

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCS for CS/HB 323 Education
SPONSOR(S): Education Committee
TIED BILLS: None **IDEN./SIM. BILLS:** CS/SB 88

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Education Committee		Dehmer	Hassell

SUMMARY ANALYSIS

To earn a standard high school diploma in Florida, a student must earn one-half credit in economics, which must include financial literacy. The bill eliminates financial literacy instruction from the one-half credit economics requirement and establishes a one-half credit financial literacy course as an additional elective. The one-half credit financial literacy course must include topics such as opening and managing a bank account; balancing a checkbook; completing a loan application; computing federal income taxes; simple contracts; types of savings and investments; and state and federal finance laws.

The bill increases fiscal transparency of educational spending by requiring:

- school boards to provide financial efficiency data and fiscal trend information;
- the Department of Education to develop a web-based tool that identifies schools and districts with high academic achievement based on per pupil expenditures; and
- school boards to provide a full explanation of, and approve, any budget amendment at the boards' next public meeting.

The bill increases fiscal accountability of school districts by:

- requiring school districts with revenues over \$500 million to employ an internal auditor;
- requiring school districts with low ending fund balances to reduce administrative costs and other expenditures;
- requiring districts with financial emergency conditions to withhold the salaries of certain superintendents and school board members until the emergency is addressed;
- requiring an investigation of school districts who are unable to timely pay current debts and liabilities;
- clarifying that the Department of Education's Office of Inspector General must investigate allegations and reports of fraud and abuse from certain government officials;
- requiring school districts with previous operational audit findings to initiate and complete corrective action within a certain period of time;
- aligns school board member salaries with beginning teacher salaries or the amount calculated by statute; and
- requires prior school board approval for reimbursement of certain out-of-district travel expenses.

The bill also requires instructional and administrative personnel, who extend the Deferred Retirement Option Program (DROP) participation beyond the 60-month period, to have a termination date that is the last day of the school year within the DROP extension.

School districts may incur costs associated with procuring additional instructional materials aligned to the new personal financial literacy course. These costs are indeterminate. See Fiscal Comments.

Contingent upon CS/HB 7055 or similar legislation adopted at the 2018 Regular Session of the Legislature failing to become law, for the 2018-2019 fiscal year, the sum of \$850,000 in nonrecurring funds from the General Revenue Fund is appropriated to the Department of Education to implement the provisions of this act.

This bill takes effect July 1, 2018.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: pcs0323.EDC

DATE: 2/19/2018

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Auditor General

Present Situation

The Auditor General (AG) or a Certificated Public Accountant (CPA) is required to perform annual financial audits of district school boards.¹ If the AG does not perform a financial audit of a district school board, the school board must have a financial audit completed within nine months of its fiscal year end by an independent CPA.² The scope of financial audits include an examination of the financial statements, the issuance of a report on compliance and internal control in accordance with generally accepted government auditing standards, and the issuance of a report on compliance and internal control for each major Federal program.³

The AG also conducts operational audits of district school boards in accordance with Government Auditing Standards at least every 3 years.⁴ Operational audits must include an evaluation of management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities. The examination of internal controls is designed to promote and encourage the achievement of management's control objectives in economic and efficient operations, reliability of records and reports, and safeguarding of assets.⁵

The AG is required to report material weaknesses in internal control and significant control deficiencies that are disclosed during the course of a financial audit. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements would not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention. The AG must report material noncompliance or abuse that has a material effect on a financial statement audit. The classification of an audit finding is dependent upon its potential impact on the specific school district under audit. Therefore, the classification of an audit finding could vary from school district to school district.⁶

The AG must annually compile and transmit a summary of significant findings and financial trends to the Senate President, the Speaker of the House of Representatives, and the Legislative Auditing Committee (LAC).⁷ If an audit contains any significant findings, district school boards, must conduct an audit overview during a public meeting.⁸

¹ State of Florida Auditor General, *Summary of Significant Findings and Financial Trends Identified in District School Board Audit Reports for the Fiscal Year Ended June 30, 2016*, at 1, available at https://flauditor.gov/pages/pdf_files/2018-030.pdf. Section 11.45(2), F.S. and s. 218.39(1), F.S.

² Section 218.39(1), F.S.

³ State of Florida Auditor General, *Summary of Significant Findings and Financial Trends Identified in District School Board Audit Reports for the Fiscal Year Ended June 30, 2016*, at 1, available at https://flauditor.gov/pages/pdf_files/2018-030.pdf. Section 11.45(1)(c), F.S.

⁴ *Id.* Section 11.45(2)(f), F.S.

⁵ *Id.* Section 11.45(1)(g), F.S.

⁶ *Id.* at 2.

⁷ Section 11.45(7)(f), F.S. *See also* s. 11.40, F.S.

⁸ Section 1010.30(2), F.S.

The AG has authority to perform follow-up procedures necessary to determine a district school board's progress in addressing the findings and recommendations in the previous audit report.⁹ The AG must also notify the LAC of any financial or operational audit report which indicates that a district school board failed to take full corrective action in response to a finding included in the two preceding financial or operational audits.¹⁰

Upon notification, the LAC may direct a school board to provide a written statement explaining the reason the school board failed to take corrective action or, if the school board intends to take full corrective action, describing the corrective action and state when it will occur.¹¹ If the LAC determines that the written statement is not sufficient, it may require the chair of the school board to appear before the committee. If the LAC determines that the school board has failed to take full corrective action for which there is no justifiable reason or has failed to comply with committee requests, the committee must refer the matter to the State Board of Education (SBE) to proceed in accordance with its oversight enforcement authority.¹²

On February 2, 2014, the LAC conducted a workshop on Financial Oversight for District School Boards. As part of its presentation, the AG's office recommended that operational audits include testing for previous operational audit findings with questionable costs. Individual members of the Manatee County School Board submitted written comments and suggested the following:

- Require districts with audit findings to implement an immediate compliance process.
- Shorten the timeframe to comply with audit findings.
- Increase the frequency of the AG's financial and operational audits when audit findings occur.
- Expand the scope of AG audits to include all management areas.¹³

Effect of Proposed Changes

The bill requires the AG to contact district school boards with previous operational audit findings. The school boards must provide evidence of initiation of corrective action within 45 days and evidence of completion of corrective action within 180 days. If districts fail to comply with the AG's request, the AG must notify the LAC.

