

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** PCB EDC 17-01 Federal Funding

**SPONSOR(S):** Education Committee

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

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Education Committee	15 Y, 3 N	Fudge	Hassell

### SUMMARY ANALYSIS

Due to the regulatory requirements associated with federal funds, the Florida Department of Education and local school boards must spend time and resources to monitor compliance. Moreover, because of the prescriptive nature of these requirements, local school boards and the State are unable to be responsive to the needs of students without jeopardizing federal funds due to noncompliance. Title I and IDEA Part B funds represent the two largest categories of federal education funds at approximately \$1.3 billion (approximately \$488 per student), which is significantly less than state and local investments of over \$20 billion (approximately \$7,204 per student). Consequently, the amount of federal funding does not justify the federal government's invasive role in state education policy.

This memorial seeks to increase parental influence in education policy through their elected state and local officials. The memorial urges Congress to remove restrictions on federal Title I funds by providing such funds through a block grant. In doing so, the State of Florida will be able to develop innovative and cost-effective programs that are responsive to the educational needs of students from disadvantaged families.

Copies of the memorial will be provided to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, and each member of the Florida delegation to the United States Congress.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### Current Situation

The 2002 reauthorization of the Elementary and Secondary Education Act through the No Child Left Behind Act (NCLB)<sup>1</sup> expanded the federal role in public education through annual testing, academic progress, report cards, teacher qualifications, and funding changes.<sup>2</sup> This bolster of federal involvement in the classroom increased the Department's K - 12 spending from \$20 billion in 2000 to \$37 billion by 2005.<sup>3</sup> With these new federal funds came more regulations regarding a wide variety of topics such as student testing, teacher qualifications, Spanish language tests, and after-school tutoring. Federal guidelines now cover topics such as how schools discipline students, the content of sex education courses, and the gender of textbook authors.<sup>4</sup>

Beginning in 2009, states were urged to compete for a 4-year grant program, "Race to the Top," by satisfying particular federal education policies.<sup>5</sup> These policies included performance-based standards, adopting college and career standards, lifting caps on charter schools, improving the poorest-performing schools, and building instruction-supporting data systems.<sup>6</sup> Each state's point tally and share of the federal population of school children corresponded to the portion of the \$4.35 billion available to be awarded. Florida was awarded \$700 million under this initiative.<sup>7</sup>

In 2011, Education Secretary Arne Duncan invited states to request flexibility from the requirements of NCLB.<sup>8</sup> However, Senator Lamar Alexander remarked that "[t]his simple waiver authority has turned into a conditional waiver with the [Education] Secretary having more authority to make decisions that in my view should be made locally by state and local governments."<sup>9</sup>

As recently as January 6, 2017, the U.S. Department of Education (USDOE) has placed conditions on Florida's Title I grant award and threatened additional action if adequate progress is not made. External peer reviewers and staff of the USDOE evaluated Florida's assessment system and found that it met many, but not all of the statutory and regulatory requirements. The USDOE stated that "Florida must submit a plan and timeline within 30 days for when it will submit all required additional documentation for peer review. The USDOE will also host regular (e.g., quarterly) progress calls with the State to discuss the State's progress on its timeline. Additionally, the Office of Special Education and Rehabilitative Services (OSERS) will monitor progress on matters pertaining to requirements in the Individuals with Disabilities Education Act (IDEA) related to the participation of students with disabilities

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<sup>1</sup> P.L. 107-110, 115 Stat. 1425.

<sup>2</sup> *No Child Left Behind*, Education Week, <http://www.edweek.org/ew/issues/no-child-left-behind/> (last visited Feb 13, 2017).

<sup>3</sup> U.S. Department of Education, Digest of Education Statistics, 2008, Table 375, available at <http://nces.ed.gov/pubs2009/2009020.pdf>.

<sup>4</sup> *CATO Handbook for Congress: Policy Recommendations for the 108<sup>th</sup> Congress*, CATO Institute, p. 298, available at <https://object.cato.org/sites/cato.org/files/serials/files/cato-handbook-policymakers/2003/9/hb108-28.pdf>.

<sup>5</sup> The American Recovery and Reinvestment Act of 2009 (P.L. 111-5) provided about \$100 billion to state education systems and supplemental appropriations for several Department of Education programs. The "Race to the Top" is funded by this Recovery Act.

