

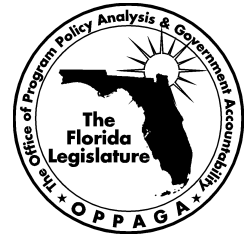
# Public Schools and Performance-Based Program Budgeting: Challenges and Opportunities

January 1998



# The Florida Legislature

## OFFICE OF PROGRAM POLICY ANALYSIS AND GOVERNMENT ACCOUNTABILITY



John W. Turcotte, Director

January 1998

The President of the Senate,  
the Speaker of the House of Representatives,  
and the Legislative Auditing Committee

As requested by the Legislative Auditing Committee, I have directed that a review be made of the use of performance-based program budgeting for public schools. The results of this review are presented to you in this report. This review was conducted by Kim McDougal, Michael Roberts, and Stephen Smith, under the supervision of Jane Fletcher.

We wish to express our appreciation to the staff of the Department of Education for their assistance.

Sincerely,

John W. Turcotte  
Director

# Contents

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<b>Executive Summary</b> .....	i
<b>Chapter 1: Introduction</b> .....	1
<b>Chapter 2: Identifying Public School Programs for Performance-Based Budgeting</b> .....	4
<b>Chapter 3: Measuring Performance</b> .....	9
<b>Chapter 4: Linking Performance to the Budget</b> .....	17
<b>Appendices</b> .....	29
A. Norm-Referenced Tests Used in 1996-97 School Year.....	30
B. Summary of District Superintendent Suggestions for How the Legislature Should Link Performance to Funding for Public Schools .....	32
C. Detailed Information on Other States' Use of Incentives and Disincentives.....	33
D. Response From the Department of Education.....	38

## Public Schools and Performance-Based Program Budgeting

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### *Scope*

This report discusses how the Legislature and Department of Education can use performance-based program budgeting to improve public school accountability by (1) identifying public school programs to facilitate performance measurement, (2) developing the measures and standards needed to assess performance, and (3) using performance in the budgeting process.

### *Background*

The Legislature, Department of Education, and school districts have been using the school improvement and accountability system to measure performance and administer incentives and disincentives. Additional accountability measures will be put in place when the public school system begins operating under performance-based program budgeting in fiscal year 1998-99. To implement performance-based budgets for public schools, the Department must define public school programs and develop measures and standards for assessing performance. The Legislature must approve these programs, measures, and standards and decide how to incorporate performance into its budgeting decisions.

### *Conclusions*

Performance-based program budgeting can be used to improve public school accountability and to encourage schools to improve their performance. However, the Department's proposed program structure does not clearly identify the state's major educational programs, such as basic education, at-risk, or exceptional student education programs. Consequently, the results of these programs may not be provided to the Legislature.

The Department of Education has developed performance measures that could be used as a basis for performance-based program budgeting. However the current measures need to be improved to provide more comprehensive and useful performance information. At a minimum, the Legislature and the Department need to (1) create separate measures for the major education programs, (2) create new measures for graduating students, and (3) improve the accuracy of the performance data it collects from school districts. In addition, the Department needs to develop standards that can be used to judge performance.

The need to preserve equity in public education funding prevents policy-makers from distributing funds to public schools solely on the basis of performance. Nevertheless, the Legislature can use the budgeting process to financially reward or sanction schools without jeopardizing equity if it limits the amount of educational funding distributed on the basis of performance. The Legislature can also use non-financial incentives and disincentives to improve school performance without affecting equity.

### ***Recommendations***

The Legislature should base the public schools' program structure around the major educational programs the state provides to serve students with different needs. The Legislature and Department should take steps to develop comprehensive performance measures and standards for each of these programs. The Department needs to ensure the data for these measures is accurate. Finally the Legislature should consider performance when it creates incentives and disincentives. To maximize the effectiveness of these incentives and disincentives in improving performance, the Legislature should direct incentive and disincentive initiatives towards the programs it determines to be most in need of improvement.

### ***Agency Response***

The Commissioner of Education, in his written response to our preliminary and tentative findings and recommendations, described actions the Department is taking to implement Performance-Based Program Budgeting. The Commissioner agreed that Florida's school districts must fully participate in PB<sup>2</sup> development. The Commissioner's response to OPPAGA recommendations is reprinted in Appendix D of the report. He provided a number of attachments that detail the Department's PB<sup>2</sup> activities. These attachments are a public record and are available upon request.

# Chapter 1: Introduction

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## Purpose

With the advent of performance-based program budgeting for public schools, the Legislature and Department can improve the public education system's performance measures and explore new alternatives for rewarding incentives or issuing disincentives. This report discusses how the Legislature and Department can use performance-based program budgeting to improve public school accountability by:

- Identifying public school programs that will facilitate performance measurement;
- Developing measures and standards that will provide the information needed to assess these programs' progress in meeting state educational goals; and
- Using program performance in the budgeting process.

