



Education Committee

Wednesday, February 21, 2018

10:00 AM

Reed Hall (102 HOB)

Meeting Packet

Committee Meeting Notice

HOUSE OF REPRESENTATIVES

Education Committee

Start Date and Time: Wednesday, February 21, 2018 10:00 am

End Date and Time: Wednesday, February 21, 2018 12:00 pm

Location: Reed Hall (102 HOB)

Duration: 2.00 hrs

Consideration of the following bill(s):

HB 565 Excess Credit Hour Surcharges by Mariano

Consideration of the following proposed committee substitute(s):

PCS for CS/HB 323 -- Education

PCS for HB 909 -- Higher Education

NOTICE FINALIZED on 02/19/2018 4:20PM by Jones.Missy

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.

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

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*].

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,¹⁷ 406,374 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

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.

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.

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 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%

²⁸ Section 121.4501(6)(a), F.S.

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.

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 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,

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.

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.

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.

⁴⁵ Section 20.005(2), F.S.

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.

District School Board Member Travel Expenses

Present Situation

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)

⁵⁰ Section 1001.39, F.S.

⁵¹ Section 1001.395, F.S.

⁵² Section 1001.395, F.S.

- Putnam (\$3,875).
- Santa Rosa (\$1,263).
- Walton (\$870).⁵³

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

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)(1), F.S.

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

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:

- 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

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.

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

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

⁶³ See s. 1008.4282(3)(a)-(d), F.S.

⁶⁴ Section 1003.4282(3)(d), F.S.

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.stml> (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).

standards.⁷¹ The CEE report identifies five metrics for evaluating the quality of financial literacy instruction in a given state:

- 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

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*].

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

⁷³ See *id.* at 6.

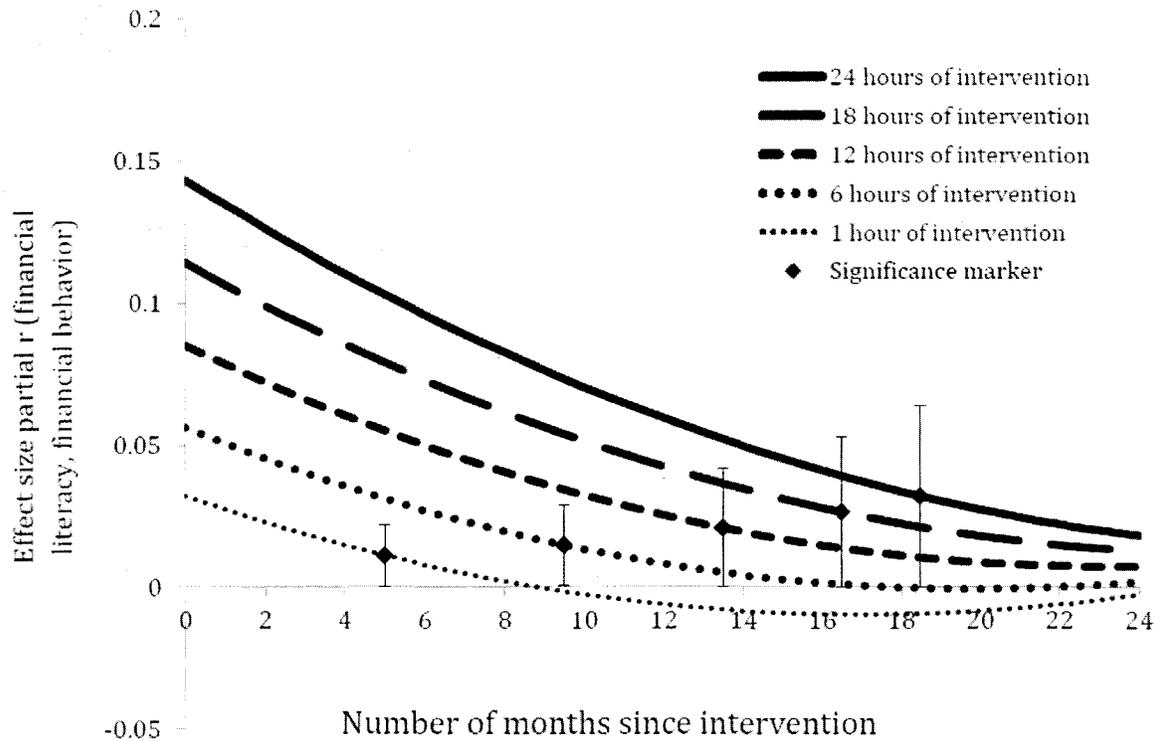
⁷⁴ See *Champlain College* at 35, *supra* at note 71.

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.*

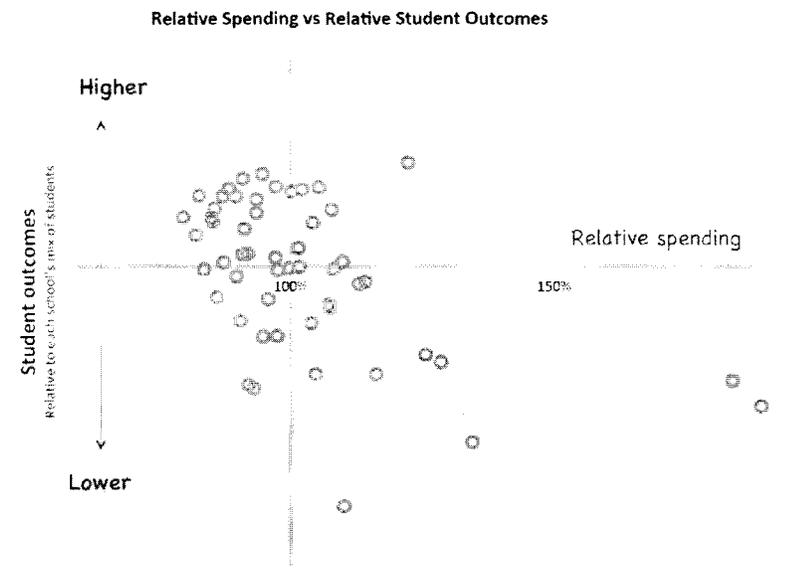
⁸⁵ ACT, *PreACT*, <https://www.act.org/content/act/en/products-and-services/preact/preact-classroom.html> (last visited February 19, 2018).

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.bscpcenter.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.

1 A bill to be entitled
2 An act relating to education; amending s. 11.45, F.S.;
3 revising the duties of the Auditor General; amending
4 s. 121.091, F.S.; revising limitations on the maximum
5 length of participation in the Deferred Retirement
6 Option Program for certain instructional personnel and
7 administrative personnel; requiring an employer to
8 notify the Division of Retirement of the Department of
9 Management Services regarding any change in
10 termination date and program participation for each
11 affected member; providing a statement of important
12 state interest; amending s. 1001.20, F.S.; requiring
13 the Office of Inspector General to investigate certain
14 allegations and reports made by specified individuals;
15 amending s. 1001.39, F.S.; requiring certain district
16 school board member travel outside of the school
17 district to be preapproved and meet certain criteria;
18 providing requirements for a school board member's
19 request for travel outside of the state; providing an
20 opportunity for the public to speak on such travel;
21 amending s. 1001.395, F.S.; providing that certain
22 requirements for the salaries of district school board
23 members apply every fiscal year, rather than one
24 specific fiscal year; amending s. 1001.42, F.S.;
25 providing that the standards of ethical conduct apply

26 to administrative personnel and school officers;
 27 authorizing district school board members to request
 28 and receive specified budget information; requiring
 29 employment of internal auditors in certain school
 30 districts; revising provisions relating to the duties
 31 of such internal auditors; amending s. 1002.395, F.S.;
 32 conforming a cross-reference; amending s. 1003.4282,
 33 F.S.; revising the courses required for a standard
 34 diploma; requiring school districts to provide a
 35 financial literacy course as an elective; providing
 36 requirements for such instruction; requiring the
 37 Department of Education to identify certain
 38 assessments for specified purposes; amending s.
 39 1007.35, F.S.; updating terminology; requiring the
 40 Department of Education to provide certain teacher and
 41 student ACT and PreACT information for the evaluation
 42 of certain services and activities; amending s.
 43 1010.20, F.S.; requiring each school district to
 44 report certain expenditures to the Department of
 45 Education; providing department responsibilities;
 46 amending ss. 1011.01 and 1011.03, F.S.; conforming
 47 cross-references; amending s. 1011.035, F.S.;
 48 requiring each district school board to post on its
 49 website certain graphical representations and a link
 50 to a certain web-based tool on the department's

51 website; providing requirements for such graphical
 52 representations; amending s. 1011.051, F.S.; requiring
 53 a district school board to limit certain expenditures
 54 by a specified amount if certain financial conditions
 55 exist for a specified period of time; requiring the
 56 department to contract with a third party to conduct
 57 an investigation under certain circumstances;
 58 providing requirements for such investigation;
 59 requiring the results of such investigation to include
 60 certain information and be provided to certain
 61 entities; amending s. 1011.06, F.S.; requiring each
 62 district school board to approve certain expenditures
 63 by amending its budget and provide a public
 64 explanation for such budget amendments; amending s.
 65 1011.09, F.S.; providing certain expenditure
 66 limitations for a school district that meets specified
 67 criteria; amending s. 1011.10, F.S.; requiring certain
 68 school districts to withhold certain district school
 69 board member and school district superintendent
 70 salaries until certain conditions are met; amending s.
 71 1011.60, F.S.; conforming cross-references; repealing
 72 s. 1011.64, F.S., relating to school district minimum
 73 classroom expenditure requirements; providing a
 74 contingent appropriation; providing a statement of
 75 important state interest; providing a contingent

76 appropriation; providing an effective date.

77

78 Be It Enacted by the Legislature of the State of Florida:

79

80 Section 1. Paragraph (k) of subsection (2) of section
81 11.45, Florida Statutes, is redesignated as paragraph (l), and a
82 new paragraph (k) is added to that subsection, to read:

83 11.45 Definitions; duties; authorities; reports; rules.—

84 (2) DUTIES.—The Auditor General shall:

85 (k) Contact each district school board, as defined in s.

86 1003.01(1), with the findings and recommendations contained

87 within the Auditor General's previous operational audit report.

88 The district school board shall provide the Auditor General with

89 evidence of the initiation of corrective action within 45 days

90 after the date it is requested by the Auditor General and

91 evidence of completion of corrective action within 180 days

92 after the date it is requested by the Auditor General. If the

93 district school board fails to comply with the Auditor General's

94 request or is unable to take corrective action within the

95 required timeframe, the Auditor General shall notify the

96 Legislative Auditing Committee.

97

98 The Auditor General shall perform his or her duties

99 independently but under the general policies established by the

100 Legislative Auditing Committee. This subsection does not limit

101 the Auditor General's discretionary authority to conduct other
 102 audits or engagements of governmental entities as authorized in
 103 subsection (3).

104 Section 2. Paragraph (b) of subsection (13) of section
 105 121.091, Florida Statutes, is amended to read:

106 121.091 Benefits payable under the system.—Benefits may
 107 not be paid under this section unless the member has terminated
 108 employment as provided in s. 121.021(39)(a) or begun
 109 participation in the Deferred Retirement Option Program as
 110 provided in subsection (13), and a proper application has been
 111 filed in the manner prescribed by the department. The department
 112 may cancel an application for retirement benefits when the
 113 member or beneficiary fails to timely provide the information
 114 and documents required by this chapter and the department's
 115 rules. The department shall adopt rules establishing procedures
 116 for application for retirement benefits and for the cancellation
 117 of such application when the required information or documents
 118 are not received.