<sup>6</sup> *Race to the Top Program Executive Summary*, U.S. Department of Education (2009), available at <https://www2.ed.gov/programs/racetothetop/executive-summary.pdf>.

<sup>7</sup> For an assessment of Florida's involvement, see Florida Report Year 1 (2012), available at <https://www2.ed.gov/programs/racetothetop/performance/florida-year-1.pdf> and Florida Report Year 2 (2013), available at <https://www2.ed.gov/programs/racetothetop/performance/florida-year-2.pdf>.

<sup>8</sup> Letter from Arne Duncan, U.S. Sec'y of Educ., to Chief State School Officers (Sept. 23, 2011), <https://www2.ed.gov/policy/gen/guid/secletter/110923.html> (last visited Feb 12, 2017).

<sup>9</sup> See, e.g., Alyson Klein, Waivers and ESEA Renewal Get Hard Look From Senators, Education Week, Feb. 7, 2013, [http://blogs.edweek.org/edweek/campaign-k-12/2013/02/senators\\_take\\_a\\_hard\\_look\\_at\\_w.html](http://blogs.edweek.org/edweek/campaign-k-12/2013/02/senators_take_a_hard_look_at_w.html) (last visited Feb 12, 2017).

in Title I assessments. Insufficient progress to address such matters may lead OSERS to place a condition on FLDOE's IDEA Part B grant award.<sup>10</sup>

In response to the coercive nature of federal funding, some states have taken steps to limit their federal dependency. In Idaho, Governor Butch Otter issued an executive order that required greater transparency from agencies receiving federal funds and disclosure of any obligations based upon receipt of federal funds.<sup>11</sup> Similarly, in Indiana, then-Governor Mike Pence issued an executive order creating the Office of State-Based Initiatives which conducts a cost-benefit analysis on every federal grant opportunity.<sup>12</sup> Grants are analyzed to determine if the state should consolidate programs, seek more federal waivers, or discontinue certain programs altogether.<sup>13</sup>

### Effect of Proposed Changes

The Congressional Budget Office has acknowledged that while “restricting the control that state and local governments have over spending decisions may better promote some federal goals . . . such an approach may also limit the ability of state and local governments to respond to specific conditions in their jurisdictions or to experiment with different program designs.”<sup>14</sup>

The bill urges Congress to provide federal funds in the form of block grants. Block grants will enable the State to be innovative and provide public education in a cost-effective manner that is responsive to the needs of its citizens.

Legislative memorials are not subject to the Governor's veto power and are not presented to the Governor for review. Memorials have no force of law—they are mechanisms for formally petitioning the U.S. Congress to act on a particular subject. This memorial does not have a fiscal impact.

#### B. SECTION DIRECTORY:

Not applicable.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

None.

##### 2. Expenditures:

None.

#### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

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<sup>10</sup> United States Department of Education, *Decision Letter to Florida*, (January 6, 2017), available at <https://www2.ed.gov/admins/lead/account/nclbfinalassess/fl5.pdf>. See also United States Department of Education, *Decision Letter to Wisconsin* (January 13, 2017), available at <https://www2.ed.gov/admins/lead/account/nclbfinalassess/wi6.pdf>.

<sup>11</sup> Idaho Executive Order No. 2014-03, 14-5 Idaho Admin. Bull. 19 (May 7, 2014), available at <https://adminrules.idaho.gov/bulletin/2014/05.pdf#page=19>.

<sup>12</sup> Indiana Executive Order No. 13-20, (July 30, 2013) available at [http://www.in.gov/hoosiersolutions/files/Executive\\_Order\\_13-20.pdf](http://www.in.gov/hoosiersolutions/files/Executive_Order_13-20.pdf).

<sup>13</sup> Indiana Office of State-based Initiatives <http://www.in.gov/hoosiersolutions/2333.htm> (last visited Feb 12, 2017)

<sup>14</sup> Congressional Budget Office, *Federal Grants to State and Local Governments 27* (2013), available at <https://www.cbo.gov/sites/default/files/113th-congress-2013-2014/reports/03-05-13federalgrantsonecol.pdf>.

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

### **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:

None.

### **IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

None.