Florida Retirement System

Present Situation

The Florida Retirement System (FRS) was established in 1970 when the Legislature consolidated the Teachers' Retirement System, the State and County Officers and Employees' Retirement System, and the Highway Patrol Pension Fund. In 1972, the Judicial Retirement System was consolidated into the FRS, and in 2007, the Institute of Food and Agricultural Sciences Supplemental Retirement Program was consolidated under the Regular Class of the FRS as a closed group.¹⁴

The FRS is a multiple-employer, contributory plan¹⁵ governed by the Florida Retirement System Act.¹⁶ As of June 30, 2017, the FRS provides retirement income benefits to 637,643 active members,¹⁷

⁹ Section 11.45(2)(j), F.S.

¹⁰ Section 11.45(7)(j)1., F.S.

¹¹ *Id.*

¹² Sections 11.45(7)(j)3. and 1008.32, F.S.

¹³ Joint Legislative Auditing Committee, *Meeting Packet, February 10, 2014*, available at <http://www.leg.state.fl.us/Data/Committees/Joint/JCLA/Meetingpackets/021014.pdf>.

¹⁴ *Florida Retirement System Pension Plan And Other State Administered Systems Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2017*, at 33. A copy of the report can be found online at:

http://www.dms.myflorida.com/workforce_operations/retirement/publications/annual_reports (last visited February 19, 2018) [hereinafter *Annual Report*].

¹⁵ Prior to 1975, members of the FRS were required to make employee contributions of either 4 percent for Regular Class members or 6 percent for Special Risk Class members. Members were again required to contribute to the system after June 30, 2011.

406,374 retired members and beneficiaries, and 32,233 members of the Deferred Retirement Option Program (DROP).¹⁸ It is the primary retirement plan for employees of state and county government agencies, district school boards, state colleges, and universities. The FRS also serves as the retirement plan for participating employees of the 173 cities and 266 independent hospitals and special districts that have elected to join the system.¹⁹

The membership of the FRS is divided into five membership classes:²⁰

- Regular Class²¹ consists of 555,716 members (87.15 percent of the membership);
- Special Risk Class²² includes 71,612 members (11.23 percent);
- Special Risk Administrative Support Class²³ has 93 members (.01 percent);
- Elected Officers' Class²⁴ has 2,167 members (0.34 percent); and
- Senior Management Service Class²⁵ has 8,028 members (1.27 percent).

Each class is funded separately based upon the costs attributable to the members of that class.

Members of the FRS have two primary plan options available for participation:

- The pension plan, which is a defined benefit plan; and
- The investment plan, which is a defined contribution plan.

Certain members, as specified by law and position title, may, in lieu of FRS participation, participate in optional retirement plans.

FRS Investment Plan

In 2000, the Legislature created the Public Employee Optional Retirement Program (investment plan), a defined contribution plan offered to eligible employees as an alternative to the pension plan. The earliest that any member could participate in the investment plan was July 1, 2002.

The State Board of Administration (SBA) is primarily responsible for administering the investment plan.²⁶ The SBA is comprised of the Governor as chair, the Chief Financial Officer, and the Attorney General.²⁷

A member vests immediately in all employee contributions paid to the investment plan.²⁸ With respect to the employer contributions, a member vests after completing one work year with an FRS employer.²⁹

¹⁶ Chapter 121, F.S.

¹⁷ As of June 30, 2017, the FRS Pension Plan, which is a defined benefit plan, had 520,014 members, and the investment plan, which is a defined contribution plan, had 117,629 members. *Annual Report, supra* note 14, at 144.

¹⁸ *Id.*

¹⁹ Florida Retirement System Participating Employers for Plan Year 2017-18, prepared by the Department of Management Services, Division of Retirement, Revised February 2017, at 8. A copy of the document can be found online at: <https://www.rol.frs.state.fl.us/forms/part-emp.pdf> (last visited February 19, 2018).

²⁰ *Annual Report, supra* note 14, at 147.

²¹ The Regular Class is for all members who are not assigned to another class. Section 121.021(12), F.S.

²² The Special Risk Class is for members employed as law enforcement officers, firefighters, correctional officers, probation officers, paramedics, and emergency technicians, among others. Section 121.0515, F.S.

²³ The Special Risk Administrative Support Class is for a special risk member who moved or was reassigned to a nonspecial risk law enforcement, firefighting, correctional, or emergency medical care administrative support position with the same agency, or who is subsequently employed in such a position under the FRS. Section 121.0515(8), F.S.

²⁴ The Elected Officers' Class is for elected state and county officers, and for those elected municipal or special district officers whose governing body has chosen Elected Officers' Class participation for its elected officers. Section 121.052, F.S.

²⁵ The Senior Management Service Class is for members who fill senior management level positions assigned by law to the Senior Management Service Class or authorized by law as eligible for Senior Management Service designation. Section 121.055, F.S.

²⁶ Section 121.4501(8), F.S.

²⁷ Section 4(e), Art. IV, Fla. Const.

²⁸ Section 121.4501(6)(a), F.S.

Vested benefits are payable upon termination or death as a lump-sum distribution, direct rollover distribution, or periodic distribution.³⁰

Benefits under the investment plan accrue in individual member accounts funded by both employee and employer contributions and investment earnings. Benefits are provided through employee-directed investments offered by approved investment providers. The amount of money contributed to each member's account varies by class as follows:

Membership Class	Percentage of Gross Compensation
Regular Class	6.30%
Special Risk Class	14.00%
Special Risk Administrative Support Class	7.95%
Elected Officers' Class	
• Justices and Judges	13.23%
• County Elected Officers	11.34%
• Others	9.38%
Senior Management Service Class	7.67%

FRS Pension Plan

The pension plan is a defined benefit plan that is administered by the secretary of the Department of Management Services (DMS) through the Division of Retirement (division).³¹ Investment management is handled by the SBA.

Any member initially enrolled in the pension plan before July 1, 2011, vests in the pension plan after completing six years of service with an FRS employer.³² For members initially enrolled on or after July 1, 2011, the member vests in the pension plan after eight years of creditable service.³³ A member vests immediately in all employee contributions paid to the pension plan.

Benefits payable under the pension plan are calculated based on years of service x accrual rate x average final compensation.³⁴ The accrual rate varies by class as follows:

Membership Class	Accrual Rate
Regular Class	1.60%, 1.63%, 1.65%, 1.68% ³⁵
Special Risk Class	3.00%
Special Risk Administrative Support Class	1.60%, 1.63%, 1.65%, 1.68% ³⁶
Elected Officers' Class	
• Justices and Judges	3.33%
• Others	3.00%
Senior Management Service Class	2.00%

For most members of the pension plan, normal retirement occurs at the earliest attainment of 30 years of service or age 62.³⁷ For members in the Special Risk and Special Risk Administrative Support

²⁹ If a member terminates employment before vesting in the investment plan, the nonvested money is transferred from the member's account to the SBA for deposit and investment by the SBA in its suspense account for up to five years. If the member is not reemployed as an eligible employee within five years, any nonvested accumulations transferred from a member's account to the SBA's suspense account are forfeited. Section 121.4501(6)(b) – (d), F.S.

