The Florida Senate

BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Education Pre-K - 12 Committee

BILL: CS/SB 1978

INTRODUCER: Education Pre-K - 12 Committee and Senator Diaz de la Portilla

SUBJECT: Education/Expenditures for Classroom Instruction

DATE: April 2, 2009 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	deMarsh-Mathues	Matthews	ED	**Fav/CS**
2.			EA	
3.			WPSC	
4.				
5.				
6.				

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE.....	x	Statement of Substantial Changes
B. AMENDMENTS.....		Technical amendments were recommended
		Amendments were recommended
		Significant amendments were recommended

I. Summary:

The bill requires a school district to spend at least 70 percent of its total operating funds for purposes directly related to classroom instruction, effective July 1, 2009. School administrators must spend at least 70 percent of a school's budget on classroom instruction. The bill requires districts to annually calculate the percentage of state-funded operating expenditures that support classroom instruction.

The Department of Education (DOE) is charged with the following:

- Developing a uniform calculation for determining classroom expenditure percentages and a common format for district reporting;
- Analyzing the expenditures of school districts that receive a district grade of "C" or lower and that meet or fail to meet required classroom expenditure levels, as well as the expenditures for districts that fail to meet the requirements but receive a grade higher than "C"; and
- Providing technical assistance in budget preparation and analysis to districts that fail to meet the required classroom expenditure level.

A superintendent of a district that fails to meet the minimum classroom expenditure level must appear before the State Board of Education (SBE) to explain the financial and performance status of the district after the release of the expenditure report. Principals of schools that fail to meet the minimum classroom expenditure levels must explain to the district school board the financial and performance status of the school. The bill also requires the Commissioner of Education to recommend to the superintendent and school board expenditure revisions that may result in higher student achievement. At the school level, the bill requires a school board to assist principals of schools that fail to meet classroom expenditure requirements.

This bill creates s. 1010.2155 of the Florida Statutes.

II. Present Situation:

Current law requires a school financial report to better inform parents and the public as to how funds were spent to operate the school during the prior school year.[1] The law also requires district school boards to submit a report to the Commissioner of Education that identifies and summarizes administrative and instructional expenditures by fund for the prior school year. All expenditures within the general and special revenue funds for each district school board, including salaries, benefits, purchased services, energy services, materials and supplies, capital outlay, and miscellaneous expenditures for specific purposes are classified as instructional expenditures.[2] School districts must spend statutorily specified percentages of the instructional program funds generated through the Florida Education Finance Program (FEFP) on school costs for those programs.[3]

Proponents of proposals that would require school districts to spend a specified percentage of their operating budgets on classroom instruction cite potential benefits such as reducing the amount of money spent on inefficient administrative costs by making districts accountable for how they spend their money and improving student performance by focusing on classroom activities.

Standard & Poor's analyzed district level spending and student achievement data in states considering proposals to implement these types of initiatives. [4] According to their analysis, there is no minimum spending allocation (i.e., the district's instructional spending allocation) that provides a solution for improving student achievement. The report also notes the following:

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[1] ch. 94-319, L.O.F., created the Educational Funding Accountability Act of 1994, codified as s. 1010.215, F.S. Chapter 2001-157, L.O.F., created the "Dollars to the Classroom Act of 2001,"codified as s. 1011.64, F.S. According to the DOE, this provision is obsolete.

[2] This includes the following: instruction; instructional support services, including student personnel services, instructional media services, instruction and curriculum development, and instructional staff training services; school administration, including support expenditures; facilities acquisition and construction at the school level; food services; central services at the school level; student transportation services; and plant operation and maintenance.

[3] s. 1010.20, F.S.

[4] *The Issues and Implications of the "65 Percent Solution" – Addendum*, Standard & Poor's (S&P) School Evaluation Services, Winter 2006. *See* http://admin.schoolmatters.com/SMResourceHandler/resourcehandler.res?rtype=file&rpid=39197550&flnm=The%20Issues%2065%20Percent%20Solution%20-%20Addendum.pdf and http://admin.schoolmatters.com/SMResourceHandler/resourcehandler.res?rtype=file&rpid=39197550&flnm=The%20Issues%20and%20Implications%20of%20the%2065%20Percent.pdf&rct=1 (Last visited March 28, 2009)

