

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HB 665 Maximum Class Size

**SPONSOR(S):** Education Appropriations Subcommittee, Moraitis, Jr. and others

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

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Education Appropriations Subcommittee	12 Y, 0 N, As CS	Seifert	Heflin
2) Education Committee		Beagle	Mizereck

### SUMMARY ANALYSIS

The bill revises the method for calculating the penalty for public schools that fail to comply with class size requirements and the allowable uses of class size reduction operating categorical funds for schools not in compliance. The bill also repeals an increase in the penalty scheduled to begin in FY 2014-2015 and thereafter.

The bill will result in a reduction in the amount deducted from a school district's class size reduction operating categorical. See Fiscal Analysis & Economic Impact Statement.

The bill takes effect July 1, 2015.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### Maximum Class Size

###### Present Situation

In 2002, voters approved the Class Size Reduction Amendment to Section 1, Article IX of the Florida Constitution. The amendment required the Legislature by the beginning of the 2010 school year to make adequate provision to ensure that there are a sufficient number of classrooms in Florida so that the maximum number of students assigned to each teacher does not exceed:

- 18 students for prekindergarten through 3rd grade;
- 22 students for 4th through 8th grades; and
- 25 students for 9th through 12th grades.

Extracurricular courses are expressly excluded from the class size mandate; thus, its requirements apply only to core curricula courses, which are defined in s. 1003.01(14), F.S.

Additionally, the amendment requires that the Legislature provide sufficient funds, beginning in Fiscal Year (FY) 2003-04, for school districts to reduce the average number of students in each classroom by at least two annually until the constitutionally prescribed maximum number of students is achieved. Under the initial implementing statute<sup>1</sup>, compliance with the class size requirements was to be measured at the:

- District level for each of the three grade groupings during FYs 2003-06.
- School level for each of the three grade groupings in FYs 2006-08.
- Individual classroom level for each of the three grade groupings in FY 2008-09 and thereafter.

The timeframe for measuring class size at the school level was extended twice by the Legislature. In 2008, the Legislature extended school level measurement through FY 2008-09.<sup>2</sup> The next year, the Legislature extended this timeframe by one more year, thereby delaying measurement of class size at the individual classroom level until FY 2010-11 and thereafter.<sup>3</sup> Legislation enacted in 2010 established the compliance calculation for charter schools at the school level average.<sup>4</sup> Legislation enacted in 2013 granted the same treatment to district-operated schools of choice.<sup>5</sup>

In 2013, the Legislature also added a provision to exempt “blended learning courses” from the core courses required to be in compliance with class size.<sup>6</sup> Currently no definition exists for what comprises a “blended learning course”.

To implement the class size amendment, the Legislature annually appropriates class size reduction categorical funding for school district operating costs. Additionally, the Legislature has appropriated funds for capital outlay (facility) needs and granted bonding authority to fund classroom construction and other capital needs related to class size reduction. Since 2003, the Legislature has appropriated more than \$28.7 billion for operational expenses and \$2.5 billion in facilities funding to implement the Class Size Reduction Amendment.

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<sup>1</sup> Section 2, ch. 2003-391, L.O.F.

<sup>2</sup> Section 5, ch. 2008-142, L.O.F.

<sup>3</sup> Section 13, ch. 2009-59, L.O.F.

<sup>4</sup> s. 1002.33(16)(b)3., F.S., as created in section 6, ch. 2010-154, L.O.F.

<sup>5</sup> s. 1002.31(9), F.S., as created in section 9, ch. 2013-250, L.O.F.

<sup>6</sup> s. 1003.01(14), F.S., as modified in section 3, ch. 2013-225, L.O.F.