³⁰ Section 121.591, F.S.

³¹ Section 121.025, F.S.

³² Section 121.021(45)(a), F.S.

³³ Section 121.021(45)(b), F.S.

³⁴ Section 121.091, F.S.

³⁵ Section 121.091(1)(a)1., F.S.

³⁶ Section 121.0515(8)(a), F.S.

Classes, normal retirement is the earliest of 25 years of service or age 55.³⁸ Members initially enrolled in the pension plan on or after July 1, 2011, must complete 33 years of service or attain age 65, and members in the Special Risk and Special Risk Administrative Support Classes must complete 30 years of service or attain age 60.³⁹

DROP

All membership classes in the FRS Pension Plan may participate in DROP, which allows a member to retire without terminating employment; a member who enters DROP may extend employment for an additional five years.⁴⁰ However, members who are instructional personnel employed by the Florida School for the Deaf and Blind and authorized by the Board of Trustees of the Florida School for the Deaf and Blind, who are instructional personnel in grades K-12 and authorized by the district school superintendent, or who are instructional personnel employed by a developmental research school and authorized by the school's director, or if the school has no director, by the school's principal, may participate in DROP for up to three years beyond the initial five-year period.⁴¹ While in DROP, the member's retirement benefits accumulate and earn interest compounded monthly.⁴²

Members in the FRS Investment Plan may not participate in DROP. Investment plan members are considered retired from the FRS when the member takes a distribution from his or her account.⁴³

Effect of Proposed Changes

The bill provides that effective July 1, 2018, instructional personnel who are authorized to extend DROP participation beyond the 60-month period must have a termination date that is the last day of the last calendar month of the school year within the DROP extension granted by the employer. For those employees who have already extended DROP on or before July 1, 2018, the member's DROP participation may be extended through the last day of the last calendar month of that school year. The employer must notify the division of the change in termination date and the additional period of DROP participation for the affected instructional personnel.

In addition, administrative personnel in grades K-12 who have a DROP termination date on or after July 1, 2018, may be authorized to extend DROP participation beyond the initial 60 calendar month period if the administrative personnel's termination date is before the end of the school year. Such administrative personnel may have DROP participation extended until the last day of the last calendar month of the school year in which their original DROP termination date occurred.

Inspector General

Present Situation

Each state agency is required to have an Inspector General (IG),⁴⁴ including the Department of Education (DOE), to provide a central point for the coordination of activities that promote accountability, integrity, and efficiency in government.⁴⁵ The Office of the Chief Inspector General (CIG) is within the Executive Office of the Governor. The CIG monitors the activities of the agency inspectors general under the Governor's jurisdiction, including the DOE's IG.

³⁷ Section 121.021(29)(a)1., F.S.

³⁸ Section 121.021(29)(b)1., F.S.

³⁹ Section 121.021(29)(a)2. and (b)2., F.S.

⁴⁰ Section 121.091(13)(a) and (b), F.S.

⁴¹ Section 121.091(13)(b), F.S.

⁴² If DROP participation began prior to July 1, 2011, the effective annual interest rate was 6.5 percent. On or after July 1, 2011, the annual interest rate for DROP is 1.3 percent.

⁴³ See s. 121.4501(2)(k) and (4)(f), F.S.

⁴⁴ Section 20.055(2), F.S. The Department of Education is created pursuant to s. 20.15, F.S.

⁴⁵ Section 20.005(2), F.S.

The IG:

- advises in the development of performance measures, standards, and procedures for the evaluation of state agency programs;
- assesses the reliability and validity of information provided by the agency on performance measures and standards;
- reviews the actions taken by the agency to improve agency performance, and making recommendations, if necessary;
- supervises and coordinates audits, investigations, and reviews relating to the operations of the state agency;
- conducts, supervises, or coordinates other activities carried out or financed by the agency for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in its programs and operations;
- provides central coordination of efforts to identify and remedy waste, abuse, and deficiencies to the CIG; recommends corrective action concerning fraud, abuses, and deficiencies; and reports on the progress made in implementing corrective action;
- coordinates agency-specific audit activities between the AG, federal auditors, and other governmental bodies to avoid duplication;
- reviews rules relating to the programs and operations of the agency and makes recommendations concerning their impact.
- maintains an appropriate balance between audit, investigative, and other accountability activities; and
- complies with the General Principles and Standards for Offices of Inspector General as published and revised by the Association of Inspectors General.⁴⁶

The inspector general for the DOE is appointed by the CIG.⁴⁷ The DOE inspector general must report to and be under the general supervision of the Commissioner of Education (commissioner) and is not subject to supervision by any other employee of the DOE. The DOE inspector general must report to the CIG, and may hire and remove staff within the IG in consultation with the CIG but independently of the DOE.⁴⁸

The DOE's IG is responsible for promoting accountability, efficiency, and effectiveness and detects fraud and abuse within school districts. If the commissioner determines that the district school board is unwilling or unable to address substantiated allegations made by any person relating to waste, fraud, or financial mismanagement, the office must conduct, coordinate, or request investigations into such substantiated allegations.⁴⁹

Effect of Proposed Changes

The bill requires the DOE's IG to investigate allegations and reports of possible fraud or abuse made by:

- any member of the Cabinet;
- any presiding officer of the Senate or House;
- a chair of a substantive or appropriations committee with appropriate jurisdiction; or
- a member of the board for which investigation is sought.

District School Board Member Travel Expenses

Present Situation

⁴⁶ Section 20.055(2)(a)-(j), F.S.

⁴⁷ Section 20.055(3)(a), F.S.

⁴⁸ *Id.*

⁴⁹ Section 1001.20(4)(e), F.S.

Each district school board member is reimbursed for authorized travel expenses. Any travel outside the district must also be governed by the rules of the State Board of Education.⁵⁰

Effect of Proposed Changes

The bill requires prior district school board approval for reimbursement of out-of-district travel expenses that exceed \$500. Any request for out-of-state travel must also include an itemized list of all anticipated expenses, including, but not limited to, the anticipated costs of all means of travel, lodging, and subsistence. The public must have an opportunity to comment on the travel agenda item.

