

FSBA

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State Economy

This week, state economists said that all state revenues -- from sales taxes to documentary stamp taxes to corporate income taxes -- have again fallen sharply behind forecasts. The general revenue estimate for this year has been reduced by \$1 billion since the last estimate in November 2007 and the estimate of revenues for next year has been reduced by nearly \$2 billion. To put this into context, during the regular legislative session that ended last May, legislators drafted the 2007-2008 budget based on a general revenue estimate of \$27.5 billion. Since then, the revenue estimate for this year has been reduced by \$3 billion to \$24.5 billion, and the revenue estimate for next year is has been reduced by \$4.6 billion to \$24.6 billion -- only \$100 million more than this year. To date, the legislature has cut the current year state budget by more than \$1.5 billion, with K-12 education absorbing more than \$500 million of that total. These new estimates mean that there is still a current year shortfall of about \$500 million. House leaders have said they will tap unspent reserve money to cover this remaining shortfall for this year and do not plan to cut the current year budget any further. However, the outlook for next year has become even bleaker than before. The recurring general revenue available for 2008-09 is now already \$1.5 billion less than our current recurring expenditures so next year's budget will be AT LEAST \$1.5 billion below the current year budget and could easily be \$3 billion or more below this year's budget. In addition, the economists now expect that this economic slide will last longer than had been previously predicted.

Although Florida is not alone in its budget woes -- at least 25 other states are projecting significant deficits for the upcoming fiscal year -- the downturn in the national economy has hit Florida particularly hard, especially with respect to our real estate and construction markets. Our stagnant real estate market has resulted in a dramatic drop in state revenue collections from sales taxes and documentary stamp taxes. In addition, corporate income tax revenue has also declined. Together, these three taxes produce more than 86% of the state's general revenue. Against this backdrop, it's important to remember that, unlike the federal government, states are prohibited from running budget deficits, so legislators must increase taxes, draw down reserves, or cut spending to close the deficits. Florida legislators have staunchly insisted that they will not increase taxes or draw down reserves in response to these deficits and have, instead, relied almost exclusively on spending cuts. In crafting the state budget for 2008-2009, it appears likely that the Legislature will continue with that approach. Although Governor Crist and legislators are unified in their desire to minimize cuts to education, the fact remains that Pre-K - 20 education spending consumes half of the state's available general revenue, making it impossible for the education budget to remain unscathed by significant cuts. FSBA has worked with key legislators to identify expenditures that could be cut with a minimal impact on education programs. We have also worked to provide school boards with greater flexibility in the use of funds and to ensure that new programs and unfunded mandates are delayed or eliminated. Further, we have worked with the members of the Taxation and Budget Reform Commission to emphasize that this is not a time to tinker with education's funding formula as has been suggested in several proposals under their consideration. We will, of course, keep you informed as the 2008-09 education budget takes shape.

TAXATION AND BUDGET REFORM COMMISSION

As we reported to you in the last issue of Boarder-Line, the Taxation and Budget Reform Commission (TBRC) is now considering 50 constitutional and statutory proposals, including proposals that would amend class size requirements, require 65% of funding to be directed to classroom expenditures, revise property and sales taxes that would directly impact school funding, and impose revenue and spending limitations on school districts. The full TBRC will be meeting on Monday, March 17 to consider the following education related proposals – all of which have been approved by their committees of reference and are available for approval by the full TBRC:

CP 2 – Required Local Effort Replacement by Commissioner McKay

This proposal requires the Legislature to eliminate the Required Local Effort (RLE) property taxes as of January 1, 2011 that are currently required under the Florida Education Finance Program. The full revenue impact of the elimination of the RLE must be offset by the repeal of sales tax exemptions, a sales tax increase of up to one cent in the sales tax rate in existence on January 6, 2009, and spending reductions for other components of the state budget and revenue increases resulting from economic growth attributable to lower property taxes. This proposal specifically does not replace or eliminate the ad valorem tax millage dedicated to capital outlay purposes, voter-approved millage authorized in the constitution, or discretionary ad valorem millage for school districts authorized by law. The proposal also specifies that the term “sales tax” does not include certain existing sales taxes or the taxation of the sales of certain tangible personal property, sales of real property, sales of intangible personal property, or sales of services. The proposal would require that each law creating a sales tax exemption must contain the single subject-matter of a single exemption and a legislative finding that the exemption advances or serves specified public purposes. The proposal also reduces, from 10% to 5%, the allowable annual increase in assessments of non-homestead property that was established by Amendment 1. However, this provision would not apply to school district levies. (*Click [HERE](#) to read this proposal*)