119 (13) DEFERRED RETIREMENT OPTION PROGRAM.—In general, and
 120 subject to this section, the Deferred Retirement Option Program,
 121 hereinafter referred to as DROP, is a program under which an
 122 eligible member of the Florida Retirement System may elect to
 123 participate, deferring receipt of retirement benefits while
 124 continuing employment with his or her Florida Retirement System
 125 employer. The deferred monthly benefits shall accrue in the

126 Florida Retirement System on behalf of the member, plus interest
 127 compounded monthly, for the specified period of the DROP
 128 participation, as provided in paragraph (c). Upon termination of
 129 employment, the member shall receive the total DROP benefits and
 130 begin to receive the previously determined normal retirement
 131 benefits. Participation in the DROP does not guarantee
 132 employment for the specified period of DROP. Participation in
 133 DROP by an eligible member beyond the initial 60-month period as
 134 authorized in this subsection shall be on an annual contractual
 135 basis for all participants.

136 (b) *Participation in DROP.*—Except as provided in this
 137 paragraph, an eligible member may elect to participate in DROP
 138 for a period not to exceed a maximum of 60 calendar months.

139 1.a. An eligible member may elect to participate in DROP
 140 for a period not to exceed a maximum of 60 calendar months.
 141 However, members who are instructional personnel employed by the
 142 Florida School for the Deaf and the Blind and authorized by the
 143 Board of Trustees of the Florida School for the Deaf and the
 144 Blind, who are instructional personnel as defined in s.
 145 1012.01(2)(a)-(d) in grades K-12 and authorized by the district
 146 school superintendent, or who are instructional personnel as
 147 defined in s. 1012.01(2)(a) employed by a developmental research
 148 school and authorized by the school's director, or if the school
 149 has no director, by the school's principal, may participate in
 150 DROP for up to 36 calendar months beyond the 60-month period.

151 Effective July 1, 2018, instructional personnel who are
 152 authorized to extend DROP participation beyond the 60-month
 153 period must have a termination date that is the last day of the
 154 last calendar month of the school year within the DROP extension
 155 granted by the employer. If, on July 1, 2018, the member's DROP
 156 participation has already been extended for the maximum 36
 157 calendar months and the extension period concludes before the
 158 end of the school year, the member's DROP participation may be
 159 extended through the last day of the last calendar month of that
 160 school year. The employer shall notify the division of the
 161 change in termination date and the additional period of DROP
 162 participation for the affected instructional personnel.

163 b. Administrative personnel in grades K-12, as defined in
 164 s. 1012.01(3), who have a DROP termination date on or after July
 165 1, 2018, may be authorized to extend DROP participation beyond
 166 the initial 60 calendar month period if the administrative
 167 personnel's termination date is before the end of the school
 168 year. Such administrative personnel may have DROP participation
 169 extended until the last day of the last calendar month of the
 170 school year in which their original DROP termination date
 171 occurred if a date other than the last day of the last calendar
 172 month of the school year is designated. The employer shall
 173 notify the division of the change in termination date and the
 174 additional period of DROP participation for the affected
 175 administrative personnel.

176 2. Upon deciding to participate in DROP, the member shall
 177 submit, on forms required by the division:
 178 a. A written election to participate in DROP;
 179 b. Selection of DROP participation and termination dates
 180 that satisfy the limitations stated in paragraph (a) and
 181 subparagraph 1. The termination date must be in a binding letter
 182 of resignation to the employer establishing a deferred
 183 termination date. The member may change the termination date
 184 within the limitations of subparagraph 1., but only with the
 185 written approval of the employer;
 186 c. A properly completed DROP application for service
 187 retirement as provided in this section; and
 188 d. Any other information required by the division.
 189 3. The DROP participant is a retiree under the Florida
 190 Retirement System for all purposes, except for paragraph (5)(f)
 191 and subsection (9) and ss. 112.3173, 112.363, 121.053, and
 192 121.122. DROP participation is final and may not be canceled by
 193 the participant after the first payment is credited during the
 194 DROP participation period. However, participation in DROP does
 195 not alter the participant's employment status, and the member is
 196 not deemed retired from employment until his or her deferred
 197 resignation is effective and termination occurs as defined in s.
 198 121.021.
 199 4. Elected officers are eligible to participate in DROP
 200 subject to the following:

201 a. An elected officer who reaches normal retirement date
 202 during a term of office may defer the election to participate
 203 until the next succeeding term in that office. An elected
 204 officer who exercises this option may participate in DROP for up
 205 to 60 calendar months or no longer than the succeeding term of
 206 office, whichever is less.

207 b. An elected or a nonelected participant may run for a
 208 term of office while participating in DROP and, if elected,
 209 extend the DROP termination date accordingly; however, if such
 210 additional term of office exceeds the 60-month limitation
 211 established in subparagraph 1., and the officer does not resign
 212 from office within such 60-month limitation, the retirement and
 213 the participant's DROP is null and void as provided in sub-
 214 subparagraph (c)5.d.

215 c. An elected officer who is dually employed and elects to
 216 participate in DROP must terminate all employment relationships
 217 as provided in s. 121.021(39) for the nonelected position within
 218 the original 60-month period or maximum participation period as
 219 provided in subparagraph 1. For DROP participation ending:

220 (I) Before July 1, 2010, the officer may continue
 221 employment as an elected officer as provided in s. 121.053. The
 222 elected officer shall be enrolled as a renewed member in the
 223 Elected Officers' Class or the Regular Class, as provided in ss.
 224 121.053 and 121.122, on the first day of the month after
 225 termination of employment in the nonelected position and

226 termination of DROP. Distribution of the DROP benefits shall be
 227 made as provided in paragraph (c).

228 (II) On or after July 1, 2010, the officer may continue
 229 employment as an elected officer but must defer termination as
 230 provided in s. 121.053.

231 Section 3. Paragraph (e) of subsection (4) of section
 232 1001.20, Florida Statutes, is amended to read:

233 1001.20 Department under direction of state board.—

234 (4) The Department of Education shall establish the
 235 following offices within the Office of the Commissioner of
 236 Education which shall coordinate their activities with all other
 237 divisions and offices:

238 (e) Office of Inspector General.—Organized using existing
 239 resources and funds and responsible for promoting
 240 accountability, efficiency, and effectiveness and detecting
 241 fraud and abuse within school districts, the Florida School for
 242 the Deaf and the Blind, and Florida College System institutions
 243 in Florida. If the Commissioner of Education determines that a
 244 district school board, the Board of Trustees for the Florida
 245 School for the Deaf and the Blind, or a Florida College System
 246 institution board of trustees is unwilling or unable to address
 247 substantiated allegations made by any person relating to waste,
 248 fraud, or financial mismanagement within the school district,
 249 the Florida School for the Deaf and the Blind, or the Florida
 250 College System institution, the office shall conduct,

251 coordinate, or request investigations into such substantiated
 252 allegations. The office shall investigate allegations or reports
 253 of possible fraud or abuse against a district school board made
 254 by any member of the Cabinet; the presiding officer of either
 255 house of the Legislature; a chair of a substantive or
 256 appropriations committee with jurisdiction; or a member of the
 257 board for which an investigation is sought. The office shall
 258 have access to all information and personnel necessary to
 259 perform its duties and shall have all of its current powers,
 260 duties, and responsibilities authorized in s. 20.055.

261 Section 4. Subsection (1) of section 1001.39, Florida
 262 Statutes, is amended to read:

263 1001.39 District school board members; travel expenses.—

264 (1) In addition to the salary provided in s. 1001.395,
 265 each member of a district school board shall be allowed, from
 266 the district school fund, reimbursement of travel expenses as
 267 authorized in s. 112.061, ~~except as provided that in subsection~~
 268 ~~(2).~~ any travel outside the district that exceeds \$500 requires
 269 prior approval by the district school board to confirm that such
 270 travel is for official business of the school district and
 271 complies with ~~shall also be governed by the~~ rules of the State
 272 Board of Education. Any request for travel outside the state
 273 must include an itemized list detailing all anticipated travel
 274 expenses, including, but not limited to, the anticipated costs
 275 of all means of travel, lodging, and subsistence. Immediately

276 preceding a request, the public must have an opportunity to
 277 speak on the specific travel agenda item.

278 Section 5. Subsection (3) of section 1001.395, Florida
 279 Statutes, is amended to read:

280 1001.395 District school board members; compensation.—

281 (3) Notwithstanding the provisions of this section and s.
 282 145.19, ~~for the 2010-2011 fiscal year,~~ the salary of each
 283 district school board member shall be the amount calculated
 284 pursuant to subsection (1) or the district's beginning salary
 285 for teachers who hold baccalaureate degrees, whichever is less.

286 Section 6. Subsections (6) and (7), paragraphs (b) and (1)
 287 of subsection (12), and paragraph (b) of subsection (17) of
 288 section 1001.42, Florida Statutes, are amended to read:

289 1001.42 Powers and duties of district school board.—The
 290 district school board, acting as a board, shall exercise all
 291 powers and perform all duties listed below:

292 (6) STANDARDS OF ETHICAL CONDUCT FOR INSTRUCTIONAL
 293 PERSONNEL, ADMINISTRATIVE PERSONNEL, AND SCHOOL OFFICERS
 294 ~~ADMINISTRATORS~~.—Adopt policies establishing standards of ethical
 295 conduct for instructional personnel, administrative personnel,
 296 and school officers administrators. The policies must require
 297 all instructional personnel, administrative personnel, and
 298 school officers administrators, as defined in s. 1012.01, to
 299 complete training on the standards; establish the duty of
 300 instructional personnel, administrative personnel, and school

301 officers ~~administrators~~ to report, and procedures for reporting,
 302 alleged misconduct by other instructional or administrative
 303 personnel and school officers ~~school administrators~~ which
 304 affects the health, safety, or welfare of a student; and include
 305 an explanation of the liability protections provided under ss.
 306 39.203 and 768.095. A district school board, or any of its
 307 employees, may not enter into a confidentiality agreement
 308 regarding terminated or dismissed instructional or
 309 administrative personnel or school officers ~~administrators, or~~
 310 ~~personnel or administrators~~ who resign in lieu of termination,
 311 based in whole or in part on misconduct that affects the health,
 312 safety, or welfare of a student, and may not provide
 313 instructional personnel, administrative personnel, or school
 314 officers ~~administrators~~ with employment references or discuss
 315 the personnel's or officers' ~~administrators'~~ performance with
 316 prospective employers in another educational setting, without
 317 disclosing the personnel's or officers' ~~administrators'~~
 318 misconduct. Any part of an agreement or contract that has the
 319 purpose or effect of concealing misconduct by instructional
 320 personnel, administrative personnel, or school officers
 321 ~~administrators~~ which affects the health, safety, or welfare of a
 322 student is void, is contrary to public policy, and may not be
 323 enforced.