District School Board Member Salary

Present Situation

Each district school board member receives an annual salary based on the population of the county served.⁵¹ In addition, district school board members receive additional compensation for population increments over the minimum for each population group as follows:⁵²

<u>Pop. Group</u>	<u>County Pop. Range</u>		<u>Base Salary</u>	<u>Group Rate</u>
	Minimum	Maximum		
I	-0-	9,999	\$5,000	\$0.08330
II	10,000	49,999	5,833	0.020830
III	50,000	99,999	6,666	0.016680
IV	100,000	199,999	7,500	0.008330
V	200,000	399,999	8,333	0.004165
VI	400,000	999,999	9,166	0.001390
VII	1,000,000		10,000	0.000000

Effect of Proposed Changes

The bill aligns district school board member salaries with beginning teacher salary or the amount calculated by statute, whichever is less. In fiscal year 2016-17, average district school board member salary exceeded the average beginning teacher salary in the following districts:

- Alachua (\$782)
- Broward (\$739)
- Dade (\$850).
- Duval (\$1,810).
- Hillsborough (\$3,554).
- Lee (\$1,525).
- Leon (\$435).
- Marion (\$528).
- Orange (\$1,091).
- Palm Beach (\$747).
- Pinellas (\$2,605)
- Putnam (\$3,875).
- Santa Rosa (\$1,263).
- Walton (\$870).⁵³

⁵⁰ Section 1001.39, F.S.

⁵¹ Section 1001.395, F.S.

⁵² Section 1001.395, F.S.

Standards of Ethical Conduct

Present Situation

District school boards are required to adopt policies establishing standards of ethical conduct for instructors and administrators. The policies require instructors and administrators to complete specific training and establish a duty and procedure for reporting misconduct. Current law prohibits district school boards, instructors and administrators from entering into confidentiality agreements regarding termination, dismissal or resignation based on misconduct. District school boards are prohibited from providing references or discussing the performance of instructors or administrators without disclosing misconduct. Any part of an agreement that conceals instructor or administrator misconduct is unenforceable.⁵⁴

Effect of Proposed Changes

The bill clarifies that school officers and administrative personnel are subject to ethics standards, including training, reporting procedures, reference requirements and contract requirements.

The bill also clarifies educational staff disqualified from employment for conviction of certain criminal acts by changing the term “school administrators” to “administrative personnel.”

Internal Auditor

Present Situation

An internal audit is an independent and objective assurance and consulting activity that provides information on how financial systems and processes are working. Internal audits result in findings and recommendations that help improve processes and mitigate risks surrounding those processes. An internal audit is different from an external audit, which expresses an opinion on the reasonableness of financial statements within materiality limits. Internal audits focus on processes to determine if they are compliant, effective, and efficient.⁵⁵

Currently, district school boards are permitted, but not required to employ an internal auditor to perform ongoing financial verification of the financial records of the school district. The internal auditor reports directly to the district school board or its designee.⁵⁶

Bay, Brevard, Broward, Clay, Duval, Escambia, Hillsborough, Lake, Lee, Leon, Marion, Martin, Miami Dade, Orange, Palm Beach, Pasco, Pinellas, and Polk district school boards employ internal auditors. However, according to the Office of the Auditor General, the internal auditors in Bay, Clay, Lee and Marion counties only perform audits of school internal funds and are not required to comply with externally established auditing standards.⁵⁷

On February 2, 2014, as part of its presentation to the LAC, the AG’s office recommended that school districts of a specified size employ internal auditors to periodically report on the effectiveness of budgetary control procedures. The AG’s office also recommended laws requiring internal controls designed to:

⁵³ Florida Department of Education, Florida District Staff Salaries of Selected Positions, 2016-17, available at <http://www.fldoe.org/accountability/data-sys/edu-info-accountability-services/pk-12-public-school-data-pubs-reports/staff.stml>. Email, House Education Committee (January 11, 2018).

⁵⁴ Section 1001.42(6), F.S.

⁵⁵ Gibson Consulting Group, *Phase II: Operational Efficiency Audit – Comprehensive Report for Hillsborough County Public Schools*, available at http://www.sdhc.k12.fl.us/docs/00/00/17/86/HCPGibsonPhaseIIFinal_Report.pdf.

⁵⁶ Section 1001.42(12)(l), F.S.

⁵⁷ Email, Auditor General, Deputy Auditor General – Educational Entities and Local Government Audits, (Oct. 26, 2017).

- prevent and detect fraud, waste and abuse;
- promote and encourage economic and efficient operations;
- ensure the reliability of financial records and reports; and
- safeguard assets.⁵⁸

Effect of Proposed Changes

The bill requires school districts with revenues over \$500 million to employ an internal auditor. The internal auditors must perform a comprehensive risk assessment every five years and conduct other audits and reviews as the district school board directs to determine:

- the adequacy of internal controls;
- compliance with applicable laws;
- the efficiency of operation;
- the reliability of financial records;
- financial solvency;
- projected revenues and expenditures; and
- the rate of change in the ending fund balance.

The bill also requires the internal auditor to prepare audit reports and establishes penalties for failure to produce financial records to the internal auditor.⁵⁹

As a result, in fiscal year 2015-16, five districts (Seminole, Volusia, Osceola, Collier, and Sarasota) would have been required to employ an internal auditor and the scope of Lee county's internal auditor would have been increased.⁶⁰

Florida High School Graduation Requirements

Present Situation

Florida law establishes the courses and credits required for a student to receive a standard high school diploma. A student must successfully complete 24 credits in core-curricula and extracurricular courses with a 2.0 or higher cumulative GPA, with limited exceptions.⁶¹

For grades 9 through 12, core curricula courses are those subjects that are measured by state assessment at any grade level and courses that are specifically identified by name in state law as required for high school graduation and that are not measured by state assessment.⁶² Core courses are: english language arts, mathematics, science, and social studies.⁶³ With respect to social studies, students are required to earn 3 credits: one credit in U.S. History; one credit in World History; one-half credit in U.S. Government, and one-half credit in economics, which must include financial literacy.⁶⁴

⁵⁸ Joint Legislative Auditing Committee, *Meeting Packet, February 10, 2014*, at 110 and 114, available at <http://www.leg.state.fl.us/Data/Committees/Joint/JCLA/Meetingpackets/021014.pdf>.

⁵⁹ Section 11.47(3), F.S. Any person who willfully fails or refuses to furnish or produce any book, record, paper, document, data, or sufficient information necessary to a proper audit or examination which the Auditor General or the Office of Program Policy Analysis and Government Accountability is by law authorized to perform is guilty of a misdemeanor of the first degree. Section 11.47(4), F.S. Any officer who willfully fails or refuses to furnish or produce any book, record, paper, document, data, or sufficient information necessary to a proper audit or examination which the Auditor General or the Office of Program Policy Analysis and Government Accountability is by law authorized to perform, is subject to removal from office.