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## Background

### **The School Improvement and Accountability Program Is Designed to Hold Public Schools Accountable for Educational Results**

Over the past 25 years, funding for public education has substantially increased, yet citizens perceive little or no gains in educational quality. In response to the growing public frustration with the education system, the 1991 Legislature adopted the Florida System for School Improvement and Accountability. This system is intended to improve the performance of public schools by holding them accountable for educational results.

The Legislature, Department of Education, and school districts have been using the school improvement and accountability system to measure performance and administer incentives and disincentives. The Legislature has created several incentive programs to give additional funding to districts and schools that perform well on certain performance indicators. The Department has implemented a highly-visible disincentive initiative that publicizes the names of critically-low performing schools and imposes sanctions on those schools that do not improve their performance. In addition, districts and schools are encouraged to develop their own recognition and awards systems.

We surveyed district superintendents to obtain their suggestions on how the Legislature should link performance to funding for public schools. Although not all superintendents felt that funding should

be linked to student performance, the majority did think there should be a link. Examples of superintendents' suggestions for linking performance to funding in Public Schools can be seen in Appendix B.

**Performance-Based  
Program Budgeting  
Will Create Further  
Accountability  
Mechanisms for  
Public Schools**

Additional public school accountability mechanisms will be put in place as public schools begin operating under performance-based budgeting. Performance-based program budgeting is a tool that the Legislature can use to consider the program results when making budgeting decisions and is based on the following premises:

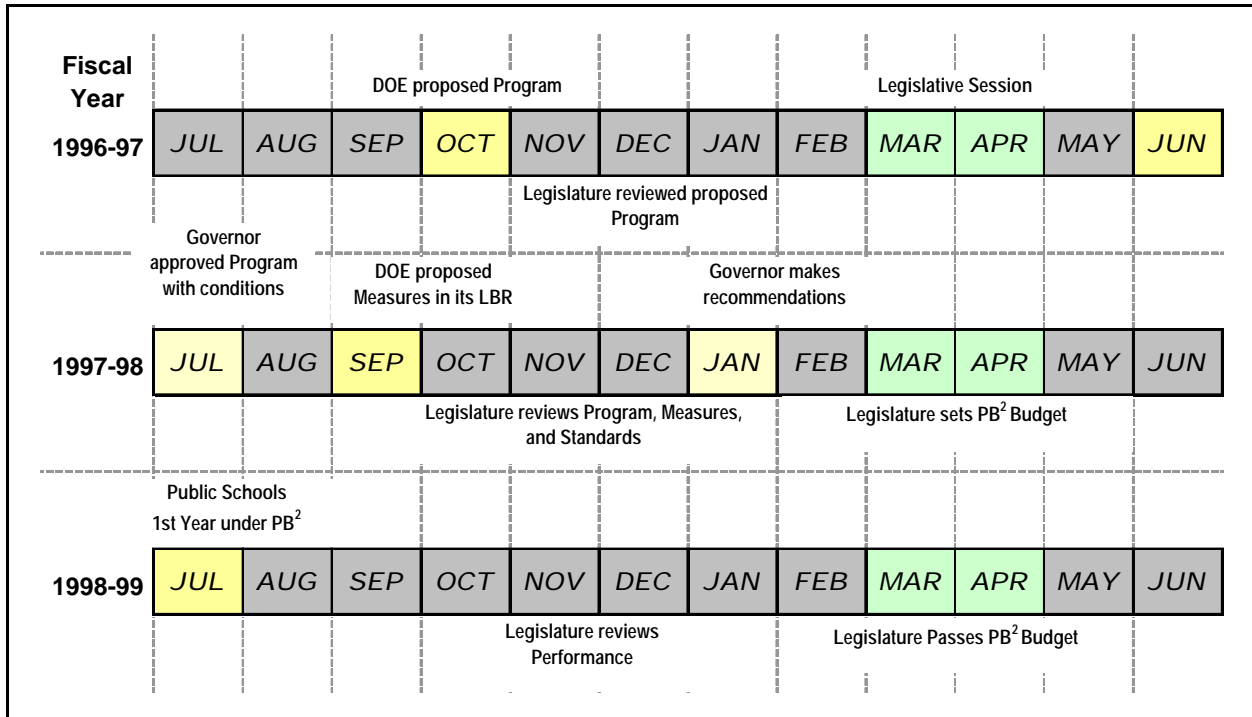
- Agencies should be held accountable for the services they deliver and the results of those services;
- Agencies should be given flexibility to enable them to deliver services more effectively;
- Agencies should develop performance measures and standards the Legislature can use to hold agencies accountable; and
- The public should be informed of the benefits that agencies' services provide.

Performance-based program budgeting involves several steps. First, agencies must identify the programs they administer. By statute, a program is a set of related activities designed to produce a public benefit. Agencies then must develop measures of each program's inputs, outputs, and outcomes. They also must develop standards the Legislature can use to judge performance on those measures. After these programs, measures, and standards have been approved by the Governor and Legislature, agencies begin operating under a performance-based program budget. The Legislature can then use the measures and standards to judge program performance and to administer awards or sanctions for performance that exceeds or falls below expectations.