History of Funding for Class Size Reduction			
Fiscal Year	Operating Funds	Facilities Funds	Total Funds
2003-2004	\$ 468,198,634	\$ 600,000,000	\$ 1,068,198,634
2004-2005	\$ 972,191,216	\$ 100,000,000	\$ 1,072,191,216
2005-2006	\$ 1,507,199,696	\$ 83,400,000	\$ 1,590,599,696
2006-2007	\$ 2,108,529,344	\$1,100,000,000	\$ 3,208,529,344
2007-2008	\$ 2,640,719,730	\$ 650,000,000	\$ 3,290,719,730
2008-2009	\$ 2,729,491,033	\$ -	\$ 2,729,491,033
2009-2010	\$ 2,845,578,849	\$ -	\$ 2,845,578,849
2010-2011	\$ 2,913,825,383	\$ -	\$ 2,913,825,383
2011-2012	\$ 2,927,464,879	\$ -	\$ 2,927,464,879
2012-2013	\$ 2,974,748,257	\$ -	\$ 2,974,748,257
2013-2014	\$ 2,974,766,164	\$ -	\$ 2,974,766,164
2014-2015	\$ 3,013,103,776	\$ -	\$ 3,013,103,776
<b>Total to Date</b>	<b>\$28,075,816,961</b>	<b>\$2,533,400,000</b>	<b>\$30,609,216,961</b>

Section 1003.03(4), F.S., requires the Department of Education (DOE) to reduce class size categorical funding for school districts and charter schools that are out of compliance with class size requirements. The penalty is calculated at the classroom level for traditional public schools and at the school level for charter schools and district-operated schools of choice. The penalties for traditional public schools and district-operated schools of choice are combined to make a total adjustment for each district. DOE must calculate the penalty for traditional public schools out of compliance as follows:

- Step 1:** Identify, for each grade grouping, the number of classrooms that exceed the maximum and the total number of students which exceeds the maximum for all classes.
- Step 2:** Determine the number of full-time equivalent (FTE) students which exceeds the maximum for each grade grouping.
- Step 3:** Multiply the total number of FTE students over the maximum for each grade grouping by the district's FTE dollar amount of the class size reduction operating categorical allocation for that year and calculate the total for all three grade groupings.
- Step 4:** Multiply the total number of FTE students over the maximum for all classes by an amount equal to 50 percent of the base student allocation adjusted by the district cost differential for the 2013-14 FY.

A school district's class size reduction operating categorical allocation is then reduced by an amount equal to the sum of the calculations in Steps 3 and 4. Beginning in FY 2014-15 and thereafter, the total number of FTE students over the maximum for all classes must be multiplied by 100 percent, rather than 50 percent, of the base student allocation adjusted by the district cost differential, thereby increasing the amount of the penalty (see Step 4).

The reduced amount is the lesser of DOE's calculation or the undistributed balance of the school district's class size reduction operating categorical allocation. If a district made appropriate efforts to reduce class sizes but still failed to achieve compliance or an emergency caused noncompliance, the Commissioner of Education is authorized to recommend an alternative transfer amount for approval by the Legislative Budget Commission.<sup>7</sup> Once the reduced amount is determined, after district appeals, the commissioner must prepare a reallocation of the funds made available as a bonus to districts that have fully met the class size requirements by calculating an amount that is up to five percent of the base student allocation multiplied by the total district FTE students. The reallocation total may not exceed 25 percent of the total funds reduced.

History of Class Size Transfer (& Reallocation) Calculation for Traditional Public Schools		
	Pre-Appeals	Post-Appeals
		After Plan

District	2003-04	\$21,488,179	\$1,479,948	
District	2004-05	\$11,354,475	\$1,076,719	
District	2005-06	\$5,222,735	\$496,059	
School	2006-07	\$7,836,834	\$3,273,943	
School	2007-08	\$5,330,411	\$333,302	
School	2008-09	\$1,396,108	\$0	
School	2009-10	\$1,912,030	\$267,263	
Classroom	2010-11	\$40,795,637	\$31,305,124	\$7,826,281
Classroom	2011-12	\$58,749,605	\$43,407,465	\$10,851,866
Classroom	2012-13	\$26,965,789	\$22,698,784	\$5,674,696
Classroom	2013-14	\$12,674,357	\$9,558,513	\$2,389,628
Classroom	2014-15	\$11,306,609	\$1,260,083	\$315,021
<b>History of Class Size Transfer (&amp; Reallocation) Calculation for Charter Schools</b>				
		Pre-Appeals	Post-Appeals	After Plan
N/A	2003-04	\$0	\$0	
N/A	2004-05	\$0	\$0	
N/A	2005-06	\$0	\$0	
School	2006-07	\$6,831,504	\$2,724,878	
School	2007-08	\$802,515	\$194,836	
N/A	2008-09	\$0	\$0	
N/A	2009-10	\$0	\$0	
School	2010-11	\$2,292,191	\$355,539	\$88,885
School	2011-12	\$3,921,323	\$652,851	\$163,213
School	2012-13	\$1,570,397	\$431,345	\$107,836
School	2013-14	\$835,448	\$204,863	\$51,216
School	2014-15	\$2,789,830	\$562,397	\$140,599
<b>History of Class Size Transfer (&amp; Reallocation) Calculation for Choice Schools</b>				
		Pre-Appeals	Post-Appeals	After Plan
School	2013-14	\$1,129,183	\$475,592	\$118,898
School	2014-15	\$421,513	\$177,347	\$44,337

