



# Modifying Advanced Placement Program Incentive Funding Could Produce Significant Cost Savings

## *at a glance*

Florida's Advanced Placement (AP) program is funded through the Florida Education Finance Program as well as through incentive funding provided to school districts. While instructional costs for AP courses are similar to other high school courses, school districts incur additional costs for students who seek college credit for their AP coursework. However, the amount of incentive funding provided by the state greatly exceeds these required additional costs. The Legislature could consider several options to better align funding with program costs, which would save the state between \$25 million and \$30 million while providing sufficient funding to districts to pay required program costs.

## Scope

As directed by the Legislature, OPPAGA examined Florida's high school acceleration programs. This is the second in a series of reports on acceleration programs, which enable high school students to earn college credit for taking advanced courses.<sup>1</sup> This report examines the costs associated with offering the Advanced Placement program, and identifies options to modify the state's current incentive funding for the program.

## Background

Florida has established several programs to enable high school students to take accelerated courses in order to broaden their curricular options, increase their depth of study in particular subject areas, and reduce the time it takes to earn a college degree.<sup>2</sup> These programs include Advanced Placement (AP), Dual Enrollment, the International Baccalaureate (IB) program, and the Advanced International Certificate of Education program. Students who pass these courses and exams are eligible to earn college credit that may be used toward degree requirements. Acceleration programs provide students with broader curricular offerings and more in-depth study, and can reduce state higher education costs and free classroom space for other students.

The Advanced Placement (AP) program is Florida's largest high school acceleration program. Offered in 55 Florida school districts and the Florida Virtual School, Advanced Placement courses prepare students to pass national subject matter exams.<sup>3</sup> Students who earn requisite test scores on AP exams at the end of the year are eligible to receive college credit (students may also take these exams without enrolling in AP courses).

The AP program is the most widely used high school acceleration program in Florida, and during the

<sup>2</sup> Section 1007.27(1), *F.S.*

<sup>3</sup> Advanced placement courses are offered in 22 subject areas, including calculus, American history, biology, economics, and several languages. Advanced Placement course curricula are developed by the AP Development Committee (by subject field) composed of both university faculty and experienced high school AP teachers.

<sup>1</sup> *Student Participation in Acceleration Programs Has Increased; Legislature Has Taken Steps to Reduce Program Costs*, OPPAGA Report No. 08-70, December 2008.

2007-08 school year 129,779 Florida students enrolled in AP courses. In contrast, only 47,296 students enrolled in the other acceleration programs. As noted in a prior OPPAGA report, student participation in AP courses has grown significantly over the last five years.<sup>4</sup>

AP programs are funded through the Florida Education Finance Program and incentive funds. Florida's school districts receive basic funding for high school instruction and programs through the Florida Education Finance Program (FEFP). Pursuant to s. 1011.62, *Florida Statutes*, this funding system allocates funds to districts based on their full-time equivalent student membership counts. Since students who enroll in AP courses are included in enrollment counts, districts receive the same state funding allocation for AP courses as all other high school courses. During Fiscal Year 2007-08, Florida's high school students took 228,107 AP courses, which generated approximately \$140 million in funding through the Florida Education Finance Program.

In addition, the Legislature provides incentive funding to districts based on students achieving a passing score on AP and other acceleration exams. Specifically, a district's full-time equivalent student count funded through the Florida Education Finance Program is increased for each AP exam passed by a student. Districts use these funds to pay for student exam fees and to provide statutorily required bonuses to the teachers of the successful students. In addition, districts must allocate at least 80% of AP incentive funds to the high school that generates them.<sup>5</sup>

Prior OPPAGA reports have noted that Florida's incentive funding levels for AP and other acceleration courses exceed the cost of providing college-level courses at postsecondary institutions.<sup>6</sup> We also reported that state incentive funding for these programs have increased substantially over the years as a result of rising participation rates. The 2008 Legislature took steps to address incentive funding levels and control the costs of accelerated programs.<sup>7</sup>

Specifically the Legislature modified s. 1011.62, *Florida Statutes*, to reduce the amount of incentive funding school districts receive for acceleration exams passed by high school students. This change is projected to reduce the amount of incentive funding for AP courses from \$79.8 million in Fiscal Year 2007-08 to \$53 million in Fiscal Year 2008-09.<sup>8</sup>

## Findings

### State Funding for AP Programs Exceeds Program Costs

While instructional costs for AP courses are similar to other high school courses, school districts incur additional costs for students who seek college credit for their AP coursework. These costs include paying for student AP exams and required teacher bonuses. However, the level of incentive funding provided by the state greatly exceeds these required additional costs. The Legislature could consider several options to better align incentive funding with program costs.