FSBA Position and Discussion: FSBA has long supported the efforts by Commissioner McKay and others to require a review sales tax exemptions and to eliminate those that do not promote a definite public purpose. However, FSBA has profound concerns about the implications of eliminating all Required Local Effort property taxes. Of particular concern is our belief that the Legislature is likely to eliminate sales tax exemptions that would total, at the very best, about \$4 billion. This would leave a shortfall of nearly \$4 billion to replace the current year RLE revenue. A one-cent sales tax increase might make up most of this shortfall, but only if sales tax continues to generate revenue at the current rate, which is highly unlikely. Further, the history of sales tax revenue shows it to be unreliable, particularly during economic downturns like the one we are currently experiencing. Several amendments have been filed for consideration at the Monday TBRC meeting, including an amendment that seeks to hold school funding harmless from funding losses, but FSBA is skeptical about the efficacy of this amendment because it sets the baseline at the RLE revenue for FY 2008-09 – a year in which RLE revenues may have declined from the prior year due to the current economic situation and/or due to legislative efforts to reduce property taxes and millage rates which may be reflected in the RLE.

CP 21 – Property Tax Exemptions and Limitations by Commissioner Lacasa

This proposal would revise provisions from Amendment 1 approved by voters in January 2008, including the exceptions that held school district levies harmless from revenue losses from the new homestead and non-homestead property tax exemptions. The proposal provides an exemption for non-homestead improved residential property in an amount equal to a percentage, beginning at 12.5% in 2009 and increasing to 25% thereafter, of the just value of such property. The proposal also provides that changes in assessments of non-homestead property must not exceed 5% of the assessment for the prior year. The proposal provides a similar exemption for homestead property in an amount equal a percentage (beginning at 12.5% in 2009 and increasing to 25% thereafter), of the just value of the homestead. This additional exemption replaces the additional \$25,000

homestead exemption from Amendment 1 and would apply only after the first \$50,000 of just value of the homestead property. This proposal also provides a ½-cent increase in the sales tax beginning in 2009 and ending in 2012. The proceeds of the additional sales tax would be used to replace lost property tax revenues to school districts. (Click [HERE](#) to read this proposal)

FSBA Position and Discussion: The 2008 FSBA Legislative Platform calls for support of property tax reform initiatives that safeguard local control and flexibility, that improve fairness and equity among all classes of taxpayers, and that specifically hold school districts harmless from operating and capital revenue losses. This proposal does appear to improve equity and fairness among all classes of taxpayers, but the proposal fails to meet the other criteria set forth in our platform, particularly with respect to holding school districts harmless from revenue losses. Although the proposal provides an additional ½-cent sales tax, the revenue would not be sufficient to hold school districts harmless beyond the first year. In the first year, this proposal is expected to reduce school district property tax revenue by more than \$1 billion while a ½-cent in sales tax is projected to produce about \$1.9 billion – more than enough to offset losses in the first year. However, by the second year, school district revenue losses are projected to total nearly \$2.3 billion. While the value of 1/2-cent sales tax increases, it does not keep pace with the loss from property tax revenue and the shortfall increases each year thereafter. Further, due to the way it is obligated in many districts, the revenue from the 2-mill capital outlay levy cannot be simply “swapped” for sales tax revenue. Another concern is the difficulty in gauging the cumulative effect of this property tax proposal when coupled with Amendment 1 and the revenue roll-back required by HB 1B (enacted during Special Session B).

CP 30 – Class Size Limits by Governmental Services Committee

This proposal provides flexibility in compliance with class size requirements by making the class size limitations applicable to school averages for each grade grouping. The proposal would limit that flexibility by requiring that the maximum number of students assigned to each teacher could not exceed the established constitutional caps by more than five students. (Click [HERE](#) to read this proposal)

FSBA Position and Discussion: FSBA supports this proposal and has worked in concert with FADSS, district lobbyists, and others to draft and place this proposal before the Commission. During the several occasions when FSBA has testified in support of this proposal, we have expressed our concern about the revenue loss to school districts equaling the savings realized by enactment of this proposal. At the request of TBRC member Martha Barnett, FSBA and FADSS staff developed an amendment designed to ensure that any savings that may result from amending the constitutional requirements will be earmarked to supplement and not supplant K-12 funding. This amendment will be considered at the Monday meeting. Some estimates place the potential savings – and, therefore, revenue lost to schools – at more than \$3 billion over the next 3 years. However, this estimate is based on the original cost projections released before the original class size amendment was adopted in 2002 and may be over-estimated.