⁶⁰ Florida Department of Education, *Bureau of School Business Services, Office of Funding and Financial Reporting, Financial Profiles of Florida School Districts, 2015-16 Financial Data Statistical Report, June 2017*, at 15, available at <http://www.fldoe.org/core/fileparse.php/7507/urlt/2015-2016-Profiles.pdf>. *Id.*

⁶¹ See s. 1008.4282(3)(a)-(g), F.S. A student may graduate with a minimum of 18 credit hours if he or she meets the core course credit (excluding physical education), assessment, and GPA requirements and completes three electives. See ss. 1002.3105(5) and 1003.4282(6)(a), F.S. One of the courses within the 24 credits must be completed through online learning. See s. 1003.4282(4), F.S.

⁶² Section 1003.01(14), F.S.

⁶³ See s. 1008.4282(3)(a)-(d), F.S.

⁶⁴ Section 1003.4282(3)(d), F.S.

The remaining required courses are extracurricular courses, which include but are not limited to, physical education, fine arts, performing fine arts, career education, and courses that may result in college credit.⁶⁵ Students are also required to earn 8 credits in electives courses. School districts must develop and offer coordinated electives so that a student may develop knowledge and skills in his or her area of interest. Electives must include opportunities for students to earn college credit, including industry-certified career programs or courses that lead to college credit.⁶⁶

Financial Literacy Instruction

The Next Generation Sunshine State Standards (NGSSS), adopted by the State Board of Education pursuant to state law, includes financial literacy standards for kindergarten through grade 12.⁶⁷ In 2014, after a committee of six experts in economics and finance reviewed the Council for Economic Education's (CEE) National Standards for Financial Literacy and after a series of public workshops, the state board incorporated the national standards into the NGSSS for Social Studies.⁶⁸

Current law requires financial literacy standards to include information regarding:

- earning income;
- buying goods and services;
- saving and financial investing;
- taxes;
- the use of credit and credit cards;
- budgeting and debt management, including student loans and secured loans;
- banking and financial services;
- planning for one's financial future, including higher education and career planning; credit reports and scores; and
- fraud and identity theft prevention.⁶⁹

Florida's 2017-2018 Course Code Directory includes courses in economics with financial literacy, incorporating 56 financial literacy standards, which students may use to satisfy the one-half course credit requirement for graduation. The directory also includes a semester-long course in personal financial literacy that school districts may offer to students.⁷⁰

On a nationwide basis, efforts are being made to improve the general quality of financial literacy instruction. The CEE and the Champlain College Center for Financial Literacy have issued reports establishing goals for states to meet in order to generally improve financial literacy instructional standards.⁷¹ The CEE report identifies five metrics for evaluating the quality of financial literacy instruction in a given state:

⁶⁵ Section 1003.01(15), F.S.

⁶⁶ Section 1003.4282(3)(g), F.S.

⁶⁷ See rule 6A-1.09401(1)(c), F.A.C. (incorporating by reference Florida Department of Education, *Next Generation Sunshine State Standards—Social Studies, Revised June 2014*).

⁶⁸ See Florida Department of Education, *Next Generation Sunshine State Standards—Social Studies, Revised June 2014*, at 1 (incorporated by reference in rule 6A-1.09401(1)(c), F.A.C.)

⁶⁹ Section 1003.41(2)(d), F.S.

⁷⁰ See Florida Department of Education, *2017-2018 Course Directory*, <http://www.fldoe.org/policy/articulation/ccd/2017-2018-course-directory.shtml> (last visited February 19, 2018). See also CPALMS, *Browse and Search Courses*, <http://www.cpalms.org/Public/search/Course> (last visited February 19, 2018) (providing the list of standards associated with course #2102335, Economics with Financial Literacy).

⁷¹ See Council for Economic Education, *Survey of the States: Economic and Personal Finance Education in our Nation's Schools 2016*, available at <http://councilforeconed.org/wp/wp-content/uploads/2016/02/sos-16-final.pdf> [hereinafter referred to as "Council for Economic Education"]. See also Champlain College Center for Financial Literacy, *Is Your State Making the Grade? 2015 National Report Card on State Efforts to Improve Financial Literacy in High Schools* (2015), available at <https://www.champlain.edu/centers-of-excellence/center-for-financial-literacy/report-national-high-school-financial-literacy/2015-national-report-card> [hereinafter referred to as *Champlain College*].

- inclusion of financial literacy in the state’s academic standards;
- the requirement that the standards be implemented by each school district;
- the requirement that the standards are included in a high school course;
- the requirement that the high school course be completed by all high school students; and
- implementation of a standardized financial literacy assessment.⁷²

Florida meets four of the five metrics. The state does not, however, administer a statewide, standardized financial literacy assessment.⁷³

The Champlain College’s Center for Financial Literacy has established an A-F scale for assessing a state’s financial literacy instruction policy. The center currently rates Florida a “B,” and it notes that the 56 financial literacy standards that are included in the economics course amounts to approximately 37 hours of financial literacy instruction.⁷⁴ The center advocates the development and implementation of a national financial literacy assessment in lieu of including implementation of a state assessment as one of its metrics. No such national assessment has been developed or implemented.⁷⁵

Research shows that the effect of financial literacy instruction is limited regardless of the length of instruction. Instead, proximity of the instruction to a financial decision bears more impact on financial behavior. “Like other education, financial education decays over time; even large interventions with many hours of instruction have negligible effects on behavior or more from the time of intervention.”⁷⁶

Although the NGSSS financial literacy standards currently cover a number of these topics, the Florida Department of Education indicates that additional NGSSS would need to be developed and approved by the State Board of Education to include content on balancing a checkbook and receiving an inheritance.⁷⁷

⁷² See *Council for Economic Education, supra* at note 71.

⁷³ See *id* at 6.