324 (7) DISQUALIFICATION FROM EMPLOYMENT.--Disqualify
 325 instructional personnel and administrative personnel ~~school~~

326 ~~administrators~~, as defined in s. 1012.01, from employment in any
 327 position that requires direct contact with students if the
 328 personnel ~~or administrators~~ are ineligible for such employment
 329 under s. 1012.315. An elected or appointed school board official
 330 forfeits his or her salary for 1 year if:

331 (a) The school board official knowingly signs and
 332 transmits to any state official a report of alleged misconduct
 333 by instructional personnel or administrative personnel ~~school~~
 334 ~~administrators~~ which affects the health, safety, or welfare of a
 335 student and the school board official knows the report to be
 336 false or incorrect; or

337 (b) The school board official knowingly fails to adopt
 338 policies that require instructional personnel and administrative
 339 personnel ~~school administrators~~ to report alleged misconduct by
 340 other instructional personnel and administrative personnel
 341 ~~school administrators~~, or that require the investigation of all
 342 reports of alleged misconduct by instructional personnel and
 343 administrative personnel ~~school administrators~~, if the
 344 misconduct affects the health, safety, or welfare of a student.

345 (12) FINANCE.—Take steps to assure students adequate
 346 educational facilities through the financial procedure
 347 authorized in chapters 1010 and 1011 and as prescribed below:

348 (b) Annual budget.—

349 1. Cause to be prepared, adopt, and have submitted to the
 350 Department of Education as required by law and rules of the

351 State Board of Education, the annual school budget, such budget
 352 to be so prepared and executed as to promote the improvement of
 353 the district school system.

354 2. An individual school board member may request and shall
 355 receive any proposed, tentative, and official budget documents,
 356 including all supporting and background information.

357 (1) Internal auditor.—May or, in the case of a school
 358 district receiving annual federal, state, and local funds in
 359 excess of \$500 million, shall employ an internal auditor. The
 360 scope of the internal auditor shall not be restricted and shall
 361 include every functional and program area of the school system.

362 1. The internal auditor shall ~~to~~ perform ongoing financial
 363 verification of the financial records of the school district, a
 364 comprehensive risk assessment of all areas of the school system
 365 every 5 years, and other audits and reviews as the district
 366 school board directs for determining:

367 a. The adequacy of internal controls designed to prevent
 368 and detect fraud, waste, and abuse.

369 b. Compliance with applicable laws, rules, contracts,
 370 grant agreements, district school board-approved policies, and
 371 best practices.

372 c. The efficiency of operations.

373 d. The reliability of financial records and reports.

374 e. The safeguarding of assets.

375 f. Financial solvency.

376 g. Projected revenues and expenditures.
 377 h. The rate of change in the general fund balance.
 378 2. The internal auditor shall prepare audit reports of his
 379 or her findings and report directly to the district school board
 380 or its designee.
 381 3. Any person responsible for furnishing or producing any
 382 book, record, paper, document, data, or sufficient information
 383 necessary to conduct a proper audit or examination which the
 384 internal auditor is by law authorized to perform is subject to
 385 the provisions of s. 11.47(3) and (4).
 386 (17) PUBLIC INFORMATION AND PARENTAL INVOLVEMENT PROGRAM.—
 387 (b) Adopt rules to strengthen family involvement and
 388 empowerment pursuant to s. 1002.23. The rules shall be developed
 389 in collaboration with administrative personnel ~~school~~
 390 ~~administrators~~, parents, teachers, and community partners.
 391 Section 7. Paragraph (d) of subsection (9) of section
 392 1002.395, Florida Statutes, is amended to read:
 393 1002.395 Florida Tax Credit Scholarship Program.—
 394 (9) DEPARTMENT OF EDUCATION OBLIGATIONS.—The Department of
 395 Education shall:
 396 (d) Annually verify the eligibility of expenditures as
 397 provided in paragraph (6)(d) using the audit required by
 398 paragraph (6)(m) and s. 11.45(2)(l) ~~s. 11.45(2)(k)~~.
 399 Section 8. Paragraphs (d) and (g) of subsection (3) of
 400 section 1003.4282, Florida Statutes, are amended to read:

401 1003.4282 Requirements for a standard high school
 402 diploma.-

403 (3) STANDARD HIGH SCHOOL DIPLOMA; COURSE AND ASSESSMENT
 404 REQUIREMENTS.-

405 (d) Three credits in social studies.-A student must earn
 406 one credit in United States History,+ one credit in World
 407 History,+ one-half credit in economics, ~~which must include~~
 408 ~~financial literacy;~~ and one-half credit in United States
 409 Government. The United States History EOC assessment constitutes
 410 30 percent of the student's final course grade.

411 (g) Eight credits in electives.-

412 1. School districts must develop and offer coordinated
 413 electives so that a student may develop knowledge and skills in
 414 his or her area of interest, such as electives with a STEM or
 415 liberal arts focus. Such electives must include opportunities
 416 for students to earn college credit, including industry-
 417 certified career education programs or series of career-themed
 418 courses that result in industry certification or articulate into
 419 the award of college credit, or career education courses for
 420 which there is a statewide or local articulation agreement and
 421 which lead to college credit.

422 2. Students must be provided the opportunity to learn
 423 personal financial literacy through a one-half credit financial
 424 literacy course. Instruction for personal financial literacy
 425 must include the following:

- 426 a. Types of bank accounts offered, opening and managing a
- 427 bank account, and assessing the quality of a depository
- 428 institution's services.
- 429 b. Balancing a checkbook.
- 430 c. Basic principles of money management, such as spending,
- 431 credit, credit scores, and managing debt, including retail and
- 432 credit card debt.
- 433 d. Completing a loan application.
- 434 e. Receiving an inheritance and related implications.
- 435 f. Basic principles of personal insurance policies.
- 436 g. Computing federal income taxes.
- 437 h. Local tax assessments.
- 438 i. Computing interest rates by various mechanisms.
- 439 j. Simple contracts.
- 440 k. Contesting an incorrect billing statement.
- 441 l. Types of savings and investments.
- 442 m. State and federal laws concerning finance.

443

444 The department shall identify freely available assessments or

445 certificates that enable students to demonstrate proficiency in

446 personal financial literacy without taking the course.

447 Section 9. Subsection (5), paragraph (j) of subsection

448 (6), and subsection (8) of section 1007.35, Florida Statutes,

449 are amended to read:

450 1007.35 Florida Partnership for Minority and
 451 Underrepresented Student Achievement.—

452 (5) Each public high school, including, but not limited
 453 to, schools and alternative sites and centers of the Department
 454 of Juvenile Justice, shall provide for the administration of the
 455 Preliminary SAT/National Merit Scholarship Qualifying Test
 456 (PSAT/NMSQT), or the PreACT ~~preliminary ACT~~ to all enrolled 10th
 457 grade students. However, a written notice shall be provided to
 458 each parent which must include the opportunity to exempt his or
 459 her child from taking the PSAT/NMSQT or the PreACT ~~preliminary~~
 460 ~~ACT~~.

461 (a) Test results will provide each high school with a
 462 database of student assessment data which certified school
 463 counselors will use to identify students who are prepared or who
 464 need additional work to be prepared to enroll and be successful
 465 in AP courses, or other advanced high school courses.

466 (b) Funding for the PSAT/NMSQT or the PreACT ~~preliminary~~
 467 ~~ACT~~ for all 10th grade students shall be contingent upon annual
 468 funding in the General Appropriations Act.

469 (c) Public school districts must choose either the
 470 PSAT/NMSQT or the PreACT ~~preliminary ACT~~ for districtwide
 471 administration.

472 (6) The partnership shall:

473 (j) Provide information to students, parents, teachers,
 474 counselors, administrators, districts, Florida College System

475 institutions, and state universities regarding PSAT/NMSQT or the
 476 PreACT ~~preliminary ACT~~ administration, including, but not
 477 limited to:

- 478 1. Test administration dates and times.
- 479 2. That participation in the PSAT/NMSQT or the PreACT
 480 ~~preliminary ACT~~ is open to all 10th grade students.
- 481 3. The value of such tests in providing diagnostic
 482 feedback on student skills.
- 483 4. The value of student scores in predicting the
 484 probability of success on AP or other advanced course
 485 examinations.

486 (8)(a) By September 30 of each year, the partnership shall
 487 submit to the department a report that contains an evaluation of
 488 the effectiveness of the delivered services and activities.
 489 Activities and services must be evaluated on their effectiveness
 490 at raising student achievement and increasing the number of AP
 491 or other advanced course examinations in low-performing middle
 492 and high schools. Other indicators that must be addressed in the
 493 evaluation report include the number of middle and high school
 494 teachers trained; the effectiveness of the training; measures of
 495 postsecondary readiness of the students affected by the program;
 496 levels of participation in 10th grade PSAT/NMSQT or the PreACT
 497 ~~preliminary ACT~~ testing; and measures of student, parent, and
 498 teacher awareness of and satisfaction with the services of the
 499 partnership.

500 (b) The department shall contribute to the evaluation
 501 process by providing access, consistent with s. 119.071(5)(a),
 502 to student and teacher information necessary to match against
 503 databases containing teacher professional development data and
 504 databases containing assessment data for the PSAT/NMSQT, SAT,
 505 ACT, PreACT, AP, and other appropriate measures. The department
 506 shall also provide student-level data on student progress from
 507 middle school through high school and into college and the
 508 workforce, if available, in order to support longitudinal
 509 studies. The partnership shall analyze and report student
 510 performance data in a manner that protects the rights of
 511 students and parents as required in 20 U.S.C. s. 1232g and s.
 512 1002.22.

513 Section 10. Subsection (2) of section 1010.20, Florida
 514 Statutes, is amended to read:

515 1010.20 Cost accounting and reporting for school
 516 districts.—

517 (2) COST REPORTING.—

518 (a) Each district shall report on a district-aggregate
 519 basis expenditures for inservice training pursuant to s.
 520 1011.62(3) and for categorical programs as provided in s.
 521 1011.62(6).

522 (b) Each district shall report to the department on a
 523 school-by-school and on an aggregate district basis expenditures
 524 for:

- 525 1. Each program funded in s. 1011.62(1)(c).
- 526 2. Total operating costs as reported pursuant to s.
- 527 1010.215.
- 528 3. Expenditures for classroom instruction pursuant to the
- 529 calculation in s. 1010.215(4)(b)1. and 2.
- 530 (c) The department shall:
- 531 1. Categorize all public schools and districts into
- 532 appropriate groups based primarily on average full-time
- 533 equivalent student enrollment as reported on the most recent
- 534 student membership survey under s. 1011.62 and in state board
- 535 rule to determine groups of peer schools and districts.
- 536 2. Annually calculate for each public school, district,
- 537 and for the entire state, the percentage of classroom
- 538 expenditures to total operating expenditures reported in
- 539 subparagraphs (b)2. and 3. The results shall be categorized
- 540 pursuant to this paragraph.
- 541 3. Annually calculate for all public schools, districts,
- 542 and the state, the average percentage of classroom expenditures
- 543 to total operating expenditures reported in subparagraphs (b)2.
- 544 and 3. The results shall be categorized pursuant to this
- 545 paragraph.
- 546 4. Develop a web-based fiscal transparency tool that
- 547 identifies public schools and districts that produce high
- 548 academic achievement based on the ratio of classroom instruction
- 549 expenditures to total expenditures. The fiscal transparency tool

550 shall combine the data calculated pursuant to this paragraph
 551 with the student performance measurements calculated pursuant to
 552 s. 1012.34(7) to determine the financial efficiency of each
 553 public school and district. The results shall be displayed in an
 554 easy to use format that enables the user to compare performance
 555 among public schools and districts.