CP 50 – Elimination of Required Local Effort by Commissioner Levesque

This proposal provides that, beginning with the 2010-2011 fiscal year, the legislature may not require school districts to levy an ad valorem tax as a Required Local Effort for participation in the Florida Education Finance Program or a successor program. The legislature must replace the revenue impact of the elimination of RLE in an amount not less than the amount appropriated in the General Appropriations Act in the 2008-2009 fiscal year through a combination of the repeal of sales tax exemptions, an increase of up to 1¢ in the sales and use tax, spending reductions within the state budget, revenue increases resulting from economic growth attributable to lower property taxes, and other revenues identified or created by the legislature. This proposal also reduces the allowable millage rate on property taxes levied for school purposes from 10 to 5 mills. (Click [HERE](#) to read this proposal)

FSBA Position and Discussion: This proposal is very similar to CP 2 above and our concerns about the proposal are the same. In particular, FSBA has profound concerns about the implications of eliminating all Required Local Effort property taxes. Of particular concern is our belief that the Legislature is likely to eliminate sales tax exemptions that would total, at the very best, about \$4 billion. This would leave a shortfall of nearly \$4 billion to replace the current year RLE revenue. A one-cent sales tax increase might make up most of this shortfall, but only if sales tax continues to generate revenue at the current rate, which is highly unlikely. Further, the history of sales tax revenue shows it to be unreliable, particularly during economic downturns like the one we are currently experiencing.

Bill Action This Week

SB 112 – Student Voter Education by Fasano *(Identical to HB 309 by Bendross-Mindingall)*

The bill requires district school boards and county supervisors of elections to cooperate in conducting voter education for high school students in grade 12. The voter education must be conducted by the supervisor of elections each semester and is voluntary for public and nonpublic high schools. The voter education must include information on how to register to vote, the operation of voting machines, how, when, and where to vote, and the importance of voting. The program must also provide the opportunity for students to submit applications for voter registration.

Status: Favorable in Senate Education Pre-K - 12

HB 207 – Educator Certification for Foreign Languages by Sachs *(Similar to 1062 by Dockery)*

The bill authorizes applicants seeking a teaching certificate to demonstrate mastery of subject area knowledge by passing the subject area examination for a world language, if DOE develops an examination for the language, which may include, but is not limited to, Arabic, Chinese, Farsi, French, German, Greek, Haitian Creole, Hebrew, Hindi, Italian, Japanese, Portuguese, Russian, and Spanish. For a world language for which DOE has not developed a subject area examination, the bill allows applicants seeking a teaching certificate to demonstrate mastery of subject area knowledge by earning a bachelor's or higher degree and attaining oral and written foreign language proficiency on national examinations administered by the American Council of Teachers of Foreign Languages.

Status: Favorable in House K-12 as amended

SB 242 – Single Gender Schools/Classes/Programs by Wise *(Similar to HB 213 by Legg)*

This bill authorizes district school boards to establish and maintain a single-gender school, class, or program when the school district also makes available a coeducational school, class, or program that has equal academic standards and a school, class, or program for pupils of the other gender that has equal standards. Student participation at a single-gender school, class, or program is voluntary. Each district school board that establishes single-gender schools, classes, or programs must evaluate them every two years in order to ensure compliance with federal requirements.

Status: Passed by the Senate

SB 286 – ESOL / Inservice Requirements by Wise *(Similar to HB 491 by Carroll)*

The bill establishes in-service requirements for teachers of English for Speakers of Other Languages (ESOL). The bill specifies the following in-service requirements:

- Primary English instructor (Basic ESOL) who is an English/Language Arts teacher: 300 in-service hours or the equivalent;
- Instructor teaching the basic subject areas of reading, mathematics, science, social studies or computer literacy: 60 in-service hours or the equivalent;
- Instructor teaching subject areas other than basic ESOL or the above basic subject areas: 18 in-service hours or the equivalent; and
- School administrator or guidance counselor: 60 in-service hours or the equivalent.

Status: Passed by the Senate

HB 297 – Gifted & Academically Talented Students by Legg *(Similar to SB 990 by Wise)*

The bill requires district school boards to provide written notice to parents about the criteria for gifted student classification and the procedure for requesting an eligibility evaluation. School boards must report to DOE the number of students classified as gifted under the standard procedure set forth in SBE rule and under a district alternative classification plan by school and grade-level. Such reports must include performance data and other information about the services provided for gifted students. The also bill requires DOE to develop, and district school boards to implement, statewide grade and subject matter acceleration policies for students in grades K-12 and the school board must report performance data and other information about the acceleration programs offered. In addition, the bill creates the Gifted and Academically Talented Student Task Force to develop recommendations to be reported to the Governor and legislative leaders that address revisions to statute and rules governing gifted education, eligibility criteria for academically talented programs, annual screening procedures for GAT eligibility, model GAT programs, program and student evaluation procedures

Status: Favorable in Education Innovation & Career Preparation as amended

SB 302 – Public School Dress Requirements by Siplin *(Identical to HB 335 by Bullard)*

The bill prohibits students from wearing and exposing undergarments that expose or exhibit covered or uncovered sexual organs. Students who do not comply would receive a verbal warning for the first offense and suspension from school for each subsequent infraction.