Agencies implement these steps over a multi-year period specified in Florida Statutes. In fiscal year, 1996-97, the Department proposed one Public School Educational Program for performance-based program budgeting. This proposal was approved by the Governor's Office. The Department is currently developing measures for this program. In fiscal year 1997-98 the Department is scheduled to submit its first performance-based program budget for the Public School Education Program. Starting in fiscal year 1998-99, public schools are scheduled to begin to operate under this new budgeting system. Exhibit 1 shows the performance-based budgeting schedule for the Department.

## Exhibit 1

### Public Schools Will Begin Operating Under Performance-Based Program Budgeting (PB<sup>2</sup>) in Fiscal Year 1998-99



Source: Florida Statutes and the Office of Program Policy Analysis and Government Accountability.

### **OPPAGA's Program Evaluation and Justification Review Will Be an Important Accountability Step for Public Schools**

A major accountability step in performance-based program budgeting occurs when the Office of Program Policy Analysis and Government Accountability (OPPAGA) conducts a program evaluation and justification review for each program. This review determines whether the program serves a public benefit, assesses its efficiency and effectiveness, examines alternative ways of delivering program services, and makes recommendations for its continuance, elimination, or improvement. The review occurs during the second year an agency operates on a performance-based budget. The justification review for the Public Schools Educational Program is scheduled in fiscal year 2001-02.



# Chapter 2: Identifying Public School Programs for Performance-Based Budgeting

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In its proposal identifying a program structure for public schools, the Department of Education has taken a step toward greater accountability. However, the proposed program structure could be improved as it does not clearly identify the major educational programs the state currently funds. Therefore, the results of these programs may not be measured and provided to the Legislature. This will substantially limit the Legislature’s ability to hold schools accountable for the programs’ performance.

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## Public Schools’ Proposed Program Structure

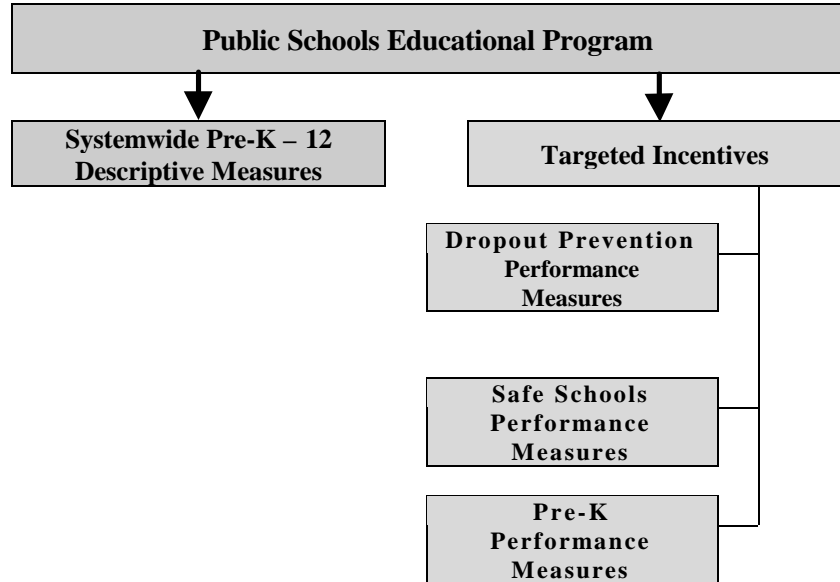
### **One Performance-Based Budgeting Program Is Being Proposed for Public Schools**

The Department has recommended a program structure for public schools in its first step to implement performance-based program budgeting. The Department proposed a program for public schools to the Governor’s Office. OPPAGA staff have indicated, throughout the process of identifying programs, that the public school’s PB<sup>2</sup> program should be consistent with how programs are funded through the Florida Education Finance Program. After receiving OPPAGA’s and other legislative staff feedback, the Governor’s Office approved the Department’s recommended program for public schools with some contingencies. The approval was contingent based on the Department’s submission of items identified in the PB<sup>2</sup> instructions. In addition, the Department was required to submit a comprehensive list of programs for the Department, as well as a proposed schedule of implementation for those programs included for PB<sup>2</sup>.

The proposed public school program includes all public school activities in a single performance-based budgeting program: the Public Schools Educational Program. Within that program, the Department identified two major sub-programs, systemwide PreK-12 descriptive measures and targeted incentives. Within targeted incentives the Department identified three sub-program areas, pre-kindergarten, dropout prevention, and safe schools. The Department plans to submit performance measures for these three sub-program areas and recommends that they receive incentive funding. The Department included performance measures in its Legislative Budget Request for its systemwide Pre-K-12 subprogram and the Dropout Prevention and Safe Schools targeted

incentive programs. Exhibit 2 shows the proposed public school program structure.

**Exhibit 2  
Public School's Proposed Programs**



Source: Department of Education.