556 ~~(d)~~ (e) The Commissioner of Education shall present to the
 557 Legislature, prior to the opening of the regular session each
 558 year, a district-by-district report of the expenditures reported
 559 pursuant to paragraphs (a) and (b). The report shall include
 560 total expenditures, a detailed analysis showing expenditures for
 561 each program, and such other data as may be useful for
 562 management of the education system. The Commissioner of
 563 Education shall also compute cost factors relative to the base
 564 student allocation for each funded program in s. 1011.62(1)(c).

565 Section 11. Paragraph (a) of subsection (3) of section
 566 1011.01, Florida Statutes, is amended to read:

567 1011.01 Budget system established.—

568 (3)(a) Each district school board and each Florida College
 569 System institution board of trustees shall prepare, adopt, and
 570 submit to the Commissioner of Education an annual operating
 571 budget. Operating budgets shall be prepared and submitted in
 572 accordance with the provisions of law, rules of the State Board
 573 of Education, the General Appropriations Act, and for district
 574 school boards in accordance with the provisions of s. 200.065

575 ~~ss. 200.065 and 1011.64.~~

576 Section 12. Subsection (2) of section 1011.03, Florida
577 Statutes, is amended to read:

578 1011.03 Public hearings; budget to be submitted to
579 Department of Education.-

580 ~~(2) The advertisement of a district that has been required
581 by the Legislature to increase classroom expenditures pursuant
582 to s. 1011.64 must include the following statement:~~

583 ~~"This proposed budget reflects an increase in classroom
584 expenditures as a percent of total current operating
585 expenditures of XX percent over the (previous fiscal year)
586 fiscal year. This increase in classroom expenditures is required
587 by the Legislature because the district has performed below the
588 required performance standard on XX of XX student performance
589 standards for the (previous school year) school year. In order
590 to achieve the legislatively required level of classroom
591 expenditures as a percentage of total operating expenditures,
592 the proposed budget includes an increase in overall classroom
593 expenditures of \$XX,XXX,XXX above the amount spent for this same
594 purpose during the (previous fiscal year) fiscal year. In order
595 to achieve improved student academic performance, this proposed
596 increase is being budgeted for the following activities:
597 ... (list activities and amount budgeted)"~~

598 Section 13. Subsection (2) of section 1011.035, Florida
599 Statutes, is amended to read:

600 1011.035 School district fiscal ~~budget~~ transparency.—
 601 (2) Each district school board shall post on its website a
 602 plain language version of each proposed, tentative, and official
 603 budget which describes each budget item in terms that are easily
 604 understandable to the public and includes:
 605 (a) Graphical representations, for each public school
 606 within the district and for the school district, of the
 607 following:
 608 1. Summary financial efficiency data.
 609 2. Fiscal trend information for the previous 3 years on:
 610 a. The ratio of full-time equivalent students to full-time
 611 equivalent instructional personnel.
 612 b. The ratio of full-time equivalent students to full-time
 613 equivalent administrative personnel.
 614 c. The total operating expenditures per full-time
 615 equivalent student.
 616 d. The total instructional expenditures per full-time
 617 equivalent student.
 618 e. The general administrative expenditures as a percentage
 619 of total budget.
 620 f. The rate of change in the general fund's ending fund
 621 balance not classified as restricted.
 622 (b) A link to the web-based fiscal transparency tool
 623 developed by the department pursuant to s. 1010.20 to enable
 624 taxpayers to evaluate the financial efficiency of the school

625 district and compare the financial efficiency of the school
 626 district with other similarly situated school districts.

627
 628 This information must be prominently posted on the school
 629 district's website in a manner that is readily accessible to the
 630 public.

631 Section 14. Subsections (1) and (2) of section 1011.051,
 632 Florida Statutes, are amended to read:

633 1011.051 Guidelines for general funds.—The district school
 634 board shall maintain a general fund ending fund balance that is
 635 sufficient to address normal contingencies.

636 (1) If at any time the portion of the general fund's
 637 ending fund balance not classified as restricted, committed, or
 638 nonspendable in the district's approved operating budget is
 639 projected to fall below 3 percent of projected general fund
 640 revenues during the current fiscal year, the superintendent
 641 shall provide written notification to the district school board
 642 and the Commissioner of Education. If such financial condition
 643 exists for 2 consecutive fiscal years, the superintendent shall
 644 reduce the district's administration expenditures reported
 645 pursuant to s. 1010.215(4)(a) in proportion to the reduction in
 646 the general fund's ending balance or the reduction in student
 647 enrollment, whichever is greater.

648 (2) (a) If at any time the portion of the general fund's
 649 ending fund balance not classified as restricted, committed, or

650 nonspendable in the district's approved operating budget is
 651 projected to fall below 2 percent of projected general fund
 652 revenues during the current fiscal year, the superintendent
 653 shall provide written notification to the district school board
 654 and the Commissioner of Education. Within 14 days after
 655 receiving such notification, if the commissioner determines that
 656 the district does not have a plan that is reasonably anticipated
 657 to avoid a financial emergency as determined pursuant to s.
 658 218.503, the commissioner shall appoint a financial emergency
 659 board that shall operate under the requirements, powers, and
 660 duties specified in s. 218.503(3)(g).

661 (b) If any of the conditions identified in s. 218.503(1)
 662 existed in the 2015-2016 school year or thereafter, the
 663 department shall contract with an independent third party to
 664 conduct an investigation of all accounts and records to
 665 determine the cause of the deficit, what efforts, if any, were
 666 made to avoid the deficit, and whether any of the conditions
 667 identified in s. 1011.10 have occurred. The investigation must
 668 include a detailed review and analysis of documents and records,
 669 including, but not limited to, budget reports, journal entries,
 670 budget methodologies, staff emails, hard copy records, monthly
 671 financial statements, quarterly revenue and expenditure reports,
 672 finance staff job descriptions, and minutes from meetings. The
 673 results of the investigation must include recommendations for
 674 corrective action and controls to avoid a reoccurrence of a

675 future budget shortfall. A final report shall be provided to the
 676 district school board, the department, the Legislative Auditing
 677 Committee, and the district's financial emergency board, if
 678 applicable.

679 Section 15. Subsection (2) of section 1011.06, Florida
 680 Statutes, is amended to read:

681 1011.06 Expenditures.—

682 (2) EXPENDITURES FROM DISTRICT AND OTHER FUNDS.—

683 Expenditures from district and all other funds available for the
 684 public school program of any district shall be authorized by law
 685 and must be in accordance with procedures prescribed by the
 686 district school board. A district school board may establish
 687 policies that allow expenditures to exceed the amount budgeted
 688 by function and object, provided that the district school board
 689 complies with s. 1011.09(4) and approves the expenditure by
 690 amending and amends the budget at the next scheduled public
 691 meeting. The district school board must provide a full
 692 explanation of any amendments at the public meeting within
 693 timelines established by school board policies.

694 Section 16. Subsection (4) of section 1011.09, Florida
 695 Statutes, is amended to read:

696 1011.09 Expenditure of funds by district school board.—All
 697 state funds apportioned to the credit of any district constitute
 698 a part of the district school fund of that district and must be
 699 budgeted and expended under authority of the district school

700 board subject to the provisions of law and rules of the State
 701 Board of Education.

702 (4) If the financial conditions in s. 1011.051 exist, a
 703 district school board ~~During the 2009-2010 fiscal year, unless~~
 704 ~~otherwise specifically approved by the district school board,~~
 705 ~~public funds~~ may not make expenditures ~~be expended~~ for ~~out-of-~~
 706 ~~state~~ travel outside of the district or cellular phones,
 707 cellular phone service, personal digital assistants, or any
 708 other mobile wireless communication device or service, including
 709 text messaging, whether through purchasing, leasing,
 710 contracting, or any other method, while the financial conditions
 711 exist. The expenditure of public funds for art programs, music
 712 programs, sports programs, and extracurricular programs for
 713 students is a higher priority than expending funds for employee
 714 travel and cellular phones.

715 Section 17. Subsection (3) is added to section 1011.10,
 716 Florida Statutes, to read:

717 1011.10 Penalty.-

718 (3) If any of the conditions identified in s. 218.503(1)
 719 exist within a school district, the salary of each district
 720 school board member and district superintendent, calculated
 721 pursuant to ss. 1001.395 and 1001.47, shall be withheld until
 722 the conditions are corrected. This subsection does not apply to
 723 a district school board member or district superintendent
 724 elected or appointed within 1 year after the identification of

725 the conditions in s. 218.503(1) if he or she did not participate
 726 in the approval or preparation of the final school district
 727 budget adopted before the identification of such conditions.

728 Section 18. Subsection (8) of section 1011.60, Florida
 729 Statutes, is amended to read:

730 1011.60 Minimum requirements of the Florida Education
 731 Finance Program.—Each district which participates in the state
 732 appropriations for the Florida Education Finance Program shall
 733 provide evidence of its effort to maintain an adequate school
 734 program throughout the district and shall meet at least the
 735 following requirements:

736 ~~(8) MINIMUM CLASSROOM EXPENDITURE REQUIREMENTS.—Comply~~
 737 ~~with the minimum classroom expenditure requirements and~~
 738 ~~associated reporting pursuant to s. 1011.64.~~

739 Section 19. Section 1011.64, Florida Statutes, is
 740 repealed.

741 Section 20. The Legislature finds that a proper and
 742 legitimate state purpose is served when employees and retirees
 743 of the state and its political subdivisions, and the dependents,
 744 survivors, and beneficiaries of such employees and retirees, are
 745 extended the basic protections afforded by governmental
 746 retirement systems. These persons must be provided benefits that
 747 are fair and adequate and that are managed, administered, and
 748 funded in an actuarially sound manner, as required by s. 14,
 749 Article X of the State Constitution and part VII of chapter 112,

750 Florida Statutes. Therefore, the Legislature determines and
751 declares that this act fulfills an important state interest.

752 Section 21. Contingent upon CS/HB 7055 or similar
753 legislation in the 2018 Regular Session of the Legislature or an
754 extension thereof failing to become law, for the 2018-2019
755 fiscal year, the sum of \$850,000 in nonrecurring funds from the
756 General Revenue Fund is appropriated to the Department of
757 Education to implement the provisions of this act.

758 Section 22. This act shall take effect July 1, 2018.

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 565 Excess Credit Hour Surcharges

SPONSOR(S): Mariano

TIED BILLS: None. **IDEN./SIM. BILLS:** SB 844

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Post-Secondary Education Subcommittee	11 Y, 0 N	McAlarney	Bishop
2) Higher Education Appropriations Subcommittee	11 Y, 0 N	Crowley	Lloyd
3) Education Committee		McAlarney	Hassell

SUMMARY ANALYSIS

Currently, a state university student must pay an excess hour surcharge for each credit hour in excess of 110 percent of the number of credit hours required to complete the baccalaureate program in which the student is enrolled.