Status: Passed the Senate

SB 526 – Interscholastic Activities by Wise *(Similar to HB 1481 by Bean)*

The bill permits a student enrolled in a private school to participate in interscholastic sports at a public school if the student's school does not provide the sport. Similarly, a student, including a charter school student, enrolled in a public school without a sport may participate in the sport at another public school in his or her district. To participate, the student must meet certain conditions, including requirements for standards of conduct and student academic performance. The bill specifies that a private school student is only eligible to participate in an interscholastic sport at a public school for which the student would be assigned or could attend under the school district's controlled open enrollment.

Status: Placed on Senate Calendar on 2nd Reading

SB 574 – School Access / ROTC by Baker *(Similar to HB 251 by Jordan)*

The bill prohibits a school district from banning the establishment, maintenance, or operation of a Junior Reserve Officers' Training Corps (JROTC) program at a public high school within the district. Additionally, it allows a student to enroll in a JROTC unit at another public high school if one is not available at the student's school. The bill affords military recruiters the same access to secondary education students as that provided to recruiters from postsecondary educational institutions and prospective employers. The bill also includes similar provisions for Senior Reserve Officers' Training Corps programs in community colleges and state universities.

Status: Favorable in Higher Education as a Committee Substitute (CS)

HB 669 – School Safety / Bullying by Thompson *(Similar to SB 790 by Baker)*

The bill creates the "Jeffrey Johnston Stand Up for All Students Act." The bill prohibits the bullying or harassment of any public K-12 student or employee during a public K-12 education program or activity, during a school-related or school-sponsored program or activity, on a public K-12 school bus, or through a public K-12 computer, computer system, or computer network. By October 1, 2008, DOE must adopt a model policy prohibiting bullying and harassment and, by December 1, 2008, each school district is required to adopt a bullying and harassment policy in substantial conformity with DOE's model policy. For the 2009-2010 school year, the bill directs that a school district's Safe Schools funding is contingent and payable to the district upon DOE's approval of the

district's bullying and harassment policy. Beginning with the 2010-2011 school year, a school district's annual allocation of Safe Schools funding is contingent and payable to the district upon the district's compliance with requirements for submitting reports of bullying and harassment to DOE as part of the district's reports of safety and discipline data. The bill requires the Commissioner of Education to submit an annual report to the Governor and Legislature which includes data on the district reports of bullying and harassment. The bill provides limited civil immunity for a school employee, volunteer, student, or parent who reports bullying or harassment in good faith.

Status: Favorable in K-12

SB 994 -- Employee Leave / Sexual Violence by Fasano *(Identical to HB 489 by Jenne)*

The bill requires employers to allow employees to request and take up to three working days of leave, if the employee is the victim of domestic violence or sexual violence and the leave is sought to seek an injunction for protection, to obtain medical care, victim services, legal assistance, or safe housing.

Status: Favorable in Children, Families & Elder Affairs as amended

SB 1070 – Intergovernmental Cooperation / Joint Use by King *(Identical to HB 445 by Proctor)*

The bill authorizes public agencies, including district school boards, to provide for the use or maintenance of facilities or equipment by interlocal agreement. Compensation for such activities may be provided on a cost reimbursement basis or on the basis of educational benefits received by the employees of a party or students of the public agency. The bill specifically authorizes a district school board to provide transportation of students, rent buildings, and provide maintenance to school plants by interlocal agreement. School districts may enter into agreements to use school buses for public transportation or for other public purposes. In addition, the bill provides for reimbursement to school boards based upon maintenance costs or other activities attributable to the use of the buses under the agreement. The bill requires a public agency receiving such services to indemnify and hold the school board harmless from all liability stemming from such use of its school buses.

Status: Favorable in Education Pre-K - 12 as a CS

SB 1712 – Ethics in Education Act by Education Pre-K - 12

The bill establishes comprehensive changes at the state and local level regarding the screening, hiring, and termination policies for educators and the reporting procedures related to allegations of educator misconduct. The bill establishes a list of crimes or delinquent acts that would serve as an absolute bar against any individual, if convicted, from obtaining or retaining a teaching certificate or employment involving direct contact with students and requires each school district to adopt a list of crimes to include at minimum, those at the state level. The bill also requires that any public officer or employee convicted of certain crimes involving minors would forfeit their right to any state retirement benefits.