#### *Instructional costs for AP courses are similar to other high school courses*

School districts and the College Board (the organization that administers the AP program) report that Advanced Placement courses do not have unique requirements that make them more costly to offer than other high school academic courses. The College Board does not require that AP courses have smaller class sizes or be taught by more experienced teachers or those with more advanced education credentials than teachers who instruct other academic courses. The College Board does not require schools to use specialized instructional materials for AP courses, and it does not impose any specific requirements related to professional development or continuing education programs for teachers. As a result, schools are not required to incur higher costs for teacher salaries, professional development, or instructional materials in order to offer AP courses. Schools have the flexibility to determine what AP courses they wish to offer and may select faculty members and materials to teach these courses as appropriate.

<sup>4</sup> *Student Participation in Acceleration Programs Has Increased; Legislature Has Taken Steps to Reduce Program Costs*, OPPAGA Report No. 08-70, December 2008.

<sup>5</sup> Some districts may pay for exam fees and bonuses prior to allocating the incentive funds to the schools, whereas others allow schools to pay for these costs out of their individual allocations.

<sup>6</sup> *Acceleration Programs Provide Benefits But the Costs Are Relatively Expensive*, OPPAGA Report No. 06-24, March 2006.

<sup>7</sup> *Student Participation in Acceleration Programs Has Increased; Legislature Has Taken Steps to Reduce Program Costs*, OPPAGA Report No. 08-70, December 2008.

<sup>8</sup> This change is projected to reduce the total amount of incentive funding for all acceleration programs (AP, IB, and AICE) from \$102 million in Fiscal Year 2007-08 to \$68 million in Fiscal Year 2008-09, a savings of approximately \$33.9 million. The 2008-09 total is based on the revised third FEFP calculation from the final conference report on SB 2-A (Special Session 2009A).

Some districts reported that they offer enhanced instructional materials and smaller class sizes for AP courses, which could increase their costs to offer these classes. However, these program enhancements are within the districts' discretion but are not required in order to provide AP courses. Department of Education data also shows that the statewide average class size of AP courses is comparable to other high school courses.

While the College Board does not require any additional training, the board and districts strongly recommend AP teachers complete some type of College Board AP professional development. However, districts have a variety of AP training options to choose from, with the fees ranging from \$150 for a one-day workshop to \$7,600 for a private two day workshop at the school. In addition, all teachers and administrators must participate in training and professional development to meet recertification requirements every five years. Districts typically pay for these trainings as part of their general operations. The Legislature also appropriated \$5.1 million to the Florida Partnership Program with the College Board in 2007-08 and some of this funding was allocated to AP professional development.

### ***Districts incur additional costs for AP students who seek college credit***

While the costs to offer AP courses are similar to other high school academic courses, districts do incur additional costs for students who seek college credit for their AP coursework. Specifically, students must complete and pass the corresponding AP exam in order to be eligible for college credit. The state currently requires districts to pay student exam fees and provide teacher bonuses for successful exam performance.

- Exam fees. Section 1007.27, *Florida Statutes*, exempts students from paying the cost of AP exams if they are enrolled in the course. As the College Board requires an \$86 fee for each AP test taken by a student, school districts must cover the cost of these fees when taken by students who have enrolled in an AP course. Some districts reported that they also typically pay AP exam fees for students who take an AP exam without enrolling in the high school course.
- Teacher bonuses. Section 1011.62, *Florida Statutes*, requires that districts provide teacher bonuses if students pass AP exams. Florida statutes authorize teachers to receive \$50 per passed exam, with a

maximum bonus amount of \$2,000 per year.