The bill exempts from the surcharge first-time-in-college students who complete the requirements for their baccalaureate degree program within 4 years. In addition, the bill modifies the excess hour surcharge for students enrolled in a degree program designated by the Board of Governors as an area of strategic emphasis in a science, technology, engineering, mathematics, or health discipline. Specifically, for such students an excess hour surcharge equal to 100 percent of the tuition rate will be assessed for each credit hour attempted in excess of 120 percent of the credit hours required to complete the baccalaureate degree. The excess hours surcharge for all other students will continue to be assessed when the student exceeds 110 percent of the degree program.

The bill will result in a loss of revenue for institutions from students who take excess credit hours beyond the requirements for a baccalaureate degree program.

The bill takes effect July 1, 2018.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Currently, state university students must pay an excess hour surcharge for credit hours exceeding baccalaureate degree program completion requirements.¹ The Legislature's intent is to encourage each undergraduate student who enrolls in a state university to complete the student's respective baccalaureate degree program in the most efficient way possible while providing for access to additional college coursework. Therefore, a policy was enacted that provides incentives for efficient baccalaureate degree completion.²

Specifically, the excess hour surcharge is effective for students who enter a state university for the first time and maintain continuous enrollment as follows:³

- For the 2009-2010 and 2010-2011 academic years, an excess hour surcharge equal to 50 percent of the tuition rate for each credit hour in excess of 120 percent.⁴
- For the 2011-2012 academic year, an excess hour surcharge equal to 100 percent of the tuition rate for each credit hour in excess of 115 percent.⁵
- For the 2012-2013 academic year and thereafter, an excess hour surcharge equal to 100 percent of the tuition rate for each credit hour in excess of 110 percent.⁶

All credit hours taken at the state university from which the student is enrolled are included when calculating the number of hours taken by a student, including:⁷

- Failed courses.⁸
- Courses that are dropped after the university's advertised last day of the drop and add period.⁹
- Courses from which a student withdraws, except as provided in subsection (4).¹⁰
- Repeated courses, except repeated courses for which the student has paid the full cost of instruction as provided in s. 1009.285, F.S.¹¹

In addition, all credit hours earned at another institution and accepted for transfer by the state university and applied toward the student's baccalaureate degree program are included in the calculation.¹²

Credit hours earned under the following circumstances are not calculated as hours required to earn a baccalaureate degree:¹³

- College credits earned through an articulated accelerated mechanism identified in s. 1007.27, F.S.¹⁴

¹ Section 1009.286, F.S.

² Section 1009.286(1), F.S.

³ Section 1009.286(2), F.S.

⁴ Section 1009.286(2)(a), F.S.

⁵ Section 1009.286(2)(b), F.S.

⁶ Section 1009.286(2)(c), F.S.

⁷ Section 1009.286(3)(a), F.S.

⁸ Section 1009.286(3)(a)1., F.S.

⁹ Section 1009.286(3)(a)2., F.S.

¹⁰ Section 1009.286(3)(a)3., F.S.

¹¹ Section 1009.286(3)(a)4., F.S.

¹² Section 1009.286(3)(b), F.S.

¹³ Section 1009.286(4), F.S.

¹⁴ Section 1009.286(a), F.S.

- Credit hours earned through internship programs.¹⁵
- Credit hours required for certification, recertification, or certificate programs.¹⁶
- Credit hours in courses from which a student must withdraw due to reasons of medical or personal hardship.¹⁷
- Credit hours taken by active-duty military personnel.¹⁸
- Credit hours required to achieve a dual major taken while pursuing a baccalaureate degree.¹⁹
- Remedial and English as a Second Language credit hours.²⁰
- Credit hours earned in military science courses that are part of the Reserve Officers' Training Corps (ROTC) program.²¹

Each state university and Florida College System institution must implement a process for notifying students regarding the excess credit hour surcharge and the notice must be provided upon a student's initial enrollment in the institution. Additionally, the notice must be provided a second time by a state university when a student has earned the credit hours required to complete the baccalaureate degree program in which the student is enrolled. The notice must include a recommendation that each student who intends to earn credit hours at the institution in excess of the credit hours required for the baccalaureate degree program in which the student is enrolled meet with his or her academic advisor.²²

Effect of Proposed Changes

The bill exempts from the surcharge first-time-in-college students who complete the requirements for their baccalaureate degree program within 4 years. In addition, the bill modifies the excess hour surcharge for students enrolled in a degree program designated by the Board of Governors as an area of strategic emphasis in a science, technology, engineering, mathematics, or health discipline.²³ Specifically, for such students an excess hour surcharge equal to 100 percent of the tuition rate will be charged for each credit hour attempted in excess of 120 percent (rather than 110 percent) of the credit hours required to complete the baccalaureate degree.

B. SECTION DIRECTORY:

Section 1. Amends s. 1009.286, F.S., exempting first-in-time college students completing their baccalaureate degree within 4 years from paying excess hour surcharges, and applying the surcharge for each credit hour in excess of 120 percent rather than 110 percent for students enrolled in a degree program designated by the Board of Governors as an area of strategic emphasis in a science, technology, engineering, mathematics, or health discipline.

Section 2. Provides an effective date of July 1, 2018.

¹⁵ Section 1009.286(b), F.S.

¹⁶ Section 1009.286(c), F.S.

¹⁷ Section 1009.286(d), F.S.

¹⁸ Section 1009.286(e), F.S.

¹⁹ Section 1009.286(f), F.S.

²⁰ Section 1009.286(g), F.S.

²¹ Section 1009.286(h), F.S.

²² Section 1009.286(5), F.S.

²³ State University System of Florida, Board of Governors, Programs of Strategic Emphasis,

http://www.flbog.edu/pressroom/strategic_emphasis/ (last visited Feb. 19, 2018).

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See fiscal comments.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

This bill would result in a positive economic impact for first-time college students who complete their baccalaureate degree requirements within 4 years. Also, the bill would result in a positive impact for students pursuing baccalaureate degree programs of strategic emphasis in a science, technology, engineering, mathematics, or health discipline who attempt between 110 and 120 percent of credit hour requirements.

D. FISCAL COMMENTS:

The bill could result in minimal revenue losses for universities from students who take excess credit hours beyond the requirements for a baccalaureate degree program. Analysis by the Board of Governors using data from FY 2015-2016 estimated losses would amount to about \$6.2 million, about 0.3 percent of total tuition revenues.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

Not applicable.

1 A bill to be entitled
 2 An act relating to excess credit hour surcharges;
 3 amending s. 1009.286, F.S.; providing an exception to
 4 the excess credit hour surcharge requirement for
 5 certain students; providing a separate excess hour
 6 surcharge threshold for students enrolled in certain
 7 degree programs designated as an area of strategic
 8 emphasis by the Board of Governors; providing an
 9 effective date.

10
 11 Be It Enacted by the Legislature of the State of Florida:

12
 13 Section 1. Subsection (2) of section 1009.286, Florida
 14 Statutes, is amended to read:

15 1009.286 Additional student payment for hours exceeding
 16 baccalaureate degree program completion requirements at state
 17 universities.-

18 (2) State universities shall require a student to pay an
 19 excess hour surcharge for each credit hour in excess of the
 20 number of credit hours required to complete the baccalaureate
 21 degree program in which the student is enrolled. The excess hour
 22 surcharge does not apply to a first-time-in-college student who
 23 completes the requirements of his or her respective
 24 baccalaureate degree program within 4 years. The excess hour
 25 surcharge shall become effective for students who enter a state

26 university for the first time and maintain continuous enrollment
27 as follows:

28 (a) For the 2009-2010 and 2010-2011 academic years, an
29 excess hour surcharge equal to 50 percent of the tuition rate
30 for each credit hour in excess of 120 percent.

31 (b) For the 2011-2012 academic year, an excess hour
32 surcharge equal to 100 percent of the tuition rate for each
33 credit hour in excess of 115 percent.

34 (c) For the 2012-2013 academic year and thereafter, an
35 excess hour surcharge equal to 100 percent of the tuition rate
36 for each credit hour in excess of 110 percent. However, for
37 students enrolled in a degree program designated by the Board of
38 Governors as an area of strategic emphasis in a science,
39 technology, engineering, mathematics, or health discipline there
40 is an excess hour surcharge equal to 100 percent of the tuition
41 rate for each credit hour in excess of 120 percent.

42 Section 2. This act shall take effect July 1, 2018.



Amendment No. 1

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	___	(Y/N)
ADOPTED AS AMENDED	___	(Y/N)
ADOPTED W/O OBJECTION	___	(Y/N)
FAILED TO ADOPT	___	(Y/N)
WITHDRAWN	___	(Y/N)
OTHER	_____	

1 Committee/Subcommittee hearing bill: Education Committee
2 Representative Mariano offered the following:

Amendment (with title amendment)

Remove everything after the enacting clause and insert:

Section 1. Paragraph (c) of subsection (2) of section
1009.286, Florida Statutes, is amended to read:

1009.286 Additional student payment for hours exceeding
baccalaureate degree program completion requirements at state
universities.—

(2) State universities shall require a student to pay an
excess hour surcharge for each credit hour in excess of the
number of credit hours required to complete the baccalaureate
degree program in which the student is enrolled. The excess hour
surcharge shall become effective for students who enter a state



Amendment No. 1

16 university for the first time and maintain continuous enrollment
17 as follows:

18 (c) For the 2012-2013 academic year and thereafter, an
19 excess hour surcharge equal to 100 percent of the tuition rate
20 for each credit hour in excess of 110 percent. Notwithstanding
21 the requirements of this subsection, the state university shall
22 refund the excess hour surcharge assessed pursuant to this
23 paragraph, for up to 12 credit hours, to any first-time-in-
24 college student who completes a baccalaureate degree program
25 within 4 years after initial enrollment in a state university.

26 Section 2. This act shall take effect July 1, 2018.

27

28

29

T I T L E A M E N D M E N T

30

Remove lines 3-8 and insert:

31

amending s. 1009.286, F.S.; requiring a state university to
32 return up to a specified amount of assessed excess credit hour
33 surcharges to first-time-in-college students who meet certain
34 requirements; providing an

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCS for HB 909 Higher Education
SPONSOR(S): Education Committee
TIED BILLS: None **IDEN./SIM. BILLS:** None

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

SUMMARY ANALYSIS

The bill creates the "RISE to 55 Initiative" to boost postsecondary attainment among Floridians to 55 percent by 2025. The bill directs the Higher Education Coordinating Council (HECC) to:

- increase awareness and utilization of existing state and local strategies and resources that assist students in earning postsecondary credentials in a timely manner;
- develop public and private partnerships that encourage students to enroll in postsecondary programs, recognize and celebrate academic achievement, and increase communication among stakeholders; and
- facilitate transfer agreements to ensure that students are awarded postsecondary credentials that they have earned.

The HECC must provide recommendations to the Legislature, no later than January 15, 2019, on ways to increase postsecondary certificate and associate degree attainment of Florida College System (FCS) institution students who demonstrate unmet financial need after receiving existing state and federal financial aid awards. The HECC must include a cost estimate of covering the remaining cost of full-time tuition for such students.

The bill creates the "Campus Free Expression Act" (Act) and defines commercial speech, free speech zone, outdoor areas of campus, public institutions of higher education, and material and substantial disruption. The bill clarifies that an individual's expressive rights may not be infringed upon, and that an institution is prohibited from restricting expressive activities to a particular area of campus and prohibited from designating free speech zones. Protected activities include speeches and writings that an individual uses to communicate ideas to others.

