

February 7, 2013

MEMORANDUM

TO: District School Superintendents
FROM: Joy Frank
RE: Interim Committee Meetings – Week of February 4, 2013

Budget Information

Governor Scott released his proposed budget for FY 2013-2014 last week. It was heard in legislative committees this week. Of course, the Legislature is responsible for the taxing and appropriations process, but the Governor’s budget sometimes foreshadows the policy directions eventually taken by the Legislature.

The Governor has taken the lead to recommend funding increases for K-12 education beyond the levels that might be expected given current revenue forecasts. This may help provide support for a more favorable final budget. Most of the Governor’s budget is tied to specific expenditures. Projections indicate that student enrollment growth will occur statewide, which will consume some of the increases districts may realize. Specific recommendations include the highlights below.

The Governor proposed \$180.3 million for the District Lottery and School Recognition program, an increase of about \$45.7 million. The funds are spent on an increase in the school recognition award from \$100 per student in FY 2012-2013 to \$125 per student in FY 2013-2014.

The Governor proposes using \$100 million of General Revenue in the PECO formula for charter school capital outlay funding, an increase of about \$45 million. He does not address the issue of using local district capital outlay funds for charter schools.

The Governor provides about \$24.5 million for the special facility construction account to support the first year of funding for new schools in Dixie and Glades Counties. There are no other district operated public school capital outlay funds proposed in the Governor’s budget.

Increases are proposed for base funding by increasing the BSA by about \$138 per student. Increases beyond student enrollment growth are provided for Safe Schools, the SAI, the ESE Guarantee, Reading, Instructional Materials, and Student Transportation. The Sparsity allocation is increased by \$10 million, an increase of almost 28%.

The Teachers Classroom Supply Assistance Program (formerly Teacher Lead) was increased \$14 million, almost 44%. The Teachers Classroom Supply Assistance Program, formerly Teacher Lead, is allocated based on “an estimated amount of \$250” per teacher. This is an estimate to calculate a total appropriation, not an entitlement to each qualifying teacher.

The Governor proposed a new categorical of \$100 million for Technology. Funding would be based on each district’s proportional share of the state’s total UFTE students. The funding must be used for devices for students to access digital instruction, or for investment in digital infrastructure and broadband access. If a district certifies all such needs are met, the funds can be used for any lawful purpose. The DOE must adopt guidelines for district technology plans by July 1, 2013. Districts must

submit a technology plan consistent with the guidelines to the State Board by August 31, 2013. The State Board must approve plans by October 31, 2013, before funds are disbursed. Districts are required to certify proper expenditures by September 1, 2014. The funds are not subject to reallocation after the third calculation of the FEFP in FY 2013-2014.

The Governor included about \$480 million for “a salary increase of \$2,500, plus related benefits for FICA and the FRS for all full time kindergarten through grade twelve teachers as defined in Florida Statutes 1012.01(2)(a), excluding substitutes. Full time pre-kindergarten ESE instructors funded through the FEFP are eligible for the increase.

The proposal provides for local districts to address salaries based on local salary schedules and collective bargaining agreements. The districts must report to the DOE the actual salary amounts provided and justify any variance from the intended \$2,500 amount. A preliminary report is due on December 1, 2013, and a final report on “the use and implementation of these funds” is due on June 30, 2014. The proposal stipulates, “Funds in Specific Appropriation 89 shall only be used for salaries and benefits.” It also stipulates that unexpended funds as of June 30, 2014 shall revert to the State Treasury.

The Governor offered conforming bills to align statutes to the budget. Highlights include:

Charter School Capital Outlay: The governor proposed a brief conforming bill that incorporates into the Florida Statutes the additional qualifications that charter schools authorized on or after July 1, 2013 must meet to receive capital outlay funding. These schools must meet **all** of new requirements to be eligible for funding. The newly authorized schools must be established primarily to serve students in the attendance zone of a school identified in need of intervention and support services pursuant to s1008.33 (3)(b) in a facility not provided or maintained by a school district, must be accredited by S.A.C.S., must obtain a surety bond, and must receive a school grade. The proposed bill did not speak to requiring school boards to provide local capital outlay funds to charter schools.

Repeal of the Virtual Education Contribution: The proposal repeals s. 1011.62(11), F.S. The reduction in this component of the FEFP was about \$44.2 million. The major impact would be to the Florida Virtual School and its franchisees. The Florida Virtual School had a reported projected decrease of \$739.78 in per student funding, an amount that should be anticipated to be reflected in the funding for each student in the districts’ franchises.