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## **The Proposed Public School's PB<sup>2</sup> Program Could Be Improved**

### **The Proposed Public Schools Educational Program Does Not Adequately Reflect the Educational Programs the State Funds**

Although the proposed Public Schools Educational Program meets many of the criteria for identifying a public program, it does not adequately reflect the different educational programs the state funds to enable students with different educational needs to meet state education goals. The proposed overall program includes most of the state's educational activities, has common goals and objectives, and thus meets statutory criteria for defining a public program. However, the proposed program comprises several sub-programs that serve children with different educational needs. If these sub-programs are not clearly reflected in the program structure used for performance-based program budgeting, the Legislature will not be able to evaluate the performance of the sub-programs.

The proposed sub-program areas do not reflect the state's major educational programs for students with different educational needs. The FEFP provides different levels of funding for K-12 students with different educational needs. This allows schools to develop educational programs for students with more intensive needs. Exhibit 3 shows the educational programs the FEFP funds and the amount schools receive for each student they serve in these programs.<sup>1</sup> Although these programs provide a more comprehensive description of the public education systems, they are not clearly identified in the proposed program structure.

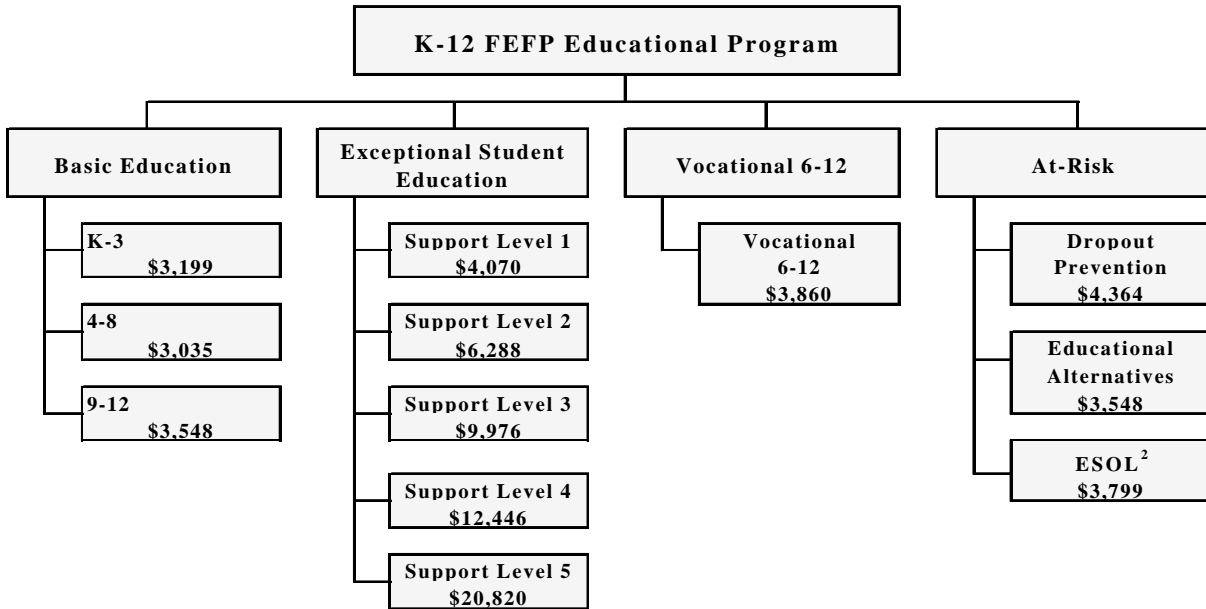
The Department plans to provide descriptive information for the education activities funded through the FEFP. These descriptive measures will include some indicators of student performance. However, according to Department staff, it does not plan to report performance measures separately for each major educational program. Examples of these programs include: basic education, vocational education, exceptional student, and English-as-a-second language programs. Therefore, the Legislature will not have information on the results of the specific education programs they fund. Without this information it will be difficult to hold school districts accountable.

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<sup>1</sup> These amounts represent the weighted program cost factor times the base student allocation (\$3,034.96) for fiscal year 1997-98 but does not include adjustments for the economic and demographic characteristics of individual school districts.

### Exhibit 3

## The Current Structure for Educational Programs Funded by FEFP Could Be Used for Performance-Based Program Budgeting<sup>1</sup>



<sup>1</sup>Example funding for Broward County.

<sup>2</sup>English for Speakers of Other Languages.

Source: Department of Education.

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## Conclusion and Recommendation

The Department in its first step to implement performance-based budgeting has chosen to focus on three specific programs: dropout prevention, safe schools, and Pre-Kindergarten. The Department also recommends the Legislature provide incentive funding for these programs. These three programs represent a small percentage of the total public schools budget. In addition, the Department's proposal does include measures that relate to the overall public schools program. However, the systemwide Pre-K through 12 program is at such a high level it would be difficult to ascertain the success of the different educational programs funded by the Legislature. The systemwide program will be useful to assess the overall performance of the Pre-K-12 system in Florida.