The bill allows reasonable limits on expressive activities; however, students, faculty, or staff may not materially and substantially disrupt activities on campus. An institution may restrict expressive activities only if the restrictions are reasonable. The restrictions must be content-neutral on time, place, and manner of expression, and must be narrowly tailored to a significant institutional interest. All restrictions must be clear, published, and provide for ample alternative means of expression.

The bill grants an individual standing to seek declaratory and injunctive relief, including reasonable court costs and attorneys' fees, if his or her expressive rights are violated. It also requires student government associations to provide a written justification of funds allocated from the activity and service fee to each student organization that requests funding. In addition, each student government association must maintain a list of funding requests and awards on its website.

The bill does not appear to have a fiscal impact on state or local governments.

The bill has an effective date of July 1, 2018.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Postsecondary Attainment

Postsecondary attainment refers to the educational level of a state's population.¹ In other words, it is the percentage of residents of a state that have earned a high quality postsecondary credential. The Lumina Foundation has set a goal that, by 2025, 60 percent of Americans will hold degrees, certificates, or other high-quality credentials. As of 2015, the national average for attainment was 40.9 percent.²

On November 28, 2016, the Higher Education Coordinating Council (HECC) set as its attainment goal that 55 percent of Florida citizens between the ages of 25 and 64 would hold a high quality postsecondary credential by 2025.³ In 2015, Florida's educational attainment rate was estimated to be 39.9%. According to The Lumina Foundation's "A Stronger Nation" policy brief on Florida's 67 counties, 21 have an educational attainment level of less than 20 percent, 32 counties have an attainment level between 20 and 40 percent, and only 14 counties have an educational attainment level above 40 percent. Leon County (at 55.01 percent) is the only county that has met or exceeded the statewide goal.⁴

The HECC has partnered with the Lumina Foundation, the Helios Foundation, the Florida College Access Network and Local College Access Network, the Florida Chamber Foundation, and the Florida Philanthropic Network to work with and encourage employers, organizations, policymakers, community leaders, and other stakeholders to adopt Florida's goal. Through research, communication, and convenings of stakeholder groups around the state, the HECC has sought to create and strengthen the collaborative partnerships needed to increase attainment and more closely align postsecondary education with workforce and civic needs.⁵

Intellectual and Viewpoint Diversity

In 2006, the American Association of Colleges and Universities (AAC&U) issued a statement on academic freedom and educational responsibility.⁶ According to AAC&U:

In any education of quality, students encounter an abundance of intellectual diversity—new knowledge, different perspectives, competing ideas, and alternative claims of truth. This intellectual diversity is experienced by some students as exciting and challenging, while others are confused and overwhelmed by the complexity. Liberal education, the nation's signature

¹ *National Overview of Postsecondary Attainment*. Presentation to the Florida House of Representatives Post-Secondary Education Subcommittee (November 16, 2017), available at: [http://myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=2907&Session=2018&DocumentType=Meeting Packets&FileName=pse 11-16-17.pdf](http://myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=2907&Session=2018&DocumentType=Meeting%20Packets&FileName=pse%2011-16-17.pdf).

² *Id.*

³ Higher Education Coordinating Council. *Higher Education Coordinating Council Annual Report* (2016), available at: http://www.floridahighereducation.org/doc/2016_HECC_Annual_Report.pdf.

⁴ *National Overview of Postsecondary Attainment*. Presentation to the Florida House of Representatives Post-Secondary Education Subcommittee (November 16, 2017), available at: [http://myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=2907&Session=2018&DocumentType=Meeting Packets&FileName=pse 11-16-17.pdf](http://myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=2907&Session=2018&DocumentType=Meeting%20Packets&FileName=pse%2011-16-17.pdf).

⁵ *Id.*

⁶ American Association of Colleges and Universities, *Academic Freedom and Educational Responsibility* (Washington DC: Association of Colleges and Universities, 2006) Available at: <https://www.aacu.org/about/statements/academic-freedom>.

educational tradition, helps students develop the skills of analysis and critical inquiry with particular emphasis on exploring and evaluating competing claims and different perspectives.

Diversity is defined by Webster's dictionary as "the condition of having or being composed of differing elements" and "the inclusion of different types of people (such as people of different races or cultures) in a group or organization."⁷ Colleges and universities have long sought to foster diversity on campus. However, recent events on multiple college campuses across the country have raised the question of whether diversity of thought is included in what appears to be an evolving definition of diversity.

Freedom of Expression on Campus

In 2013, the American Council of Trustees and Alumni (ACTA), with the James Madison Institute (JMI), produced a comprehensive report that reviewed state university policies in Florida relating to the right to free expression on campus.⁸ The report found that, while Florida institutions have broad policy statements that declare the right to free expression on campus, they also have broad policies that punish "offensive" speech or restrict expression to designated "free speech zones."⁹ The Foundation for Individual Rights in Education (FIRE) also conducted a review of the state of free speech on college campuses.¹⁰ FIRE conducted a survey of the publicly available policies at 449 4-year postsecondary institutions (345 public and 104 private) and found that 39.6 percent of those institutions maintain severely restrictive speech codes that prohibit constitutionally protected speech.¹¹ FIRE rated colleges and universities as either "red light,"¹² "yellow light,"¹³ or "green light"¹⁴ based on the amount of restrictions their written policies place on protected speech. Over a 9-year period, the number of public postsecondary institutions that received a "red light" rating dropped from 79 percent to 33.9 percent.¹⁵

As of 2017, the only Florida public universities that have received a "green light" campus free speech rating are the University of Florida and the University of North Florida.¹⁶

In January 2015, the Committee on Freedom of Expression at the University of Chicago produced a free speech policy statement (referred to as the "Chicago Statement") that affirmed the centrality of unfettered debate to the university's mission.¹⁷ The statement provided in part:¹⁸

⁷ Merriam-Webster Dictionary, <https://www.merriam-webster.com/dictionary/diversity> (last visited Jan. 11, 2018).

⁸ American Council of Trustees and Alumni (with the James Madison Institute), *Florida Rising: An assessment of Public Universities in the Sunshine State* (June 2013), https://www.goacta.org/publications/florida_rising (last visited Jan. 11, 2018).

⁹ *Id.*

¹⁰ Foundation for Individual Rights in Education, *Spotlight on Free Speech Codes 2017*, <https://www.thefire.org/spotlight-on-speech-codes-2017/> (last visited Jan. 17, 2018).

¹¹ *Id.*

¹² Foundation for Individual Rights in Education, *Spotlight on Free Speech Codes 2017*, <https://www.thefire.org/spotlight-on-speech-codes-2017/> (last visited Jan. 17, 2018). A "red light" institution is one that has at least one policy both clearly and substantially restricting freedom of speech, or that bars public access to its speech-related policies by requiring a university login and password for access. A "clear" restriction is one that unambiguously infringes on protected expression.

¹³ Foundation for Individual Rights in Education, *Spotlight on Free Speech Codes 2017*, <https://www.thefire.org/spotlight-on-speech-codes-2017/> (last visited Jan. 17, 2018). A "yellow light" institution is one that maintains policies that could be interpreted to suppress protected speech or policies that, while clearly restricting freedom of speech, restrict narrow categories of speech.

¹⁴ Foundation for Individual Rights in Education, *Spotlight on Free Speech Codes 2017*, <https://www.thefire.org/spotlight-on-speech-codes-2017/> (last visited Jan. 17, 2018). A "green light" institution is one whose written policies do not seriously threaten campus expression. It does not indicate whether an institution actively supports free expression in practice.

¹⁵ Foundation for Individual Rights in Education, *Spotlight on Free Speech Codes 2017*, <https://www.thefire.org/spotlight-on-speech-codes-2017/> (last visited Jan. 17, 2018).

¹⁶ James Madison Institute, *Free expression and Intellectual Diversity: How Florida Universities Currently Measure Up*. (December 14, 2017), available at <https://www.jamesmadison.org/Library/docLib/PolicyBrief-FreeSpeech-v05.pdf>.

¹⁷ *Id.*

¹⁸ University of Chicago, *Report of the Committee on Free Expression* (2015), available at <https://freexpression.uchicago.edu/sites/freexpression.uchicago.edu/files/FOECommitteeReport.pdf> (last visited Jan. 11, 2018).

Because the University is committed to free and open inquiry in all matters, it guarantees all members of the University community the broadest possible latitude to speak, write, listen, challenge, and learn. Except insofar as limitations on that freedom are necessary to the functioning of the University, the University of Chicago fully respects and supports the freedom of all members of the University community “to discuss any problem that presents itself.”

Of course, the ideas of different members of the University community will often and quite naturally conflict. But it is not the proper role of the University to attempt to shield individuals from ideas and opinions they find unwelcome, disagreeable, or even deeply offensive. Although the University greatly values civility, and although all members of the University community share in the responsibility for maintaining a climate of mutual respect, concerns about civility and mutual respect can never be used as a justification for closing off discussion of ideas, however offensive or disagreeable those ideas may be to some members of our community.

Several other postsecondary institutions have adopted some version of the “Chicago Statement” since 2015.¹⁹

US Constitutional Right to Free Speech

The First Amendment to the U.S. Constitution states that:

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.²⁰

What Does Free Speech Mean?

The Supreme Court of the United States (SCOTUS) historically determines what exactly constitutes protected speech. The following are examples of speech, both direct (words) and symbolic (actions), that the SCOTUS has decided are, or are not, entitled to First Amendment protections.²¹

Freedom of speech includes the right:²²

- Not to speak (specifically, the right not to salute the flag).²³
- Of students to wear black armbands to school to protest a war (“Students do not shed their constitutional rights at the schoolhouse gate.”)²⁴
- To use certain offensive words and phrases to convey political messages.²⁵
- To contribute money to political campaigns.²⁶
- To advertise commercial products and professional services.²⁷

¹⁹ Foundation for Individual Rights in Education, *Spotlight on Free Speech Codes 2017*. Available at: <https://www.thefire.org/spotlight-on-speech-codes-2017/> (last visited Jan. 11, 2018).

²⁰ Congress.gov, The Constitution of the United States of America: Analysis and Interpretation, Amendments to the Constitution, Bill of Rights, 1st Amendment, p. 1071, available at <https://www.congress.gov/content/conan/pdf/GPO-CONAN-2017-10-2.pdf>.

²¹ Administrative Office of the U.S. Courts, *About Federal Courts, Educational Resources, What Does Free Speech Mean?*, <http://www.uscourts.gov/about-federal-courts/educational-resources/about-educational-outreach/activity-resources/what-does> (last visited Jan. 11, 2018).

²² *Id.*

²³ *West Virginia Board of Education v. Barnette*, 319 U.S. 624 (1943).

²⁴ *Tinker v. Des Moines*, 393 U.S. 503 (1969).

²⁵ *Cohen v. California*, 403 U.S. 15 (1971).

²⁶ *Buckley v. Valeo*, 424 U.S. 1 (1976).

²⁷ *Virginia Board of Pharmacy v. Virginia Consumer Council*, 425 U.S. 748 (1976); *Bates v. State Bar of Arizona*, 433 U.S. 350 (1977).