FRS rates for FY 2013-2014. The proposed bill **does not** recommend an increase in **employee** contribution rates from the current 3%. Proposed changes are to the employer assessments for some FRS membership classes. The changes that most impact districts are below. (UAL = Unfunded Actuarial Liability) The bill does not propose changes for the Health Insurance Subsidy or for the Administrative Fee. Those fees are in addition to the rates below.

FRS Employee Class	FY 2012-2013 Rate	FY 2013-2014 Rate	FY 2012-2013 UAL Rate	FY 2013-2014 UAL Rate
Regular	3.55%	3.53%	.49%	2.19%
County Elected Officials	4.84%	4.81%	.73%	23.36%
Sr. Management	Not in Bill	Not in Bill	.32%	12.27%
DROP	Not In Bill	Not in Bill	0.00%	7.01%

House Education Subcommittee on Choice & Innovation

The committee took up a proposed committee bill relating to charter schools. While the bill has some provisions that increase charter school accountability, it also contains several provisions of significant concern to school districts. Representatives of several school districts and I met with the chair, vice-chair, and members of the subcommittee to express our concerns. We also testified at the committee meeting. Some of the amendments that were incorporated into the bill addressed our concerns. However, significant concerns remain. The chair and vice-chair have agreed to work with us as the bill progresses through the process.

The bill includes provisions that increase charter school accountability and transparency, including, but not limited to:

- Prohibiting a charter school, upon termination of the charter, from expending more than \$10,000 without prior written permission from the sponsor, unless such expenditure was included within the annual budget submitted to the sponsor or is for reasonable attorney's fees and costs during the pendency of an appeal.
- Prohibiting employees of the charter school or the charter management organization and their spouses, from serving on the charter school governing board.
- Clarifying provisions for high-performing charter schools and systems by: aligning qualifications of high-performing systems with high-performing schools, requiring the Commissioner of Education to annually review and approve such status; outlining provisions for losing that status; and providing timelines for contract modification requests.
- Prohibiting the governing board or related entity of a charter school that is subject to academic or financial corrective action, from submitting additional applications to open new charter schools until the conditions of the academic or financial corrective action are satisfactorily resolved.

The bill also includes several provisions that expand the opportunity for charter school growth and flexibility, such as:

- Requiring the Department of Education to adopt a standard contract and contract renewal that cannot be amended, appended or otherwise altered by the sponsor.
- Allowing charter applicants to submit a draft charter by May 1 each year and receive district feedback prior to final submission on August 1.
- Allowing all charter schools to determine their own capacity and enrollment caps and allowing them to increase those caps under certain circumstances.
- Providing statutory clarification that provisions affecting instructional personnel contracts, do not apply to charter schools under certain circumstances.
- Clarifying that district K-12 educational facilities not being used for K-12 educational purposes must be made available to charters at no cost, with certain conditions, and requiring the charter school to pay maintenance costs of the facility.
- Authorizing out-of-state operators to qualify for high-performing status to operate schools or systems in Florida under certain circumstances; requiring the State Board of Education to adopt the review and qualification process in rule.
- Enabling the Florida College System institutions that provide teacher preparation programs to operate charter schools serving PreK-12th grades under certain circumstances.

The proposal passed the committee favorably. It has been assigned a number – HB 7009 and is attached.

House Education Subcommittee on PreK-12

The committee had a workshop on high school graduation requirements. Chairman Adkins announced that this was the first of at least two meetings at which high school graduation requirements would be discussed. The general thrust of the meeting was that the one-size-fits all approach to graduation requirements does not fit the needs of today's students or prepare them for the workplace. The chair emphasized the standards would not be lowered, but that different pathways to a rigorous standard diploma needed to be explored. Rep. Porter presented the research supporting a different approach to graduation requirements. This research was included in the committee packets. You can access it by going to www.myfloridahouse.gov. Then, click on "Committees" – then click on K-12 Subcommittee – and finally – click on "Meeting Packets" listed under "Committee Documents." Legislation on this issue expected. The entire discussion was refreshing.

Several superintendents were asked to testify including Dr. Dan Boyd, Alachua County Public Schools; Dr. Peg Smith, Volusia County Public Schools; Dr. Mike Grego, Pinellas County Public Schools; and Mark Rains, Dixie County Public Schools. Their presentations on the impact of high school graduation requirements on today's students was excellent. In addition, administrators and a principal from Leon County Public Schools testified.

I hope this information is helpful. If you have any questions, please give me a call.