Since, performance-based program budgeting is designed to hold entities responsible for the funding they receive OPPAGA recommends that the Legislature require performance measures and standards for each of the 12 education programs funded through the Florida Education Finance Program. (See Exhibit 3.) The Governor's Office and the Legislature have asked other agencies proposing large programs to re-submit programs that are smaller in scope where performance can be better assessed. This will provide policy makers with the information they need to assess program performance and use the budgetary process to direct incentives and disincentives to the programs that need most improvement. The public and the Legislature have the right to know how much all FEFP funded programs cost and the results of these programs.

# Chapter 3: Measuring Performance

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## Introduction

The second step for performance-based program budgeting is for agencies to develop performance measures and standards that can be used to assess their effectiveness in producing desired results. To provide useful information about school performance, Public Schools Educational Program measures should:

- Show schools' progress toward attaining the state's education goals;
- Describe the performance of each major public education program; and
- Provide comprehensive, valid, and accurate performance information.

The Department of Education has already developed performance measures that meet some of these criteria. However, these measures need to be improved to provide more complete and accurate information for performance-based program budgeting. In addition, the Department needs to develop standards that describe the outcomes public schools should be able to attain with their existing resources. These standards can then be used to judge public school performance.

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## Florida's Current Performance Measurement and Accountability System

### **Public Schools Must Annually Report Their Progress on the 16 Performance Measures**

A key element of Florida's current school improvement and accountability system is providing parents and other members of the public with information on how schools and their students are performing. The current system holds school districts and individual schools accountable by requiring each public school to annually publish a "School Public Accountability Report" and distribute it to students' parents and the community.

This report must include the school's progress on 16 performance measures relating to the state's eight education goals for public schools (see Exhibit 4). It also must describe the school's progress in implementing its improvement plan and its use of lottery funds. This enables Florida citizens to obtain information about the

schools' performance educating students and managing lottery funds.

**Exhibit 4**  
**Performance Measures in School Accountability Reports**  
**That Relate to the State's Eight Education Goals**

State Goals	Accountability Indicator(s)
<b>1</b> <b>Readiness to Start School</b>	(1) The number and percentage of students meeting the expectations of the state for school readiness as determined by a formal observation of each kindergarten student using an instrument that meets guidelines developed by the Department of Education.
<b>2</b> <b>Graduation Rate and Readiness for Postsecondary Education and Employment</b>	(2) Number and percentage of students who graduate from high schools as defined in s. 232.2468, F.S. (3) Number and percentage of students 16 years or older who were reported as dropouts at the end of each school year. (4) Number and percentage of students who meet the state levels in reading, writing, and mathematics for placement into college-level courses. (5) Number and percentage of graduates who are employed, enrolled in post-secondary programs, or enlisted in the military using the most recently available data.
<b>3</b> <b>Student Performance</b>	(6) Student performance results on state-designated external student assessments at various grade levels, including Florida Writes, the High School Competency Test, and locally administered norm referenced tests as grades 4 and 8. (See Appendix A for a description of the specific norm-referenced tests districts use to assess and report on student performance.)
<b>4</b> <b>Learning Environment</b>	(7) Results of an annual locally administered school learning environment survey. (8) Number and percentage of teachers and staff who are new to the school at the beginning of each school year. (9) Number and percentage of students absent 11 to 20 days and 21 or more days each year. (10) Average number of days teachers and administrators were not in attendance at the school for reasons classified as personal leave, sick leave, and temporary duty elsewhere.
<b>5</b> <b>School Safety</b>	(11) Number and percentage of incidents of violence, weapons violations, vandalism, substance abuse, and harassment on the bus, on campus, and school-sponsored activities.
<b>6</b> <b>Teachers and Staff</b>	(12) Number and percentage of classes taught by out-of-field teachers. (13) Number and percentage of teachers, administrators, and staff who receive satisfactory annual evaluations based on the district assessment. (14) Number and percentage of teachers in the school who have earned degrees beyond the bachelor's level.
<b>7</b> <b>Adult Literacy</b>	(15) Number of adult students served by the district earning a State of Florida High School diploma, either by earning credits and taking the High School Competency Test or taking and passing the General Education Development test.
<b>8</b> <b>Parental Involvement</b>	(16) Number and percentage of school advisory council members by membership type and racial/ethnic category.

Source: Florida's System of School Improvement and Accountability (1996).

Given that the State Board of Education has adopted the accountability indicators in Exhibit 4, it is imperative that these measures are incorporated into the public schools performance based program budget. As indicated in Chapter 2, OPPAGA recommends the Legislature adopt the FEFP educational program structure as public schools PB<sup>2</sup> program structure. While there are many performance measures that could be used to provide information on the results being achieved in relation to the cost of the different programs, the accountability indicators serve as a common umbrella for most of these programs. While additional measure are needed these measures provide information that can be used to compare the relative successes of the different programs. For purposes of illustration, Exhibit 5 is an adaptation of the State Accountability Indicators to the English to Speakers of Other Languages (ESOL) program. This could be replicated for the other 11 specific educational program in the FEFP.