- To engage in symbolic speech such as burning the American flag in protest.²⁸

Freedom of speech does not include the right:²⁹

- To incite actions that would harm others such as shouting ‘fire’ in a crowded theater.”³⁰
- To make or distribute obscene materials.³¹
- To burn draft cards as an anti-war protest.³²
- To permit students to print articles in a school newspaper over the objections of the school administration.³³
- Of students to make an obscene speech at a school-sponsored event.³⁴
- Of students to advocate illegal drug use at a school-sponsored event.³⁵

Free Speech at Higher Education Institutions

The SCOTUS stated that the “college classroom with its surrounding environs is peculiarly the ‘marketplace of ideas.’”³⁶ If public universities stifle student speech and prevent the open exchange of ideas on campus “our civilization will stagnate and die.”³⁷ In college classrooms young adults learn to exercise these constitutional rights necessary to participate in our system of government and to tolerate others’ exercise of the same rights. There is “no room for the view that . . . First Amendment protections should apply with less force on college campuses than in the community at large . . . Quite to the contrary, the vigilant protection of constitutional freedoms is nowhere more vital than in the community of American schools.”³⁸

Student Activity and Service Fees

Florida law requires each state university’s board of trustees to establish a student activity and service fee on the main campus of the university.³⁹ The fee is used to benefit the general student body by paying for things such as student publications and grants to duly recognized student organizations.⁴⁰ These organizations request money for their activities and events. The allocation and expenditure of the funds is determined by the student government association of the university.⁴¹ The United States Supreme Court has ruled that public universities that collect activity and service fees cannot discriminate based on the viewpoint or the organization when disbursing the funds to student organizations.⁴²

University of Florida Innovation Academy

Innovation Academy was created by the Florida Legislature to increase access to the University of Florida. Innovation Academy students take course work on campus during the spring and summer terms. In addition, these students take coursework through on-line classes, participating in internships,

²⁸ *Texas v. Johnson*, 491 U.S. 397 (1989); *United States v. Eichman*, 496 U.S. 310 (1990).

²⁹ Administrative Office of the U.S. Courts, *About Federal Courts, Educational Resources, What Does Free Speech Mean?*, <http://www.uscourts.gov/about-federal-courts/educational-resources/about-educational-outreach/activity-resources/what-does> (last visited Jan. 11, 2018).

³⁰ *Schenck v. United States*, 249 U.S. 47 (1919).

³¹ *Roth v. United States*, 354 U.S. 476 (1957).

³² *United States v. O’Brien*, 391 U.S. 367 (1968).

³³ *Hazelwood School District v. Kuhlmeier*, 484 U.S. 260 (1988).

³⁴ *Bethel School District #43 v. Fraser*, 478 U.S. 675 (1986).

³⁵ *Morse v. Frederick*, 551 U.S. 393 (2007).

³⁶ *Healy v. James*, 408 U.S. 169, 180 (1972).

³⁷ *Sweezy v. New Hampshire*, 354 U.S. 234, 250 (1957).

³⁸ *Healy v. James*, 408 U.S. 169, 180 (1972).

³⁹ Section 1009.24(10)(a), F.S.

⁴⁰ Section 1009.24(10)(b), F.S.

⁴¹ *Id.*

⁴² *Bd. of Regents v. Southworth*, 526 U.S. 1038, 119 S. Ct. 1332 (1999).

and study abroad programs. Current law authorizes Innovation Academy students who are eligible for Bright Futures Scholarship awards to utilize their awards during only the spring and fall academic terms.⁴³ These students are not currently authorized to use their awards during the fall term.

Effect of Proposed Changes

Postsecondary Attainment

The bill creates the "RISE to 55 Initiative" to boost postsecondary attainment among Floridians to 55 percent by 2025.

The bill directs the HECC to:

- increase awareness and utilization of existing state and local strategies and resources that assist students in earning postsecondary credentials in a timely manner;
- develop public and private partnerships that encourage students to enroll in postsecondary programs, recognize and celebrate academic achievement, and increase communication among stakeholders; and
- facilitate transfer agreements to ensure that students are awarded postsecondary credentials that they have earned.

The HECC must also provide recommendations to the Legislature, no later than January 15, 2019, on ways to increase postsecondary certificate and associate degree attainment of Florida College System (FCS) institution students who demonstrate unmet financial need after receiving existing state and federal financial aid awards. The HECC must include a cost estimate of covering the remaining cost of full-time tuition for such students.

The bill also requires school districts to recognize and celebrate academic achievement of students by declaring a "College Decision Day."

Intellectual and Viewpoint Diversity

The bill requires the BOG to annually, by September 1, report on the intellectual freedom and viewpoint diversity at each institution by conducting a survey of students, faculty and administrators. The survey must be objective, non-partisan, statistically valid, and enable comparisons among institutions over time.

Freedom of Expression on Campus

The bill creates the "Campus Free Expression Act" (Act), which addresses the issue of free speech on the campuses of public postsecondary institutions.

The Act defines the following terms:

- Commercial Speech is defined as speech where the individual is engaged in commerce, where the intended audience is commercial or actual or potential customers, and where the content of the message is commercial.
- Free speech zone is defined as a designated area on a public institution of higher education's campus for the purpose of engaging in expressive activities.
- Outdoor areas of campus is defined as generally accessible areas of the campus where members of the campus community are commonly allowed, including grassy areas, walkways, or other similar common areas. The term does not include outdoor areas where access is restricted.
- Public institution of higher education (institution) is defined as any public technical center, state college, state university, law school, medical school, dental school, or other FCS institution as defined in s. 1000.21, F.S.

⁴³ Section 1009.215, F.S.

- Material and substantial disruption is defined as any conduct that intentionally and significantly hinders another person's or group's expressive rights. It does not include conduct protected under the First Amendment to the U.S. Constitution or Article I of the State Constitution, including but not limited to, lawful protests and counter protests in the outdoor areas of campus or minor, brief, and fleeting nonviolent disruptions that are isolated or short in duration.

Free speech rights are protected by enforcing the right to peacefully protest or distribute literature on campus, and clarifying that an individual's expressive rights may not be infringed upon. Protected activities include speeches and writings that an individual uses to communicate ideas to others.

The bill expressly includes the following protected activities:

- Peaceful assembly, protests, and speeches.
- Guest speakers.
- Distributing literature.
- Carrying signs.
- Circulating petitions.
- Video or audio recording in outdoor areas of campus.

Reasonable limits on expressive activities are permitted; however, students, faculty, or staff may not materially disrupt activities on campus. An individual may exercise rights freely as long as his or her conduct is lawful and does not materially and substantially disrupt the functioning of the public institution of higher education.

Restrictions must be reasonable and content-neutral on time, place, and manner of expression. These restrictions must be narrowly tailored to a significant institutional interest. This clarifies the legal standard for courts to apply and ensures that regulations are truly necessary to prevent disruption. All restrictions must be clear, published, and provide for ample alternative means of expression. Additionally, institutions are prohibited from creating policies restricting expressive activities to a particular area of campus and designating free speech zones.

The bill grants an individual standing to seek declaratory and injunctive relief, including reasonable court costs and attorneys' fees, if his or her expressive rights are violated.

The bill requires student government associations to justify their decisions on funding requests from recognized student organizations in writing. The justification must be provided to the requesting organization. Student government associations are also required to maintain an organized list of funding requests and awards in an easy to find place on their website. The record must contain the name of each organization that requested funds, the amount the organization requested, the amount the organization received, and the written explanation that was provided to the requesting organization.

University of Florida Innovation Academy

The bill allows students who are enrolled in the Innovation Academy at the University of Florida and are eligible to receive Bright Futures Scholarship awards to receive their awards for the fall semester, in addition to their current spring and summer semester awards. However, funding for the fall term is contingent upon other students (not enrolled in the Innovation Academy) receiving 3 semesters of Bright Futures awards per year as provided in the GAA.

B. SECTION DIRECTORY:

Section 1: Amends s. 1001.43, F.S.; revising school district methods of recognition for academic achievement.

Section 2: Amends s. 1001.706, F.S.; requiring the BOG to annually report on intellectual freedom and viewpoint diversity at each state university.

Section 3. Creates s. 1004.016, F.S.; creating the “RISE to 55 Initiative”; requiring the HECC to conduct activities to increase postsecondary attainment and provide recommendations to the Legislature no later than January 15, 2019.

Section 4. Creates s. 1004.097, F.S.; naming the act the “Campus Free Expression Act”; authorizing public institutions of higher education to create and enforce restrictions on expressive activities on campus; provides cause of action for violation of the act; provides for injunctive relieve and reasonable court costs and attorneys’ fees.

Section 5: Amends s. 1009.215, F.S.; revising Bright Futures eligibility for students enrolled in the student enrollment pilot program at the University of Florida.

Section 6: Amends s. 1009.24, F.S.; requiring student government associations to provide a written justification of funds allocated from the activity and service fee to each student organization that requests funding; requiring each student government association to maintain a list of funding requests and awards on its website.

Section 7: 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:

There are currently 141 students enrolled in the Innovation Academy at the University of Florida that qualify for Florida Bright Futures Academic Scholars awards. An additional 272 students qualify for Medallion Scholars awards.

If the state funds the Florida Bright Futures Scholarship for 3 semesters per year, the additional cost to provide scholarships to the Innovation Academy students would be an estimated \$636,712, since Innovation students take an average of just over 8 credits per semester. However, funding for the 3rd semester is as provided in the GAA.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable.

2. Other:

Not applicable.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

Not applicable.

1 A bill to be entitled
 2 An act relating to higher education; amending s.
 3 1001.43, F.S.; revising methods of recognition for
 4 academic achievement; amending s. 1001.706, F.S.;
 5 requiring the Board of Governors to report on the
 6 intellectual freedom and viewpoint diversity of each
 7 state university; creating s. 1004.016, F.S.; creating
 8 the "RISE to 55 Initiative"; requiring the Higher
 9 Education Coordinating Council to conduct activities
 10 to increase postsecondary attainment and provide
 11 recommendations to the Legislature by a specified
 12 date; creating s. 1004.097, F.S.; providing a short
 13 title; providing definitions; providing applicability;
 14 authorizing a public institution of higher education
 15 to create and enforce certain restrictions relating to
 16 expressive activities on campus; amending s. 1009.215,
 17 F.S.; revising Bright Futures eligibility requirements
 18 for students enrolled in the student enrollment pilot
 19 program; amending s. 1009.24, F.S.; providing
 20 disclosure requirements when allocating activity and
 21 service fees; providing an effective date.

22
 23 Be It Enacted by the Legislature of the State of Florida:
 24

25 Section 1. Paragraph (b) of subsection (14) of section

26 1001.43, Florida Statutes, is amended to read:

27 1001.43 Supplemental powers and duties of district school
 28 board.—The district school board may exercise the following
 29 supplemental powers and duties as authorized by this code or
 30 State Board of Education rule.

31 (14) RECOGNITION OF ACADEMIC ACHIEVEMENT.—

32 (b) The district school board is encouraged to adopt
 33 policies and procedures to recognize and celebrate the academic
 34 achievement of students by: ~~provide for a student~~

35 1. ~~"Academic Scholarship Signing Day" by declaring the~~
 36 ~~third Tuesday in April each year as "Academic Scholarship~~
 37 ~~Signing Day."~~ The Declaring an "Academic Scholarship Signing
 38 Day" that recognizes shall recognize the outstanding academic
 39 achievement of high school seniors who sign a letter of intent
 40 to accept an academic scholarship offered to the student by a
 41 postsecondary educational institution.