School districts are required to adopt stringent and effective policies for screening potential employees and terminating existing employees for misconduct. The superintendent would be held responsible for communicating to all employees the expected ethical standards and the procedures for reporting allegations of teacher misconduct. Every school district would be required to notify DOE of the termination of any employee, regardless of cause, and the DOE must include this information on a secured website accessible by the districts. The bill prohibits school districts from entering into any form of confidentiality agreement when terminating an employee, requires the district to contact the previous employer of every candidate for employment, and to check the DOE certification website. All public and private school providers are required to post policies and reporting procedures related to misconduct with students at each site and on each school and school district website. The bill provides that a school board member or superintendent who files a report known to be false will be subject to salary forfeiture.

The Florida School for the Deaf and Blind and private school providers that accept students under state-supported scholarship programs would be held to the same standards as those required in the bill of local school districts. Private providers that fail to comply with the provisions of the bill would be prohibited from accepting students or any state funding for the period of one year.

The bill revises the membership of the Education Practices Commission to include sworn law enforcement officers and parents of public school students. The authority of the Commission is also expanded to allow for discipline of an educator who knowingly fails to report suspected or actual misconduct by an educator or any violation of the Principles of Professional Conduct for the Education Profession.

Status: Favorable in Government Operations as a CS

SB 1742 – Educator Ethics by Carlton

The bill urges the U.S. Congress to support the passage of laws that would establish ethical standards for professional educators and develop a national clearinghouse to strengthen state efforts in the reporting, screening, and sharing of critical information relative to educator misconduct.

Status: Passed the Senate

SB 1906 – High School Credit / Industry Certification by Gaetz

The bill creates a pilot program to provide opportunities for high school students enrolled in rigorous career academies to simultaneously earn alternative credit in specific math and science courses. High school students enrolled in career and professional academies could potentially earn credit for Integrated Math 1 and 2, Algebra 1a and 1b, Algebra 1, Geometry, and Biology, provided the standards and essential concepts of these courses were included in their career coursework and the students could verify mastery of the core content on approved end-of-course assessments. Pilot-project career academy students would be engaged in instruction that integrates multiple subjects and disciplines, is relevant to future academic and career opportunities, and allows for integrated, relevant instruction and application of knowledge. The pilot project would also allow students who are struggling academically, as well as academically advanced students, to accelerate time to graduation. Students who attain scores that verify mastery of content on the end-of-course assessments would earn an additional 1/6 FTE. However, a district would not be able to report a student for more than 1 FTE per fiscal year.

Status: Favorable in Education Pre-K - 12 as a CS

SB 1908 – School Grades / High Schools by Gaetz

The bill provides additional criteria and student assessment data for designating school grades for high schools with grades 9, 10, 11, and 12, or grades 10, 11, and 12. Beginning with the 2009-2010 school year, half of a school's grade will be based on the existing FCAT-related factors and the other half will be based on factors that include a school's high school graduation rate, including at-risk students who scored at Level 2 or lower on the 8th grade FCAT in reading and math, the postsecondary readiness of the students, and the annual growth or decline in these components. As valid data becomes available, the criteria will include performance and participation of students in Advanced Placement courses, International Baccalaureate courses, dual enrollment courses, Advanced International Certificate of Education courses, and the achievement of industry certification in a career and professional academy.

Status: Favorable in Education Pre-K - 12 as a CS

SJR 2308 – Commissioner & State Board by Carlton (Similar to HB 7025 by Pickens)

This bill proposes constitutional amendments that would restore education governance to its 1998 structure by reinstating the Commissioner of Education as an statewide elected position that serves as a member of the Florida Cabinet. The bill would also replace the currently appointed State Board of Education with the elected members of the cabinet. The proposal would retain the Board

of Governors (BOG) but with duties limited to administering the State University System, rather than attempting to govern individual universities. In addition, the membership and term of office on the BOG would be revised from 14 members serving 7-year terms, to 5 members serving 4-year terms. The proposal would retain the authority of the university boards of trustees to administer their universities, but members of the board of trustees would be appointed by the Governor only. The bill also establishes the Florida College System (FCS) for 2-year and 4-year public postsecondary institutions that grant undergraduate degrees and establishes the Florida College Board to oversee and coordinate the FCS.

Status: Favorable in Higher Education Appropriations as a CS

**** VIEW THIS WEEK'S VIDEO UPDATE ****

[Video Update for March 10-14, 2008](#)

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