**Exhibit 5**  
**Performance Measures for PBPB Sub-Programs, Such as ESOL, for Public Schools Should**  
**Include Existing Performance Measures Designed to**  
**Assess Progress Towards the State’s Education Goals**

<b>State Education Goal</b>	<b>Performance Measure Adapted to ESOL Program (Accountability Indicator)</b>	<b>Can the Existing Measure Be Applied to the “English to Speakers of Other Languages” (ESOL) Program?</b>
<b>1</b> <b>Readiness to Start School</b>	Number and % of <b>ESOL</b> students meeting the expectations of the state for school readiness.	Yes – it is important to know the number of kindergarten students in ESOL that meet the state expectations for school readiness
<b>2</b> <b>Graduation Rate and Readiness for Post-secondary Education and Employment</b>	Number and percentage of <b>ESOL</b> students who graduate from high school.	Yes – these are measures of success for the ESOL program.
	Number and % of <b>ESOL</b> students 16 years or older who were reported as dropouts.	
	Number and % of <b>ESOL</b> students who meet the state levels, in reading, writing and mathematics for placement into college-level courses.	
	Number and % of <b>ESOL</b> graduates who are employed, enrolled in post-secondary programs, or enlisted in the military.	
<b>3</b> <b>Student Performance</b>	Results on state wide assessment tests for students enrolled in <b>ESOL</b> programs.	Yes- these can be used as benchmark indicators at various grade levels for the performance of ESOL students on standardized tests.



<b>State Education Goal</b>	<b>Performance Measure Adapted to ESOL Program (Accountability Indicator)</b>	<b>Can the Existing Measure Be Applied to the “English to Speakers of Other Languages” (ESOL) Program?</b>
<b>4 Learning Environment</b>	Results of an annual local administered school learning survey.	Yes – this could measure ESOL student’s perspective on their learning environment
	Number and % of <b>ESOL</b> teachers and staff who are new to the school at the beginning of the year.	Yes – this is a measures of ESOL teacher and staff turnover rate
	Number and % of <b>ESOL</b> students absent 11 to 20 days and 21 or more days.	Yes – In order for the program to be effective student must attend school
	Average # of days <b>ESOL</b> teachers and administrators were not in attendance.	Yes – In order for the program to be effective the teachers and the administrators must be in attendance
<b>5 School Safety</b>	Number and percentage of incidents of violence, weapons violations, vandalism, substance abuse, and harassment on the bus for ESOL students.	Yes – How many ESOL students are involved in incidents of violence, weapons violations, etc.
<b>6 Teachers and Staff</b>	Number and % of <b>ESOL</b> classes taught by out-of-field teachers.	Yes – How many ESOL classes are taught by teachers that do not have the specific credentials of an ESOL teacher?
	Number and % of <b>ESOL</b> teachers, administrators and staff who receive satisfactory annual evaluations based on the district assessment.	Yes – this is a measure of the quality of ESOL teachers based on the districts assessment
	Number and % of <b>ESOL</b> teachers in the school who have earned degrees beyond the bachelor’s level.	Yes – this is another measure of the quality of ESOL teachers

The 1997 Legislature strengthened the public’s ability to hold schools accountable for their use of resources by requiring schools to report financial information. Schools report revenues and expenditures for operating costs, salaries and benefits, materials and supplies, operating capital outlay, and library/media materials. In addition, schools will report detailed staffing information in specific categories such as administrative, managerial, instructional employees, and educational support personnel.

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## **Incorporating School Improvement and Accountability System Measures in Performance-Based Program Budgets**

### **The Current Performance Measures Can Be Used as a Basis for Performance-Based Program Budgeting**

The performance measures developed for Florida's School Improvement and Accountability System reflect the state's education goals and can be used as a basis for performance-based program budgeting. For example, the measures for the readiness to start school, graduation and readiness for postsecondary education and employment, and student performance goals are valid indicators that can be used to judge school performance in educating students. These types of measures should be incorporated in the Department's performance-based program budget requests. The measures for the learning environment, school safety, teachers and staff, and parental involvement goals are quality indicators. The Department should collect data on these types of measures to monitor the education process.

### **Some Current Performance Measures Need Improvement**

**Improving Current Performance Measures.** Improvements need to be made to the current measures in order to incorporate them into performance-based program budgets. The measures need to become more comprehensive and useful in describing the performance of the major education programs. In addition, changes are needed in the methods used to collect data for the measures to better ensure its accuracy. At a minimum, the following changes are needed:

- **Creating separate measures for different school programs.** Although the public schools receive additional funding to operate programs for students with special educational needs, such as at-risk or exceptional education students, policymakers and the public currently do not know the effect of these programs on students performance. Performance measures for these students need to be reported separately from the measures for students in the basic education program. New measures need to be developed for those exceptional students who are not expected to meet educational attainment expectations for basic students. The Department is currently piloting an assessment system for special education students.
- **Creating other performance measures for graduating students.** The current measures do not provide information on whether students exiting the public school system meet educational expectations. The High School Competency Test (HSCT), administered to all 11th grade students as a graduation requirement, measures content that a student in the first semester of 9th grade should know. A new mechanism is needed to provide information on the ability of exiting students to perform higher level skills, such as those students are expected to learn at the high school or college level.