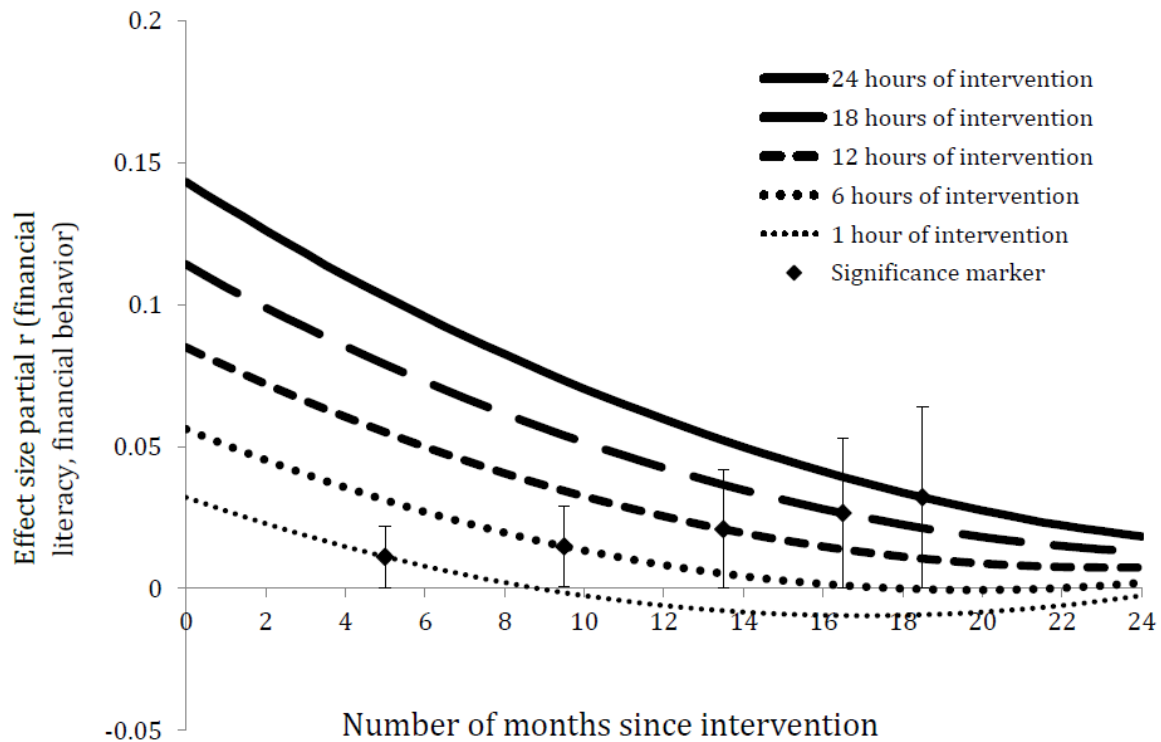
⁷⁴ See *Champlain College* at 35, *supra* at note 71.

⁷⁵ See *id* at 25.

⁷⁶ Daniel Fernandes, John Lynch, and Richard Netemeyer, *Financial Literacy, Financial Education, and Downstream Financial Behaviors*, 60 *MANAGEMENT SCIENCE* 1861, 1867 (2014) (suggesting that a “just-in-time” approach to financial education tied to specific behaviors may constitute a more effective intervention).

⁷⁷ See Florida Department of Education, Agency Analysis of 2018 Senate Bill 88, p. 3.

Figure 4: Partial Correlation of Financial Education Interventions with Financial Behavior as a Function of Number of Hours of Intervention and Number of Months since Intervention



Effect of Proposed Changes

The bill eliminates financial literacy instruction from the one-half credit economics requirement and establishes a one-half credit financial literacy course as an additional elective.

The bill requires students to be provided an opportunity to learn personal financial literacy and specifies that financial literacy includes instruction on:

- types of bank accounts offered, opening and managing a bank account, and assessing the quality of a depository institution's services;
- balancing a checkbook;
- basic principles of money management, such as spending, credit, credit scores, and managing debt, including retail and credit card debt;
- completing a loan application;
- receiving an inheritance and related implications;
- basic principles of personal insurance policies;
- computing federal income taxes;
- local tax assessments;
- computing interest rates by various mechanisms;
- simple contracts;
- contesting an incorrect billing statement;
- types of savings and investments; and
- state and federal laws concerning finance.

The DOE must identify freely available assessments or certificates that enable a student to demonstrate proficiency in personal finance literacy without taking the course.

Florida Partnership for Minority and Underrepresented Student Achievement

Present Situation

The Florida Partnership for Minority and Underrepresented Student Achievement (Florida partnership), was created in 2004⁷⁸ to prepare, inspire, and connect students to postsecondary success and opportunity, with a particular focus on minority students and students who are underrepresented in postsecondary education.⁷⁹

The Florida partnership provides to students enrolled in grade 10 in public schools access to the preliminary ACT and another specified assessment.⁸⁰ Test results will provide each high school with a database of student assessment data that certified school counselors must use to identify students who are prepared or who need additional work to be prepared to enroll and be successful in AP courses or other advanced high school courses.⁸¹

The Florida partnership is required to provide information to students and other specified recipients regarding the preliminary ACT or PSAT/NMSQT administration and participation by 10th grade students.⁸² The Florida partnership must also submit to the DOE a report that, among other items, evaluates the level of participation in the preliminary ACT.⁸³

Additionally, the DOE must contribute to the evaluation of the Florida partnership by providing access to student and teacher information necessary to match against databases containing teacher professional development data and against databases containing assessment data for the PSAT/NMSQT, SAT, AP, and other appropriate measures.⁸⁴

Effect of Proposed Changes

The bill revises the name of the preliminary ACT to the PreACT to be consistent with the correct name of the assessment.⁸⁵ The bill also includes the ACT and the PreACT to specified assessments in databases for which the DOE must provide access for evaluation purposes.

Cost Accounting and Reporting

Present Situation

Currently, school districts are required to account for expenditures of all state, local, and federal funds on a school-by-school and a district-aggregate basis including:

- expenditures for in-service training (district level only);
- expenditures for categorical programs (district level only); and
- expenditures for basic programs.

The commissioner must present to the Legislature a district-by-district report of the expenditures reported.⁸⁶

⁷⁸ Section 1, ch. 2004-63, L.O.F.

⁷⁹ Section 1007.35(4), F.S.

⁸⁰ *Id.* at (5). Public high schools are required to provide for the administration of the Preliminary ACT or the Preliminary SAT/National Merit Scholarship Qualifying Test (PSAT/NMSQT). *Id.*

⁸¹ *Id.* at (5)(a), F.S.

⁸² *Id.* at (6)(j), F.S.

⁸³ *Id.* at (8)(a), F.S.

⁸⁴ *Id.*

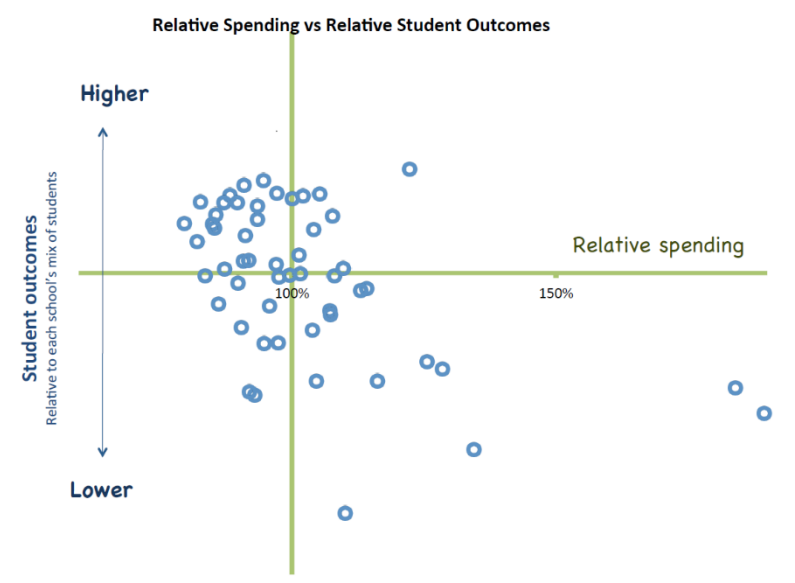
⁸⁵ ACT, *PreACT*, <https://www.act.org/content/act/en/products-and-services/preact/preact-classroom.html> (last visited February 19, 2018).