School districts that fail to comply with the class size requirements must submit a plan certified by the district school board by February 1 which describes the actions the district will take in order to be in compliance by October of the following year. For districts that submit the plan by the required deadline, the funds remaining after the reallocation calculation must be added back to the district's class size reduction operating categorical allocation based on each qualifying district's proportion of the total reduction for all qualifying districts for which a reduction was calculated. The amount added back may not be greater than the amount that was reduced.<sup>8</sup>

#### Effect of Proposed Changes

The bill amends s. 1003.03(04), F.S., to revise the method for calculating the penalty for schools that fail to comply with the class size requirements by calculating steps 2, 3, and 4 at the school average instead of at the classroom level. The increase in the penalty scheduled to begin in FY 2014-15 and thereafter is repealed.

The bill requires school districts to spend an amount of funds equal to the reduction calculation to bring district schools that are out of compliance with class size requirements into compliance at the school average. Accordingly, the bill repeals provisions requiring:

- The commissioner to reallocate funds derived from class size penalties to districts that are in compliance with class size.

<sup>8</sup> s. 1003.03(4)(e), F.S.  
**STORAGE NAME:** h0665c.EDC  
**DATE:** 3/17/2015

- That funds remaining after the reallocation calculation be added back to the district's class size reduction operating categorical allocation if the district submits its compliance plan by the required deadline.

The bill removes provisions providing for calculation of class size compliance of charter schools and district innovation schools at the school level.

Additionally, the bill requires each school district that is not in compliance with class size requirements at the school average to publish its compliance plan on the district website and provide a copy of the plan to the School Advisory Committee of each school not in compliance.

#### B. SECTION DIRECTORY:

Section 1: Amends s. 1002.33, F.S., eliminating provisions providing for calculation of a charter school's compliance with class size at the school average.

Section 2: Amends s. 1002.451, F.S., eliminating provisions providing for calculation of a district innovation school of technology's compliance with class size at the school average.

Section 3: Amends s. 1003.03, F.S., revising the compliance calculation for traditional public schools that fail to comply with the class size requirements by performing the compliance calculation at the school average instead of at the classroom level; requiring the amount of the reduction calculation to be expended in the schools that are out of compliance to achieve compliance; repealing the reallocation of funds to class size compliant school districts; requiring each school district to publish its class size compliance plan on its website and provide the plan to the school advisory committee of each school not in compliance.

Section 4: Provides an effective date of July 1, 2015.

## 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 revises the compliance calculation for traditional public schools that fail to comply with the class size requirements by performing the compliance calculation at the school average instead of at the classroom level, so the amount deducted from a school district's class size reduction operating categorical will be reduced. The bill requires the district to spend the compliance funds within the school that is out of compliance to get the school to the class size maximum.

### **III. COMMENTS**

#### **A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

#### **B. RULE-MAKING AUTHORITY:**

None.

#### **C. DRAFTING ISSUES OR OTHER COMMENTS:**

Line 139: The bill uses the term "school advisory committee" rather than the statutorily defined term "school advisory council."

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

On March 12, 2015, the Education Appropriations Subcommittee adopted a proposed committee substitute (PCS) and reported the bill favorably as a committee substitute. The PCS:

- Removed provisions eliminating the exclusion of blended learning courses from class size requirements.
- Removed provisions requiring school districts to spend funds equaling the amount of the reduction calculation on supplemental academic instruction.
- Added provisions requiring such funds to be spent on bringing district schools that are out of compliance with class size requirements into compliance.
- Added provisions requiring each school district that is not in compliance with class size requirements to post its compliance plan on the school district website and submit the plan to the school advisory committee of each school not in compliance.

This bill analysis is drafted to the committee substitute adopted by the Education Appropriations Subcommittee.