- **Obtaining more accurate performance data.** To give policymakers and the public confidence in the performance indicated by the measures, performance data must be accurate. While the Department's information system contains edits that identify some erroneous data, these edits cannot detect all errors. The Department reviews data for reasonableness and provides reports to schools and school districts for their review. However, it does not check a sample of the performance data it receives against source documents. The law establishes that the school districts are responsible for the accuracy of all data transmitted to the Department. However, pursuant to s. 20.055, F.S., agency inspector generals are responsible for assessing the reliability and validity of performance data reported by agencies and making recommendations for needed improvements.

The Department's Inspector General has not assessed the reliability and validity of performance data. It is imperative the data used by the Department to implement PB<sup>2</sup> for public schools is reliable and valid. During the past six to eight months the Department's Inspector General has been conducting internal investigations.

Data calculation problems limit the accuracy of reported student graduation rates. The statute provides that graduation rates be calculated by dividing the number of first-time 9th graders into the number of students who four years later leave with a diploma, certificate of completion, or GED. However, the Department includes in its calculation all students who transfer into or out of a district during the four-year period. This can significantly affect the accuracy of reported graduation rates. For example, if a district had 1,000 first-time 9th graders and 200 of these students did not graduate four years later, the district's graduation rate should be 80%. However, if 200 new students entered the district in the 10th, 11th, or 12th grades, the district could potentially have a 100% graduation rate.

Similar data problems can adversely affect the accuracy of reported drop-out rates. By statute, drop-out rates are calculated by dividing the number of 9th through 12th grade students who dropped out by the number of students enrolled in those grades in October of that year. In order to ensure that the drop-out rates are accurate, districts must distinguish between students who drop out of school and those who transfer to other districts. If districts do not accurately determine whether students who do not return to school have moved, transferred, or dropped out, their reported drop-out rates may not be accurate.

- **Identifying Standards to Judge Performance.** In addition to improving existing performance measures, the Department will need to identify standards that can be used to judge performance when it implements performance-based program budgeting. Performance standards should describe the performance schools can be expected to obtain during a fiscal year with the resources they have during that year. As such, they differ from performance goals, which describe longer-term expectations.

Although the Department has developed criteria describing unacceptably low performance with its critically-low performing school initiative, it has not yet developed standards that can be used to identify acceptable performance levels. To do so, the Department needs to use existing performance data to determine each major public education program's past performance at the statewide, district, and school level. It should then set standards that describe the improvements the state, districts, and schools can be expected to obtain within available resources. In general, standards should be set higher than past performance but should not be unattainable. The Department is currently designing a system to obtain school district input on statewide standards.

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## Recommendations

During the performance-based budgeting process, the Department of Education must identify the measures and standards needed to assess the performance of public schools, and the Legislature needs to approve the measures and standards. In doing so we recommend that the Department and Legislature consider using existing performance measures relating to the state's eight education goals. The Department and Legislature should also take steps to ensure that measures provide comprehensive, accurate, and useful performance information and that standards are reasonable. Specifically, the Department and Legislature should ensure that:

- The measures and standards show the expectations for and results of the state's major public education programs;
- The measures and standards fully describe the expectations for and academic skills attained by graduating students;
- The performance information produced on the measures is accurate; and
- The standards are not unreasonably high or low, given past performance.

Finally, the Department's Inspector General should assess the accuracy of the data for its proposed PB<sup>2</sup> measures and report the accuracy of the data to the Legislature. If the accuracy of the data is not reviewed, the Legislature could be placed in the position of making policy and budget decisions based on inaccurate information.

# Chapter 4: Linking Performance to the Budget

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## Introduction

Performance-based budgeting will provide a mechanism the Legislature can use to consider school performance when it makes budgeting decisions and to provide incentives and disincentives when performance exceeds or falls below expectations. Although these incentives and disincentives can be non-financial, many state legislatures and educational experts across the country believe that a portion of educational funding should be distributed on the basis of performance. According to these stakeholders, if districts, administrators, and teachers have the opportunity to earn financial awards, they will strive to improve performance.

The need to preserve equity in the education system prevents policymakers from distributing funds to schools solely on the basis of performance. Nevertheless, the Legislature can use the budgeting process to financially reward or sanction schools without jeopardizing equity if it limits the proportion of educational funding distributed on the basis of performance. The Legislature can also use non-financial incentives and disincentives to improve school performance without affecting equity.

The Legislature and Department of Education have already implemented several financial and non-financial incentives and disincentives to reward and sanction school performance. While some of these initiatives have improved performance, the effect of others may be limited. With the advent of performance-based budgeting, the Legislature and Department can reexamine and redesign existing incentives to improve their effectiveness in motivating schools to attain state education goals.