42 2. Declaring a "College Decision Day" to recognize and
 43 celebrate high school seniors for their postsecondary plans and
 44 to encourage early preparation for college.

45
 46 District school board policies and procedures may include, but
 47 need not be limited to, conducting assemblies or other
 48 appropriate public events in which students ~~offered academic~~
 49 ~~scholarships assemble and~~ sign actual or ceremonial documents
 50 accepting ~~these~~ scholarships or enrollment. The district school

51 board may encourage holding such events in an assembly or
 52 gathering of the entire student body as a means of making
 53 academic success and recognition visible to all students.

54 Section 2. Subsection (j) is added to (3) of section
 55 1001.706, F.S., to read:

56 1001.706 Powers and duties of the Board of Governors.—

57 (3) POWERS AND DUTIES RELATING TO ORGANIZATION AND
 58 OPERATION OF STATE UNIVERSITIES.—

59 (j) By September 1 of each year, the Board of Governors
 60 shall report on the intellectual freedom and viewpoint diversity
 61 at each institution through an objective, nonpartisan, and
 62 statistically valid survey that enables comparison among such
 63 institutions over time. Each institution shall conduct an annual
 64 survey of students, faculty, and administrators that assesses
 65 the extent to which competing ideas and perspectives are
 66 presented and members of the university community feel safe and
 67 supported in exploring and articulating their beliefs and
 68 viewpoints on campus and in the classroom.

69 Section 3. Section 1004.016, Florida Statutes, is created
 70 to read:

71 1004.016 RISE to 55 Initiative.—The Resourcing Industry
 72 for a Stronger Economy Initiative is created to increase
 73 postsecondary attainment among Floridians to 55 percent by 2025.

74 The Higher Educating Coordinating Council shall, at a minimum:

75 (1) Increase awareness and utilization of:

76 (a) The student advising system established pursuant to s.
 77 1006.735(4) (b).

78 (b) The Complete Florida Degree Initiative established
 79 pursuant to s. 1006.735(2), which helps adult learners who have
 80 earned some college credit, but have not earned a degree,
 81 complete their credential.

82 (c) Summer bridge programs at state universities and
 83 Florida College System institutions that help students
 84 transition to postsecondary education.

85 (2) Develop public and private partnerships to:

86 (a) Increase the number of high school seniors completing
 87 at least one postsecondary education application.

88 (b) Increase the number of high school seniors completing
 89 the Free Application for Federal Student Aid, which helps
 90 students qualify for financial aid to pay for their
 91 postsecondary education expenses.

92 (c) Recognize and celebrate high school seniors for their
 93 postsecondary education plans and encourage early preparation
 94 for college through "College Decision Day" and "Academic
 95 Scholarship Signing Day" pursuant to s. 1001.43(14).

96 (d) Conduct regional meetings with local postsecondary
 97 institutions, business leaders, and community organizations to
 98 solve community specific issues related to attainment.

99 (3) Facilitate a reverse transfer agreement between the
 100 State Board of Education and the Board of Governors to award

101 postsecondary credentials to students who have earned them.
 102 (4) Provide recommendations to the Legislature by January
 103 15, 2019, on ways to increase postsecondary certificate and
 104 associate degree attainment of Florida College System students
 105 who continue to demonstrate unmet financial need after receiving
 106 existing federal and state financial aid awards. The
 107 recommendation must include an estimate of the number of
 108 students who would benefit and the annual cost of covering the
 109 remaining cost of tuition and fees for such students enrolled
 110 full-time in a certificate or degree program.

111 Section 4. Section 1004.097, Florida Statutes, is created
 112 to read:

113 1004.097 Free expression on campus.-

114 (1) This section may be cited as the "Campus Free
 115 Expression Act."

116 (2) DEFINITIONS.-

117 (a) "Commercial speech" means speech where the individual
 118 is engaged in commerce, where the intended audience is
 119 commercial or actual or potential consumers, and where the
 120 content of the message is commercial.

121 (b) "Free speech zone" means a designated area on a public
 122 institution of higher education's campus for the purpose of
 123 engaging in expressive activities.

124 (c) "Outdoor areas of campus" means generally accessible
 125 areas of the campus of a higher education institution where

126 members of the campus community are commonly allowed, including
 127 grassy areas, walkways, or other similar common areas. The term
 128 does not include outdoor areas where access is restricted.

129 (d) "Public institution of higher education" means any
 130 public technical center, state college, state university, law
 131 school, medical school, dental school, or other Florida College
 132 System institution as defined in s. 1000.21.

133 (e) "Material and substantial disruption" means any conduct
 134 that intentionally and significantly hinders another person's or
 135 group's expressive rights. It does not include conduct that is
 136 protected under the First Amendment to the United States
 137 Constitution and Art. I of the State Constitution, including but
 138 not limited to, lawful protests and counter-protests in the
 139 outdoor areas of campus or minor, brief, or fleeting nonviolent
 140 disruptions that are isolated or short in duration.

141 (3) RIGHT TO FREE SPEECH ACTIVITIES.—

142 (a) Expressive activities protected under the First
 143 Amendment to the United States Constitution and Art. I of the
 144 State Constitution include, but are not limited to, any lawful
 145 oral or written communication of ideas, including all forms of
 146 peaceful assembly, protests, and speeches; distributing
 147 literature; carrying signs; circulating petitions; and the
 148 recording and publication, including Internet publication, of
 149 video or audio recorded in outdoor areas of campus of public

150 institutions of higher education. Expressive activities
 151 protected by this section do not include commercial speech.

152 (b) A person who wishes to engage in an expressive
 153 activity in the outdoor areas of campus may do so freely,
 154 spontaneously, and contemporaneously as long as the person's
 155 conduct is lawful and does not materially and substantially
 156 disrupt the functioning of the public institution of higher
 157 education or infringe upon the rights of other individuals or
 158 organizations to engage in expressive activities.

159 (c) The outdoor areas of campus are considered traditional
 160 public forums for individuals, organizations, and guest
 161 speakers. A public institution of higher education may create
 162 and enforce restrictions that are reasonable and content-neutral
 163 on time, place, and manner of expression and that are narrowly
 164 tailored to a significant institutional interest. Restrictions
 165 must be clear, published, and provide for ample alternative
 166 means of expression.

167 (d) A public institution of higher education may not
 168 designate any area of campus as a free speech zone or otherwise
 169 create policies restricting expressive activities to a
 170 particular outdoor area of campus, except as provided in
 171 paragraph (c).

172 (e) Students, faculty, or staff of a public institution of
 173 higher education may not materially disrupt previously scheduled
 174 or reserved activities on campus occurring at the same time.

175 (4) CAUSE OF ACTION.- Any person whose expressive rights
 176 are violated by an action prohibited under this section may
 177 bring an action in a court of competent jurisdiction to obtain
 178 declaratory and injunctive relief, reasonable court costs and
 179 attorneys' fees.

180 Section 5. Section 1009.215, Florida Statutes, is amended
 181 to read:

182 1009.215 Student enrollment pilot program for the spring
 183 and summer terms.-

184 (1) Subject to approval by the Board of Governors, the
 185 University of Florida may plan and implement a student
 186 enrollment pilot program for the spring and summer terms for the
 187 purpose of aligning on-campus student enrollment and the
 188 availability of instructional facilities.

189 (2) The pilot program shall provide for a student cohort
 190 that is limited to on-campus enrollment during the spring and
 191 summer terms. Students in this cohort are not eligible for on-
 192 campus enrollment during the fall term.

193 (3) Students who are enrolled in the pilot program and who
 194 are eligible to receive Bright Futures Scholarships under ss.
 195 1009.53-1009.536 shall be eligible to receive the scholarship
 196 award for attendance during the spring and summer terms ~~no more~~
 197 ~~than 2 semesters or the equivalent in any fiscal year, including~~
 198 ~~the summer term.~~ Such students shall be eligible to receive the
 199 scholarship award for one semester of off-campus or on-line

200 coursework taken during the fall term, in addition to the spring
 201 and summer terms, if funding is provided in the General
 202 Appropriations Act for three terms for other students.

203 ~~(4) By January 31, 2013, the University of Florida shall~~
 204 ~~report to the Board of Governors, the President of the Senate,~~
 205 ~~and the Speaker of the House of Representatives regarding the~~
 206 ~~result of the pilot program.~~

207 Section 6. Subsection (10) of section 1009.24, Florida
 208 Statutes, is amended to read:

209 1009.24 State university student fees.—

210 (10)(a) Each university board of trustees shall establish
 211 a student activity and service fee on the main campus of the
 212 university. The university board may also establish a student
 213 activity and service fee on any branch campus or center. Any
 214 subsequent increase in the activity and service fee must be
 215 recommended by an activity and service fee committee, at least
 216 one-half of whom are students appointed by the student body
 217 president. The remainder of the committee shall be appointed by
 218 the university president. A chairperson, appointed jointly by
 219 the university president and the student body president, shall
 220 vote only in the case of a tie. The recommendations of the
 221 committee shall take effect only after approval by the
 222 university president, after consultation with the student body
 223 president, with final approval by the university board of
 224 trustees. An increase in the activity and service fee may occur

225 only once each fiscal year and must be implemented beginning
 226 with the fall term. The Board of Governors is responsible for
 227 adopting the regulations and timetables necessary to implement
 228 this fee.

229 (b) The student activity and service fees shall be
 230 expended for lawful purposes to benefit the student body in
 231 general. This shall include, but shall not be limited to,
 232 student publications and grants to duly recognized student
 233 organizations, the membership of which is open to all students
 234 at the university without regard to race, sex, or religion. The
 235 fund may not benefit activities for which an admission fee is
 236 charged to students, except for student-government-association-
 237 sponsored concerts. The allocation and expenditure of the fund
 238 shall be determined by the student government association of the
 239 university, except that the president of the university may veto
 240 any line item or portion thereof within the budget when
 241 submitted by the student government association legislative
 242 body. The university president shall have 15 school days from
 243 the date of presentation of the budget to act on the allocation
 244 and expenditure recommendations, which shall be deemed approved
 245 if no action is taken within the 15 school days. If any line
 246 item or portion thereof within the budget is vetoed, the student
 247 government association legislative body shall within 15 school
 248 days make new budget recommendations for expenditure of the
 249 vetoed portion of the fund. If the university president vetoes

250 any line item or portion thereof within the new budget
 251 revisions, the university president may reallocate by line item
 252 that vetoed portion to bond obligations guaranteed by activity
 253 and service fees. Unexpended funds and undisbursed funds
 254 remaining at the end of a fiscal year shall be carried over and
 255 remain in the student activity and service fund and be available
 256 for allocation and expenditure during the next fiscal year.

257 (c) To preserve viewpoint neutrality in the allocation of
 258 activity and service fees, any recognized student organization
 259 that submits an activity and service fee funding request to the
 260 student government association that disburses such funds shall
 261 be provided a written justification for the amount of funds
 262 awarded to the requesting organization.

263
 264 Each student government association shall maintain on its
 265 website an organized record of funding requests and awards. The
 266 record shall contain the name of each organization that
 267 requested funds, the amount the organization requested, the
 268 amount the organization received, and the written explanation in
 269 paragraph (c) that was provided to the requesting organization.
 270 The record shall be displayed in an easy-to-find place on the
 271 student government association's website.

272 Section 7. This act shall take effect July 1, 2018.