- Spending more on instruction is generally thought to help raise test scores; however, the data reveal no significant relationship between instructional spending at any level and student performance.
- For every instructional spending allocation above or below a threshold, there is a wide range in districts' reading and math proficiency rates. Thus, the data do not suggest that mandating a minimum instructional spending allocation applied uniformly across all districts would necessarily increase academic performance. Rather, the range in districts' academic performance at every spending allocation suggests that how districts spend their instructional dollars may have as much, if not more, of an impact on student achievement as the percentage of dollars spent in the classroom.
- While the data do not support mandating a minimum instructional spending threshold applied uniformly across all districts, monitoring the percentage districts allocate to instruction is a useful benchmark in assessing the district's return on resources.
- For policymakers considering how to define a ratio measuring the percentage districts spend on classroom instruction, it is important to understand the implications of how the term "classroom instruction" is defined.
- Fixed costs may vary significantly from district to district. Small districts, in particular, may find that their non-instructional spending is largely comprised of fixed costs in areas that cannot be reduced without compromising their ability to deliver the service at even a basic level (e.g., transportation, food services, operations and maintenance, etc.).
- Examining how the most resource-effective districts (i.e., high achieving, lower spending districts) have allocated their instructional resources would offer invaluable insights into the particular instructional activities that tend to result in higher student performance.
- There is considerable value in measuring the amount of a district's budget allocated to instruction (relative to other functions) as part of the state's fiscal accountability system. Such an indicator helps assess whether a district's spending priorities are aligned with its academic goals. It also helps a district assess its return on resources.

III. Effect of Proposed Changes:

The bill requires districts to spend at least 70 percent of its total operating funds for purposes directly related to classroom instruction, effective July 1, 2009. School administrators must spend at least 70 percent of a school's budget on classroom instruction.

The bill requires districts to annually calculate the percentage of state-funded operating expenditures that support classroom instruction. However, the bill does not provide for calculating the amount of federal and local funds that also support classroom instruction.

The calculation is based on the school district operating expenditures such as salaries and benefits for instructional personnel, instructional materials and instructional supplies, inservice teacher education, and curriculum development divided by state-funded school district operating expenditures, excluding student transportation and school food services.

The DOE is charged with developing a uniform calculation for determining classroom expenditure percentages and a common format for district reporting. A district must include classroom expenditure information annually in its financial report, the school report card, and the district website.

The DOE must analyze the expenditures of any school district that receive a district grade of "C" or lower and that meet or fail to meet required classroom expenditure levels, as well as the expenditures for districts that fail to meet the requirements but receive a grade higher than "C". District schools must analyze expenditures at the school level.

The DOE must also provide technical assistance in budget preparation and analysis to districts that fail to meet the required classroom expenditure level.

A superintendent of a district that fails to meet the minimum classroom expenditure level must appear before the SBE to explain the financial and performance status of the district after the release of the expenditure report. Principals of schools that fail to meet the minimum classroom expenditure levels must explain to the district school board the financial and performance status of the school. The Commissioner of Education must recommend to the superintendent and school board expenditure revisions that may result in higher student achievement. At the school level, the bill requires a school board to assist principals of schools that fail to meet classroom expenditure requirements. The SBE is authorized to adopt rules and enforce the new law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The DOE notes that the denominator for the calculation includes questionable items such as debt service and capital outlay in the general fund.[5] Additionally, most small districts cannot achieve economies of scale in order to be comparable to larger districts. Based on the provisions of the bill, the following districts would meet the requisite 70 percent

[5] DOE, March 27, 2009.

threshold: Calhoun, Charlotte, Clay, Columbia, Duval, Hernando, Hillsborough, Nassau, Pasco, Pinellas, Santa Rosa, Sarasota, Seminole, Suwannee, and Volusia.[6] Fifty-two school districts would not meet the threshold.

VI. Technical Deficiencies:

On lines 59-66, the bill requires a district school board to review the classroom expenditure levels of schools that receive a certain district grade. This provision should require the district to review schools that receive a certain school grade.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Education Pre-K-12 on March 31, 2009:

The committee substitute provides that only instructional personnel, as defined in s. 1012.01(2), F.S., are part of the calculation to determine the percentage of state-funded operating expenditures that support classroom instruction. The salaries and benefits of educational support personnel would be excluded from the bill's definition of classroom instruction.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

[6] DOE, March 31, 2009.