-related occupation. The bill prescribes the formula for calculating each county's CWI which includes using Occupational Employment Statistics data compiled by the Bureau of Labor Statistics in the United States Department of Labor. The county's CWI is used in the calculation of the district cost differential for each school district. The bill requires EDR to annually compute for each school district the district cost differential and provide the district cost differentials to the Legislature by January 1.

The bill specifies how the district cost differentials shall be calculate for Fiscal Years 2020-2021 and 2021-2022 and Fiscal Years 2022-2023 and thereafter.

Classroom Teacher Compensation

Background

⁷ <https://www.bibr.ufl.edu/economics/fpli>

⁸

http://gafla.dadeschools.net/pdf/Florida%20State%20Legislative%20Resources/2019/FPLI_DOE_Final%20Report_2019.pdf

⁹ *Id.*

¹⁰ *Id.*

The Department of Education, in cooperation with teacher organizations, district personnel offices and schools, colleges, and departments of all public and nonpublic postsecondary educational institutions shall concentrate on the recruitment and retention of qualified teachers.¹¹

Section 1012.01(2), F.S., defines “instructional personnel” to include the following kindergarten through grade 12 staff members:

- Classroom teachers – provides instruction in basic education, exceptional student education, career and adult education, including substitute teachers.
- Student personnel services – includes certified school counselors, social workers, career specialists, and school psychologists.
- Librarians/media specialists – instructs students in accessing and using information resources.
- Other instructional staff – includes primary specialists, learning resource specialists, instructional trainers, and certified adjunct educators.
- Education paraprofessionals – includes classroom paraprofessionals; and exceptional education, career and adult education, library, and physical education and playground paraprofessionals.

**Staff in Florida's Public Schools
Full-Time Instructional Personnel Summary
2018-19, Final Survey 3¹²**

Activity Assignment	Total	Percent
ELEMENTARY TEACHERS	74,894	36.8%
SECONDARY TEACHERS	68,322	33.6%
EXCEPTIONAL EDUCATION TEACHERS	28,653	14.1%
OTHER TEACHERS	6,348	3.1%
TOTAL CLASSROOM TEACHERS	178,217	87.6%
STUDENT PERSONNEL SERVICES	9,141	4.5%
LIBRARIANS/MEDIA SPECIALISTS	1,984	1.0%
OTHER PROFESSIONAL STAFF/INSTRUCTIONAL	14,194	7.0%
TOTAL	203,536	100.0%

Section 1012.22, F.S., defines the powers and duties of the district school board pertaining to public school personnel to include compensation and establishing salary schedules. In 2011, the Legislature amended this section of law by passing legislation that reformed instructional personnel compensation and employment practices.¹³ Among other issues, the legislation required school districts to establish new performance salary schedules by July 1, 2014, to provide an opportunity for an annual salary adjustment based on performance.¹⁴ Instructional personnel hired on or after July 1, 2014,¹⁵ and instructional personnel on annual contracts as of July 1, 2014,¹⁶ were placed on the performance salary schedule. Each district school board sets the minimum base salaries on the performance salary schedule and only classroom teachers rated effective or highly effective are eligible to receive a salary adjustment to their minimum base salary. Adjustments are in addition to the base salary and become part of the permanent base salary.¹⁷

A grandfathered salary schedule is a salary schedule adopted by a district school board for paying personnel hired before July 1, 2014, in which compensation is generally based on seniority and

¹¹ Section 1012.05(1), F.S.

¹² Department of Education, Staff and Student Database, educational paraprofessionals are counted as “support staff” and not “instructional personnel” based on s. 1012.40, F.S.

¹³ Chapter law 2011-1, Laws of Florida

¹⁴ Section 1012.22(1)(c)5, F.S. Requirements for the performance evaluation are contained in s. 1012.34, F.S.

¹⁵ *Id.*

¹⁶ Section 1012.22(1)(c)4, F.S.

¹⁷ Section 1012.22(1)(c)1.a., F.S.

educational degree level.¹⁸ In determining the grandfathered salary schedule for instructional personnel, a district school board must base a portion of each employee's compensation on the performance evaluation. In addition, the district must provide differentiated pay for instructional personnel based on district-determined factors including, but not limited to, additional responsibilities, school demographics, critical teacher shortage areas, and level of job performance difficulties.¹⁹

Effect of the Bill

The bill establishes the Salary Enhancement Supplement in the Florida Education Finance Program (FEFP) to assist school districts in their recruitment and retention of classroom teachers and other instructional personnel and educational support staff. The amount of the supplement is specified in the General Appropriations Act (GAA) and is allocated to each school district based on each school district's proportionate share of the state's total unweighted full-time equivalent (FTE) student enrollment.

For Fiscal Year 2020-2021, each school district is required to use the portion of the Salary Enhancement Supplement as specified in the GAA to increase the minimum base salary for a classroom teacher as defined in s. 1012.01(2)(a), Florida Statutes. The bill defines the term "minimum base salary" to mean the annual base salary that a full-time classroom teacher receives before payroll deductions and excluding supplements as defined in s. 1012.22(1)(c), Florida Statutes. Additionally, each school district is required to use the portion of the supplement as specified in the GAA to provide salary and compensation-related enhancements for full-time classroom teachers who did not receive an increase from the abovementioned portion.