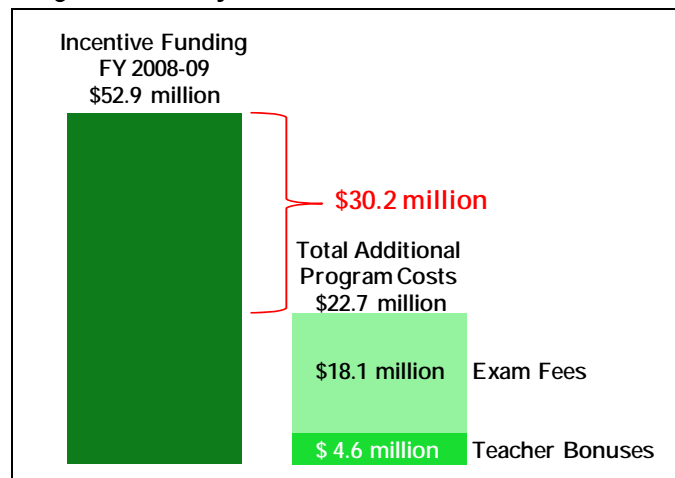
Teachers in D or F schools receive a \$500 bonus if at least one of their students passes an AP exam.

### ***AP incentive funding levels greatly exceed both program and university costs***

Despite recent reductions made by the Legislature, Florida's incentive funding levels for AP programs continue to greatly exceed the program's required costs and the costs of comparable college-level courses at state universities.

AP incentive funding levels exceed the program's additional required costs by more than \$30 million. Florida's school districts are projected to receive approximately \$52.9 million in AP incentive funding for Fiscal Year 2008-09. However, as shown in Exhibit 1, their estimated costs for students' AP exams (\$18.1 million) and teacher bonuses (\$4.6 million) totals only \$22.7 million.<sup>9,10</sup> The remaining amount represents discretionary incentive funds that schools and districts may use as they deem appropriate.

#### **Exhibit 1 Incentive Funding for AP Courses Exceeds Required Program Costs by More Than \$30 Million**



Source: OPPAGA analysis of AP costs.

<sup>9</sup> During the 2007-08 school year, Florida high school students took 210,321 AP exams. The exam fee for these exams in 2008 was \$82. If districts paid for all of these exams in 2008, the total exam fees would equal \$17.2 million.

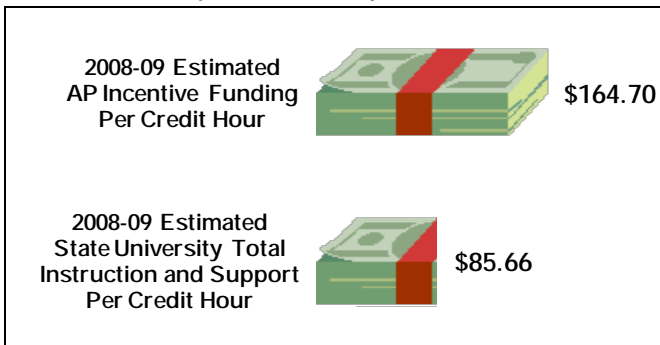
<sup>10</sup> We estimated the total teacher bonus amount at \$4.6 million in 2008. To estimate the first bonus, \$50 per passed exam, we used the total number of passed AP exams in 2008 and multiplied it by \$50, which equals \$4.4 million. For the second bonus-\$500 for teachers in D or F schools that have at least one student pass an AP exam, we used the number of exams passed in 2008 in D or F schools and divided this number by the statewide class average for AP high school courses. The bonus amounts could be smaller as teachers could have multiple sections of the same subject and may also reach the maximum bonus award of \$2,000.



AP incentive funding significantly exceeds the state cost of comparable courses at state universities. One of the goals of acceleration programs is to reduce the time students need to graduate with a baccalaureate degree and thus reduce state postsecondary education costs. The amount of AP incentive funding for school districts in 2008-09 is almost twice the state cost per credit hour for similar college-level courses taken at a state university (see Exhibit 2). Specifically, based on the average number of college credit hours students earn for each AP exam, the state is projected to spend \$164 per credit hour in incentive funding for AP exams passed by high school students in 2008-09.<sup>11,12</sup> In contrast, the estimated state cost per credit hour (direct and indirect instruction) for a similar course at a university is \$85 per credit hour.<sup>13</sup>

## Exhibit 2

### AP Incentive Funding Levels Exceed Comparable Costs at Universities by Almost \$80 per Credit Hour



Source: OPPAGA analysis of Florida Department of Education and Board of Governors cost information for the 2008-09 academic year.

### *The Legislature could achieve significant cost savings by reducing AP incentive funding to be more aligned with program costs*

We identified two major options that would reduce incentive funding for AP courses while ensuring that

districts receive sufficient funding to meet required program costs. These options would save the state between \$25 million and \$30 million.

Option 1. Reduce AP incentive funding to the level required to cover student exam fees and the statutorily required teacher bonuses, saving more than \$30 million. This option would base a district's incentive funds on the level needed to pay for AP exams taken by all students and to pay current bonus levels to teachers of students who pass these exams. This option would thus directly tie funding levels to required program costs. Funding needs under this option would be approximately \$22.7 million annually.<sup>14</sup> As current AP incentive funding levels are \$52.9 million, this option would save the state an estimated \$30.2 million per year.

To implement this option, the Legislature would need to modify the AP incentive funding formula provided for in s. 1011.62(1)(n), *Florida Statutes*.

Option 2. Reduce AP incentive funding to the level to match the credit hour cost for similar courses at state universities, saving at least \$25 million. Under this option, the Legislature would tie the level of incentive funding to the cost of providing comparable courses at a state university. This would reduce the level of incentive funding from \$52.9 million to an estimated \$27.5 million per year.<sup>15</sup> This option would be consistent with the program's goal of helping students expedite their post-secondary degrees. It would continue to provide districts with full funding for student AP exam fees and teacher bonuses, and continue to provide some discretionary incentive funds (\$4.8 million) for districts. School districts could use this funding to support AP professional development for teachers. Under this option, program costs would change annually based on credit hour costs at state universities. To implement this, the Legislature would need to modify the AP incentive funding formula provided in s. 1011.62(1)(n), *Florida Statutes*.

School districts would have sufficient funding to continue their AP programs under both of these options. While reducing overall incentive funding

<sup>11</sup> In an upcoming report, we review students with AP exams entering state universities and community colleges and how much credit institutions award for exams. Our cohort received on average 3.64 credit hours per eligible AP exam.

<sup>12</sup> To calculate the incentive funding per credit hour, we identified the total number of AP exams passed in 2007-08, 88,279 and multiplied it by 3.64 to compute the total number of credit hours for AP exams (321,335). We divided the total projected AP incentive funding for 2008-09, \$52.9 million by the credit hours to estimate the incentive funding per credit hour.

<sup>13</sup> We chose to use the cost per hour at state universities because 94% of students with eligible AP exams attended a state university. In Fiscal Year 2006-07 (the most recent year available) the state support per credit hour at university was approximately \$88. We estimated this figure to decrease by 2.8% over the past two years based on declining funding.

<sup>14</sup> As noted earlier, our estimate of funding needs assumes that teachers receive full bonuses for all students who pass the exams. However, as bonuses are capped at \$2,000, actual bonus awards and incentive funding needs would likely be lower than our estimate as some teachers could have more than 40 students who pass an exam during the year.

<sup>15</sup> This calculation is based on the average number of credit hours awarded per eligible AP exam (3.64). Alternatively, the Legislature could use three credit hours per passed AP exam and the cost would be \$22.7 million.

levels, both of these options would still ensure that school districts have sufficient funding to offer AP courses and to support students who seek college credit. In addition to the basic student funding allocated through the Florida Education Finance Program, these options would provide school districts funding to cover AP exam fees for all students and to fund bonuses for teachers of students who pass exams.

The Legislature could eliminate AP incentive funding provisions, which would maximize cost savings but discourage districts from offering AP programs. Eliminating all incentive funding for AP programs would save the state approximately \$52.9 million. However, school districts would lose funding to pay for student AP exam fees and required teacher bonuses. This would likely discourage districts from offering AP classes, as they would need to subsidize these courses with other funds. The Legislature could mitigate this impact by requiring students to pay AP exam fees and eliminating the teacher bonuses. However, this step could discourage students from enrolling in AP classes or earning college credit by taking AP exams, which would detract from the program's goal of helping students to expedite their college graduation.

As teachers may earn bonuses through other avenues, such as through the FCAT school recognition program, the Legislature could retain funding for AP exams but eliminate the AP teacher bonus provision. This change would require an estimated \$18 million in incentive funds compared to the current level of \$52.9 million. Eliminating the teacher bonuses could discourage some teachers from teaching AP courses but this impact cannot be reliably estimated. Eliminating or modifying AP incentive funding would require amending s. 1011.62(n), *Florida Statutes*.

## Conclusions

A growing number of Florida's high school students are taking advantage of the AP program. Florida's incentive funding for the AP program—as well as other acceleration programs—has likely been a catalyst in this expansion. By providing funds well in excess of what is needed to meet program costs, Florida's current incentive funding structure has provided school districts a financial reward for expanding student participation in AP courses and exams. This increased participation is potentially beneficial to both students and the state. It indicates that more students are completing academically rigorous coursework while in high school and are potentially more prepared for postsecondary coursework. In addition, increased participation can reduce state and student costs of higher education and free classroom space for other students.

While the 2008 Legislature took steps to reduce the level of AP incentive funding, the current funding level continues to substantially exceed districts' costs. The Legislature could consider several options to more closely align program funding levels and costs. Potential savings would depend on the options selected.

## Agency Response

In accordance with the provisions of s. 11.51(5), *Florida Statutes*, a draft of our report was submitted to the Department of Education to review and respond. The Commissioner's written response has been reprinted herein in Appendix A.

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OPPAGA supports the Florida Legislature by providing evaluative research and objective analyses to promote government accountability and the efficient and effective use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475). Cover photo by Mark Foley.

**Florida Monitor:** [www.oppaga.state.fl.us](http://www.oppaga.state.fl.us)

Project supervised by Tim Elwell (850/487-9228)

Project conducted by Emily Sikes (487-9227), Brian Underhill, and Mark West

Jane Fletcher (850/487-9255), Education Staff Director

Gary R. VanLandingham, Ph.D., OPPAGA Director

**Appendix A****FLORIDA DEPARTMENT OF EDUCATION****STATE BOARD OF EDUCATION**T. WILLARD FAIR, *Chairman**Members*

PETER BOULWARE

AKSHAY DESAI

ROBERTO MARTINEZ

PHOEBE RAULERSON

KATHLEEN SHANAHAN

LINDA K. TAYLOR

Dr. Eric J. Smith  
Commissioner of Education

February 27, 2009

Gary R. VanLandingham, Ph.D., Director  
Office of Program Policy Analysis &  
Government Accountability (OPPAGA)  
Claude Pepper Building, Room 312  
111 W. Madison St.  
Tallahassee, FL 32399-1475

RE: Report No. 09-xx: *Modifying Advanced Placement Program Incentive Funding Could Produce Significant Cost Savings*

Dear Dr. VanLandingham:

Thank you for the opportunity to respond to the draft report entitled *Modifying Advanced Placement Program Incentive Funding Could Produce Significant Cost Savings*. As the report indicates, a growing number of Florida high school students are taking advantage of the Advanced Placement (AP) Program. In fact, the AP program is the most widely used acceleration program in Florida, with almost 130,000 students enrolled in AP courses. For the third year in a row, Florida had the largest one-year increase in the number of AP exam takers and the third largest increase in the number of students receiving 3-5 AP grades in the nation. Moreover, Florida had the highest number of Black or African-American students, not only taking AP exams, but receiving grades of 3-5 on AP exams when compared to other states.

The Department of Education agrees with OPPAGA's conclusion that:

*This increased participation is potentially beneficial to both students and the state. It indicates that more students are completing academically rigorous coursework while in high school and are potentially more prepared for postsecondary coursework. In addition, increased participation can reduce state and student costs of higher education and free classroom space for other students.*

Through the work of the College Board Florida Partnership and the incentive funds provided for AP programs, school districts have been working hard to expand student access to rigorous academic courses that also provide opportunities for students to earn accelerated postsecondary credit. This has had a particularly positive impact on minority and underserved student populations. The greatest benefits are seen for students in rural and urban schools that have only a small number of students participating in AP courses, making it difficult to include these programs without the incentive funding.



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Given our nation's decreasing ability to compete at top academic levels internationally, reduction in incentive funds for providing students access to rigorous academic content would be a step in the wrong direction for Florida.

OPPAGA looked at the finite costs of AP incentive funding, but there are additional savings and benefits to the state and parents not captured within the report.

Research is clear that students who take AP courses in high school have a 62 percent higher 4-year college graduation rate. Thus, the more Florida students who take and pass AP courses actually reduce the state's cost of higher education. The current one-year state contribution for an undergraduate student in our university system is approximately \$7,000. These costs are avoided when more students graduate in four years.

The report asserts the current level of incentive funding provided by the state greatly exceeds the additional costs associated with the AP program. These additional costs include teacher bonuses and the cost of exams. However, there are several additional costs and benefits associated with AP courses not included in the analysis. In contrast to the International Baccalaureate (IB) and Advanced International Certificate of Education (AICE) programs, the College Board does not specifically require AP teachers receive special professional development or utilize additional instructional materials. However, AP teachers must have access to these additional academic resources if they are to be successful. Between 2006 and 2008, approximately 11,000 Florida teachers participated in Advanced Placement professional development activities. Costs ranged from \$150 for a 1-day public workshop (per person) to \$7,600 for a private 2-day workshop. This does not include additional cost of travel, food and lodging.

Several of Florida's top AP performing high schools and school districts have expressed concerns regarding the potential impact of reduced incentive funds for AP on the program.

#### Duval County

In 2008, three Duval County high schools ranked in the top eight schools nationally in the number of African-American students enrolled in AP. Four Duval County high schools ranked in the top 12 schools nationally in the number of African-American students who took an AP exam. If the proposal to reduce AP incentive funding is adopted, it may have a detrimental impact on student achievement and the strides that have been made toward equal educational access. Schools may not have the ability to expose the same number of students to AP courses. This would not only impact the college-going culture the county has begun to develop in all of its high schools, it could also ultimately affect the culture of the entire community.

#### Wakulla County

Wakulla County has grown from no AP classes in 2000 to 14 offerings for the 2009-2010 school year. AP courses provide an amazing opportunity for students in rural communities to be exposed to college-level rigor in their classes. AP incentive funds (beyond the teacher bonuses and exam fees) are used for:

- Instructional materials and supplies for the AP classes, such as AP Biology consumables for lab experiments that must be replenished every year.
- Equipment for AP classes.
- Supplemental books for AP classes.
- Teacher training for AP classes.

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Reduced AP funding could seriously impact the AP program. In addition, it would reduce the equity for rural districts when the high schools move to the new school grading system and place rural students at a disadvantage for college entrance and college success.

Leon County (Chiles High School)

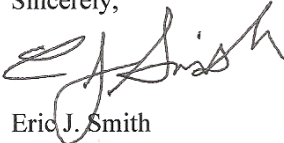
Chiles High School has utilized incentive funds to provide teacher training that would not have been possible without AP incentives. Another significant use of these funds is for teacher salaries.

Sometimes there are small numbers of students in AP classes and AP incentive funds are used to supplement the staffing plan. In addition, these funds are used to purchase technology for the classroom, including supplemental pedagogical material for the AP teachers as well as textbooks for students.

Florida has continuously striven to increase the rigor of the high school diploma. However, reduced incentive funding for AP programs could impede Florida's current efforts to implement a revised high school accountability system that rewards school districts for increased student participation and performance in acceleration mechanisms. Reductions to AP incentive funds as proposed in this OPPAGA report will negatively impact school districts' ability to serve our most academically-talented students with a disproportionate impact on minority and traditionally underserved students. In addition, reductions will cost the state more funds in higher education by negatively impacting 4-year college graduation rates.

Should you have any further questions for the Department regarding the Advanced Placement Program in Florida, please contact Dr. Heather Sherry at [Heather.Sherry@fldoe.org](mailto:Heather.Sherry@fldoe.org). Thank you again for the opportunity to respond to this report.

Sincerely,



Eric J. Smith

ES/hs