⁸⁶ Section 1010.20(1) and (2), F.S.

Districts must spend at least the percent of the funds generated by each of the programs listed on the aggregate total school costs for such programs:

- Ninety percent for kindergarten and grades 1, 2, and 3.
- Eighty percent for grades 4, 5, 6, 7, and 8.
- Eighty percent for grades 9, 10, 11, and 12.
- Ninety percent for programs for exceptional students, on an aggregate program basis.
- Eighty percent for grades 7 through 12 career education programs, on an aggregate program basis.
- Eighty percent for students-at-risk programs, on an aggregate program basis.
- Ninety percent for Juvenile justice programs, on an aggregate program basis.⁸⁷

Each state is required to calculate the per-pupil expenditures of Federal, State, and local funds, including actual personnel expenditures and actual nonpersonnel expenditures of Federal, State, and local funds, disaggregated by source of funds, for each local educational agency and each school in the state.⁸⁸



Other states use expenditure data, together with student performance data to determine school efficiency.⁸⁹

Effect of Proposed Changes

The bill requires school districts to report to the DOE total operating costs and classroom instructional expenditures on a school-by-school and aggregate district basis. The bill requires the DOE to calculate the percentage of classroom expenditures to total operating expenditures at school, district and state level. The results must be categorized into peer groups based on the size of each school and district. The DOE must also calculate the average percentage of classroom expenditures to total operating expenditures at the school, district and state level.

⁸⁷ Section 1010.20(1)-(3), F.S.

⁸⁸ 20 U.S.C. s. 6311(h)(1)(C)(x).

⁸⁹ Building State Capacity and Productivity Center, *Understanding the Productivity Landscape in Your State*, available at http://www.bscccenter.org/productivity/pdf/bscp_productivity_webinar2_7_25_13.pdf. Texas Comptroller of Public Accounts, *Financial Allocation Study for Texas 2010*, available at <https://www.heartland.org/publications-resources/publications/fast-financial-allocation-study-for-texas-2010>. Ohio Department of Education, *Expenditure & Revenue Data*, available at <http://education.ohio.gov/Topics/Finance-and-Funding/Finance-Related-Data/Expenditure-and-Revenue/Expenditure-Revenue-Data>.

The bill also requires the DOE to develop a fiscal transparency tool that identifies public schools and districts that produce high academic achievement by comparing the ratio of classroom instructional expenditures to total expenditures to student performance measures. The results must be displayed on the DOE website in an easy to use format that allows comparison between schools and districts. Each school district is required to post a link to the fiscal transparency tool on the district's webpage.

Budget Transparency

Present Situation

It is important for school districts to provide budgetary transparency to enable taxpayers, parents, and education advocates to obtain school district budget and related information in a manner that is easy to understand. Budgetary transparency leads to more responsible spending, more citizen involvement, and improved accountability. A budget that is not transparent, accessible, or accurate cannot be properly analyzed, its implementation thoroughly monitored, or its outcomes evaluated.⁹⁰

District school boards are required to post a plain language version of each proposed, tentative, and official budget on their website. The budget must describe each budget item in easily understandable terms. The information must be prominently posted on the school district's website in a manner that is readily accessible to the public. However, these budgets do not have understandable summary financial performance or efficiency information that allows a comparison of expenditure trends.⁹¹

Effect of Proposed Changes

The bill changes the section title to "school district fiscal transparency" to reflect the additional information that must be provided and authorizes individual school board members to request and receive all budget information. The bill also requires district school boards to increase fiscal transparency by providing graphical representations of summary financial efficiency data and fiscal trend information. The data must provide fiscal trend information for the previous three years at the school and district level and must provide calculations on the:

- ratio of students to teachers and administrators;
- total operating and instructional expenditures per student;
- general administrative expenditures as a percentage of total budget; and
- rate of change in the general fund's ending fund balance not classified as restricted.

General Funds Guidelines

Present Situation

District school boards must maintain a general fund ending balance that is sufficient to address normal contingencies.⁹² If a district school board's general fund's ending fund balance not classified as restricted, committed, or nonspendable in the approved operating budget is projected to fall below 3 percent of projected general fund revenues during the current fiscal year, the district superintendent must provide a written notification to the district school board and the commissioner.⁹³

If the same ending fund balance is projected to fall below 2 percent of projected general fund revenues during the current fiscal year, the district superintendent must provide written notification to the district school board and the commissioner. Within 14 days after receiving the notification, if the commissioner determines that the district does not have a plan that is reasonably anticipated to avoid a financial

⁹⁰ Section 1011.035(1), F.S.

⁹¹ Section 1011.035(2), F.S.

⁹² Section 1011.051, F.S.

⁹³ Section 1011.051(1), F.S.

emergency, the commissioner must appoint a financial emergency board that must operate under the requirements, powers, and duties specified in law.⁹⁴

As of June 30, 2016, only the Jefferson County School District had a financial condition ratio below 3 percent. Jefferson County School District's financial condition ratio was negative 0.43 percent and the District's financial condition ratio was below 3 percent in the prior two consecutive fiscal years.⁹⁵

Effect of Proposed Changes

The bill requires districts with ending fund balances that fall below the 3 percent threshold for two consecutive years to reduce administration expenditures in proportion to the reduction in the general fund's ending balance or the reduction in student enrollment, whichever is greater. The bill also prohibits any district school board with an ending fund balance below the 3 percent threshold from making expenditures on out-of-district travel and cellular phones.

Financial Emergency

Present Situation

District school boards are subject to review and oversight by the commissioner when the district is unable to timely pay current debts and liabilities. A district school board is in a state of financial emergency when the district is unable to timely pay current debts and liabilities and state assistance is needed for corrective action.⁹⁶ While in a state of financial emergency, the commissioner may implement measures which:

- requires commissioner approval of the district school board's budget;
- prohibits a district school board from issuing debt;
- requires inspections and reviews of district school board records, reports and information;
- establishes a financial emergency board to oversee the activities of the district school board; and
- requires a plan of action that will cause the district school board to no longer be in a financial emergency.⁹⁷

Effect of Proposed Changes

The bill requires the DOE to contract with an independent third party to conduct an investigation of the accounts and records of any district school board that failed to timely pay any current debt or liability during the 2015-16 fiscal year, or thereafter. The investigation must determine the cause of the deficit, steps taken to avoid the deficit and whether school board members violated the law. The investigation must also include an analysis of:

- budget reports;
- journal entries;
- budget methodologies;
- staff emails;
- financial statements; and
- meeting minutes.

The investigation results must include a recommendation for corrective action and controls to avoid future budget shortfalls. The district school board, the DOE, the LAC and the district's financial emergency board, if applicable, must receive the results of the investigation.

⁹⁴ Section 1011.051(2), F.S., s. 218.503(3)(g), F.S.

⁹⁵ State of Florida Auditor General, *Summary of Significant Findings and Financial Trends Identified in District School Board Audit Reports for the Fiscal Year Ended June 30, 2016*, at 11, available at https://flauditor.gov/pages/pdf_files/2018-030.pdf.

⁹⁶ Section 218.503(1) and (3), F.S.

⁹⁷ Section 218.503(3), F.S.

The bill also requires the withholding of district school board member's and superintendent's salaries when the district fails to timely pay certain debts and liabilities. The salary of each district school board member and superintendent must be withheld until the issue is addressed. However, the penalty does not apply to school board members or superintendents elected or appointed 1 year after the identification of the financial emergency conditions if the individual did not participate in the approval or preparation of the final school district budget adopted prior to the identification of such conditions.

District School Board Budget Transparency

Present Situation

District school boards must prepare, adopt, and submit an annual budget to the commissioner.⁹⁸ Estimated expenditures in a school district's tentative budget cannot exceed estimated income.⁹⁹ District expenditures must be limited to amounts budgeted and no expenditures can be authorized or obligations incurred in excess of the budgetary appropriation.¹⁰⁰ However, a district school board may establish policies that allow expenditures to exceed amounts budgeted if the district school board approves the expenditure and amends the budget.¹⁰¹

District school boards are required to post a plain language version of each proposed, tentative, and official budget on its website. The budget must describe each item in terms that are easily understandable. A school district must prominently post budget information on its website in a manner that is readily accessible to the public.¹⁰²

Effect of Proposed Changes

The bill requires district budget amendments to occur at the district school board's next scheduled public meeting. The district school board must also provide a full explanation of any budget amendments.

B. SECTION DIRECTORY:

Section 1. Amends s. 11.45, F.S., relating to the duties of the Auditor General.

Section 2. Amends s. 121.091, F.S., relating to benefits.

Section 3. Amends s. 1001.20, F.S., relating to the Department of Education.

Section 4. Amends s. 1001.39, F.S., relating to district school board member travel expenses.

Section 5. Amends s. 1001.395, F.S., relating to district school board member compensation.

Section 6. Amends s. 1001.42, F.S., relating to the powers and duties of district school boards.

Section 7. Amends s. 1002.395, F.S. relating to the Florida Tax Credit Scholarship.

Section 8. Amends s. 1003.4282, F.S., relating to the requirements for a standard high school diploma.

⁹⁸ Section 1011.01(3)(a), F.S.

⁹⁹ Section 1011.02(4), F.S.

¹⁰⁰ Section 1011.06, F.S. It is the duty of the superintendent and district school board to take whatever action is necessary during the fiscal year to keep expenditures and obligations within the budgeted income. Rules 6A-1.007(1) and 6A-1.007(2), F.A.C. The school board must approve amendments to the budget whenever budget changes occur.

¹⁰¹ Section 1011.06(2), F.S.

¹⁰² Section 1011.035(3), F.S.

Section 9. Amends s. 1007.35, F.S., relating to the Florida Partnership for Minority and Underrepresented Student Achievement.

Section 10. Amends s. 1010.20, F.S., relating to cost accounting and reporting for school districts.

Section 11. Amends s. 1011.01, F.S., relating to district school board's budget systems.

Section 12. Amends s. 1011.03, F.S., relating to public hearings and budgets submitted to the Department of Education.

Section 13. Amends s. 1011.035, F.S., relating to school district fiscal transparency.

Section 14. Amends s. 1011.051, F.S., relating to guidelines for general funds.

Section 15. Amends s. 1011.06, F.S., relating to expenditures for school districts and other funds.

Section 16. Amends s. 1011.09, F.S., relating to expenditures of funds by district school boards.

Section 17. Amends s. 1011.10, F.S., relating to penalties.

Section 18. Amends s. 1011.60, F.S., relating to the minimum requirements of the Florida Education Finance Program.

Section 19. Repeals s. 1011.64, F.S. relating to school district classroom expenditure requirements.

Section 20. Provides a statement of important state interest.

Section 21. Provides \$850,000 in nonrecurring funds from the General Revenue Fund to implement the provisions of the bill.

Section 22. Provides an effective date of July 1, 2018.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The bill provides an appropriation of \$850,000 in nonrecurring funds from the General Revenue fund to (a) develop and maintain the web-based fiscal transparency tool and (b) contract for the completion of the investigation when the district is subject to the conditions identified in s. 218.503(1), F.S.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

School districts that receive \$500 million or more in revenues and do not currently employ an internal auditor may incur additional costs in hiring an internal auditor; however, cost savings provided as a result of action taken based on findings of the internal auditor may offset the additional costs.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

School districts may incur costs associated with procuring additional instructional materials aligned to the new personal financial literacy course, providing professional development to classroom teachers who will teach the course, and hiring additional classroom teachers to teach the course. These costs are indeterminate.

The bill authorizes certain school instructional personnel and administrative personnel to extend the length of their participation in DROP at the discretion of the employer. As such, any fiscal impact from the provisions of the bill will be dependent on decisions made by local employers.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditure of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

Actuarial Requirements

Article X, s. 14 of the State Constitution requires that benefit improvements under public pension plans in the State of Florida be concurrently funded on a sound actuarial basis, as set forth below:

SECTION 14. State retirement systems benefit changes.--A governmental unit responsible for any retirement or pension system supported in whole or in part by public funds shall not after January 1, 1977, provide any increase in the benefits to the members or beneficiaries of such system unless such unit has made or concurrently makes provision for the funding of the increase in benefits on a sound actuarial basis.

Article X, s. 14 of the State Constitution is implemented by statute under part VII of ch. 112, F.S., the "Florida Protection of Public Employee Retirement Benefits Act" (Act). The Act establishes minimum standards for the operation and funding of public employee retirement systems and plans in the State of Florida. It prohibits the use of any procedure, methodology, or assumptions the effect of which is to transfer to future taxpayers any portion of the costs which may reasonably have been expected to be paid by the current taxpayers.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

Not applicable.