For Fiscal Year 2020-2021 and subject to an appropriation, the bill requires each school district to use its portion of the Salary Enhancement Supplement as specified in the GAA to increase the minimum base salary for a classroom teacher as defined in s. 1012.01(2)(a), Florida Statutes by at least 75 percent of the largest salary adjustment made by the school district for a classroom teacher who is rated as highly effective as determined by the classroom teacher's performance evaluation under s. 1012.34, Florida Statutes. If a school district has any remaining funds after complying with the 75 percent increase to the minimum base salary, such funds can be used to provide salary and compensation-related enhancements for instructional personnel as defined in s. 1012.01(2), Florida Statutes or educational support employees as defined in s. 1012.01(6), Florida Statutes.

Florida Education Finance Program

Background

The Florida Education Finance Program (FEFP) was established in 1973 and is the state's policy on equalized funding to guarantee to each student the availability of educational programs and services that are substantially equal regardless of geographic differences and varying local economic factors. The FEFP is used to calculate revenue allocations for all 67 school districts, six lab schools and the Florida Virtual School.

FEFP funds are primarily generated by multiplying the number of full-time equivalent (FTE) students in each of the funded education programs by cost factors to obtain weighted FTE students. Weighted FTE students are then multiplied by a base student allocation and by a district cost differential to determine the base funding which includes both state and local FEFP funds.²⁰ Program cost factors are determined by the Legislature and represent relative cost differences among the FEFP programs.²¹

¹⁸ Section 1012.22(1)(c)1.b., F.S.

¹⁹ Section 1012.22(1)(c)4., F.S.

²⁰ Section 1011.62(1)(s), F.S.

²¹ Section 1011.62(1)(c), F.S.

In addition to the FEFP base funding, additional supplements or allocations (often times referred to as categoricals) are included in the FEFP to address specific types of student populations or needs, geographic issues, district size or specific educational initiatives. Each categorical is statutorily-authorized with each law specifying its eligibility criteria and allocation methodology. These categoricals are funded with both state and local FEFP funds and the Fiscal Year 2019-2020 FEFP includes 19 categoricals.²²

Four of the categoricals funded in the FEFP for Fiscal Year 2019-2020 FEFP include:

- Decline in Full-Time Equivalent Students Allocation – for school districts with a decline between prior year and current year unweighted FTE students, a percentage of the decline in the unweighted FTE students as determined by the Legislature is multiplied by the prior year calculated FEFP per unweighted FTE student and is added to the district’s allocation.²³
- Florida Digital Classrooms Allocation – supports school districts’ efforts to integrate technology in classroom teaching and learning to ensure students have access to high-quality electronic and digital instructional materials and resources. Each school district receive a minimum allocation as specified in the General Appropriations Act with the remaining balance allocated based on each school district’s proportionate share of the state’s total unweighted full-time equivalent student enrollment.²⁴
- Florida Best and Brightest Teacher and Principal Allocation – created to recruit, retain, and recognize classroom teachers and instructional personnel who meet the criteria established in s. 1012.731, Florida Statutes and reward principals who meet the criteria established in s. 1012.732, Florida Statutes.
- Funding Compression Allocation – provides additional funding to school districts whose total funds per full-time equivalent (FTE) in the prior year were less than the statewide average. This allocation is set to expire July 1, 2020.²⁵

Effect of the Bill

The bill repeals the Decline in Full-Time Equivalent Students Allocation, the Florida Digital Classrooms Allocation, and the Florida Best and Brightest Teacher and Principal Allocation. Additionally the bill does not reenact the Funding Compression Allocation.

B. SECTION DIRECTORY:

Section 1: Amends s. 1002.391, F.S., regarding the definition of “auditory-oral education program” by requiring the program to use faculty and supervisors certified as listening and spoken language specialists each day the child is in attendance.

Section 2: Amends s. 1011.62, F.S., regarding the Florida Education Finance Program (FEFP) by (a) requiring the Office of Economic and Demographic Research to annually calculate a comparable wage index (CWI) for each county and to use the CWI to annually calculate the district cost differential for each school district, (b) establishing the Salary Enhancement Supplement in the FEFP and describing the use of the supplement for Fiscal Years 2020-2021 and 2021-2022, (c) repealing the Decline in Full-Time Student Enrollment Allocation, the Florida Digital Classrooms Allocation, and the Florida Best and Brightest Teacher and Principal Allocation; and (d) not reenacting the Funding Compression Allocation.

Section 3: Amends s. 1002.33, F.S., conforming provisions made by this act.

Section 4: Amends s. 1006.12, F.S., conforming provisions made by this act.

Section 5: Amends s. 1011.71, F.S., conforming provisions made by this act.

²² Chapter 2019-115, Laws of Fla.

²³ Section 1011.62(8), F.S.

²⁴ Section 1011.62(12), F.S.

²⁵ Section 1011.62(17), F.S.

Section 6: Amends s. 1012.584, F.S., conforming provisions made by this act.

Section 7: Repeals s. 1012.731, F.S., and s. 1012.732, F.S.

Section 8: Provides an effective date of July 1, 2020.

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 conforms applicable statutes to the appropriations provided in the General Appropriations Act for Prekindergarten through grade 12 education for the 2020-2021 fiscal year in the Florida Education Finance Program to include:

- Appropriating \$650 million for the new Salary Enhancement Supplement;
- Redirecting \$362.6 million associated with the repeal of the Decline in Full-Time Equivalent Students Allocation, Florida Best and Brightest Teacher and Principal Allocation, and the Florida Digital Classrooms Allocation and the expiration of the Funding Compression Allocation; and
- Incorporating the use of a comparable wage index for the calculation of the district cost differential for each school district and including a formulaic change in the calculation to ensure that no school district's Fiscal Year 2020-2021 district cost differential increased or decreased by more than 1 percent.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES