

ASSOCIATED INDUSTRIES OF FLORIDA

LEGISLATIVE DAILY BRIEF



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Education Update

Associated Industries of Florida (AIF) has long been in the forefront of the education reform movement in Florida, because an educated populace is essential to the political and economic well-being of our state.

Many AIF members support the charter-school concept as an effective means to promote parental choice — and overall systemic improvements — in the public school system. As such, some AIF members have opened, or intend to open, charter schools at or near their businesses; such charter schools provide a convenient vehicle for recruitment and retention of employees. Given the success to date of charter schools in Florida, and in light of fiscal pressures caused by passage of the controversial class-size amendment to the state constitution, the Legislature is looking once again at charter schools as a cost-efficient way of improving Florida's system of public education.

Many AIF members also support state-sanctioned voucher and scholarship programs that assure parents of wider choice in the selection of schools for the education of their children.

Today, senators and representatives have returned to their home districts in observance of religious holidays. Given the brief hiatus, we are using this opportunity to provide you with a special update on these education measures of particular interest to AIF members that are pending before the Legislature.

CHARTER SCHOOLS

Two major bills relating to charter schools are progressing well in the House and Senate: HB 1279, sponsored by Representative Dennis Baxley (R-Ocala), and the Senate companion, SB 2242 by Senator Daniel Webster (R-Winter Garden).

The bills are intended to ensure greater accountability for existing and future charter schools. As originally filed, a majority of the bills' provisions were viewed as friendly by supporters of charter schools in Florida, including the following:

- require new applications for charter schools contain an annual fiscal plan (i.e., expected sources of income, expenses, etc.)
- require mission statements of new charter school applications assert that reading is an educational priority (in its present form this is merely a "feel good" provision that lacks bite)
- require that charter schools participate in the state's education accountability system (intended to encourage sound financial management by charter schools and thereby promote the likelihood of long-term success)
- replace current Charter School Review Panel with a new Charter School Accountability & Funding Authority, which would have the same oversight power as the review panel; would also be vested with enhanced power to make recommendations to the education commissioner for capital outlay funding allocations, which would provide basis for ensuing capital outlay funding decisions

- require that charter schools meet accountability standards to receive capital outlay funding (this valuable provision rewards well-performing charter schools and helps to weed out charter schools that fail to meet acceptable levels of educational achievement)

In the course of the committee process, however, legislators watered down some of the bills' better provisions. As amended, the bills remove all reference to the Charter School Accountability and Funding Authority, leaving the Charter School Review Panel intact. They also provide that the formula for distribution of state capital outlay funds for charter schools in the next fiscal year (FY 2003-2004) shall be the same as the current fiscal year, if the total appropriation allocated for charter schools in FY 2003-2004 is the same as the current year's appropriation (\$27.7 million). If the total appropriation for next year is *less* than the appropriation for this year, funding shall be prorated among the schools that received an allocation this year. If funding for next year is more than this year, the first priority for distribution of "excess funds" will be charter schools with long-term debt (to the extent that the initial allocation is insufficient to provide one-fifteenth of the cost per student-station). Any remaining "excess funds" shall be distributed to other eligible charter schools.

The latter provision may present a concrete problem for charter school expansion. The Senate budget for FY 2003-04 currently provides \$27.7 million for capital outlay funding for charter schools. Since, there are more charter schools and more students, however, this amount represents an actual decrease in per-student funding levels. The House budget provides only \$15 million for capital outlay funding for charter schools. The total amount needed to fund all charter schools at the current year's per student funding level would require an increase in capital outlay funding to about \$34 million. (Capital outlay funding needs are arguably not necessarily determined by total school enrollment.)

As presently constituted, pending charter schools legislation also contains some decidedly negative provisions. Charter schools would not be eligible for state funding unless they were operational for at least three years. This is bad because federal start-up grants expire after the second year of operation. As such, a new charter school would have no governmental funding source in the third year even if the school hits the ground running from day one and is an immediate success. AIF proposes that the "three year" requirement be reduced to two years. This would assure that a charter school was in existence long enough to demonstrate that it is meeting the state's accountability standards without any disruption in funding levels.

Another unfavorable provision restricts each state university to sponsorship of only one laboratory charter school. This is an arbitrary limitation. In our view, it runs contrary to the spirit and intent of the charter school movement, which encourages the widest level of community involvement in charter schools.

On Tuesday, HB 1279 came before the House Appropriations Subcommittee on Education. The bill passed favorably with one amendment designed to make it completely mirror SB 2242.

We anticipate that sponsors and supporters will make one final effort to strengthen the pending charter school legislation prior to final passage. AIF will keep you informed.

In other charter school news: As we advised you in yesterday's report, SB 2170, sponsored by Senator Bill Posey (R-Rockledge) was read a second time on the Senate floor with no amendments added. This bill provides an alternative method for a school district to become a charter school district. To qualify, 50 percent of the graded schools within the district must receive "A" or "B" grades; there must be no "D" or "F" schools.

AIF supports the expansion and development of charter schools in Florida. Charter schools are a cost-efficient and educationally effective to improve the quality of education in the state.

SCHOOL CHOICE

In March, we reported to you that the scholarship funding tax credit bill, SB 2062, sponsored by Senator Tom Lee (R-Brandon), passed out of the Senate Finance and Taxation Committee. Tuesday, the Senate Appropriations Committee passed SB 2062 with a favorable vote.

This bill increases from \$50 million to \$75 million the total amount of corporate income tax credits that may be granted each state fiscal year. Five percent of the total credits would still be reserved for small businesses. It also indexes to inflation the scholarship amounts awarded per enrollee for years after the 2003-04 school year. The additional credits available can provide approximately 6,700 additional scholarships to private schools, and at the same time reduce the number of students in Florida public schools by the same number.

Another bill that AIF is monitoring is HB 703, sponsored by Representative Joe Pickens (R-Palatka). One provision of this bill establishes the Florida Learning Access Grant (FLAG) program. The FLAG program provides a grant of \$3,500 to parents of K-12 children who wish to place their child in an eligible private school. The FLAG program is mandatory in some school districts and optional in other districts. It would be required in districts that are considered offenders, ones with the most overcrowded classrooms.

AIF knows that educational enhancement is necessary for a workforce with higher skills. AIF supports an expansion of corporate tax credits and state grants for opportunity scholarships. These programs give parents meaningful choice for the education of their children. Furthermore, such legislation promotes greater competition, which has a beneficial effect on the quality of public schools.

Please send your comments or suggestions to us at aif@aif.com or call the Governmental Affairs department at (850)224-7173.

- For more information on all of the important legislative information concerning the business community, go to our “members only” Florida Business Network web site at <http://fbnet.com>
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