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## Compatibility of the FEFP and PB<sup>2</sup>

### **The State’s System for Funding Public Schools Is Designed to Equalize Education Opportunity**

State laws require Florida to fund schools in a manner that promotes equity. The state constitution requires Florida to adequately provide for a uniform system of free public schools.<sup>2</sup> In accordance with this mandate, the 1973 Florida Legislature created the Florida Education Finance Program (FEFP) “. . . to guarantee each student in the Florida public education system the availability of programs and services appropriate to his or her educational needs which are substantially equal to those available to any similar student notwithstanding geographic differences and varying local economic factors.”<sup>3</sup>

The FEFP is designed to equalize educational opportunity by distributing funds to districts based on the number of full time equivalent students the districts serve. To ensure that each district receives equalized funding, the amount distributed is adjusted by (1) varying local property tax bases, (2) varying program cost factors, (3) district cost differentials, and (4) differences in per student cost for equivalent educational programs due to sparsity and dispersion of the student populations.

### **Judicious Use of Financial and Non-Financial Incentives Can Help Encourage Performance Without Affecting Equity**

The equity provision of the FEFP must be protected when distributing funds to school districts based on performance. While the FEFP is designed to distribute funds according to inputs, performance-based program budgeting is designed to encourage the Legislature to consider program performance in attaining desired outcomes when it makes budgetary decisions. The need to preserve equity in the funding of public schools may limit the Legislature’s ability to distribute funds primarily on the basis of performance.

Nevertheless, many policymakers believe that financial incentives and disincentives can be used without jeopardizing equity if they affect only a small proportion of the public school budget. Florida and other states have already adopted incentives to distribute financial incentives and disincentives to public schools and school districts on the basis of performance. The proportion of the total public school funding distributed through these initiatives has remained small, typically 1% or less of state budgets. (See Appendix C.) Performance can be incorporated into public education funding through the judicious use of financial incentives and disincentives. In addition, non-financial incentives and

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<sup>2</sup> Article IX, Section 1.

<sup>3</sup> Section 236.012(1), F.S.

disincentives can be used to encourage high performance without jeopardizing equity.

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## Current Financial Incentive and Disincentive Initiatives

### Florida Currently Uses Some Financial Incentives for Public Schools

**Florida's Current Financial Incentive Initiatives.** Florida currently uses financial incentives to encourage high performance in the K-12 public education system, and this use has increased over the years. Prior to fiscal year 1996-97, Florida had three incentive programs that distributed funds on the basis of performance.

- **Advanced Placement and International Baccalaureate Incentives.** The advanced placement and international baccalaureate incentives have been part of the FEFP for several years. These programs award high student achievement by allowing school districts to claim additional FTE funds for each advanced placement or international baccalaureate student that meets a certain test score. In 1996-97, 40 districts received \$16.8 million in advanced placement incentives, and 15 districts received \$4 million in international baccalaureate incentives. School district superintendents report that these incentives have had positive effects and have resulted in increased program enrollment, higher-quality teacher training, smaller class sizes, and better instructional materials.
- **Vocational Education Incentive.** In 1994, the Legislature created a vocational education financial performance incentive. This incentive awards funds to school districts for vocational students who (1) complete training programs for targeted occupations on the occupational forecast list, (2) complete these training programs and are subsequently employed in a targeted occupation above a certain wage threshold; or (3) do not complete the training programs but leave with a marketable skill and are subsequently employed in a targeted occupation. In fiscal year 1995-96, 19 districts received \$3.8 million in vocational education incentives.
- **Isolated High Schools.** High schools that meet the following criteria are eligible for a financial incentive: (1) schools' students score no less than the higher of the district or the state average on both parts of the high school competency test, (2) the schools have no less than 28 students in grades 9-12, (3) the schools are not closer than 28 miles to the next nearest high school, (4) the schools are located in districts that levy the maximum non-voted discretionary millage (exclusive of millage for capital outlay purposes), and (5) the school serves its



students primarily in basic education programs. In fiscal year 1996-97 two high schools met the criteria for isolated high school funds. A high school in Collier County received \$329,027 and one in Levy County received \$330,902. A total of \$692,279 has been appropriated for 1997-98.

### **The 1996 and 1997 Legislatures Created New Financial Incentives for Public Schools**

The 1996 and 1997 Legislatures created several new financial incentive initiatives for public schools. In fiscal year 1997-98 the Legislature will award over \$75 million of the \$10.5 billion appropriated to support public schools as financial incentives to districts and schools. The financial initiatives created in 1996 and 1997 include the following incentives:

- **Remediation Reduction Incentive.** This incentive, which was created in 1996, rewards districts for improved student scores on math, reading, and writing tests and for increased enrollment in higher-level math and English classes. The Legislature appropriated \$30 million for the incentive in fiscal year 1996-97 and \$30 million in fiscal year 1997-98. The incentive is divided into two parts. Part 1 allocates \$20 million based on each district's share of the state total number of students who pass one or more sub-tests of the college placement tests. Part 2 allocates \$10 million based on each district's enrollment in math and English courses.
- **Dropout Prevention/Educational Alternatives Incentive.** The Dropout Prevention/ Educational Alternatives Incentive, created in 1997, is designed to encourage districts to become more effective in serving students in dropout prevention programs. Approximately \$25 million is available for the incentive in fiscal year 1997-98. In 1997-98, districts will earn incentives based on the number of students enrolled in the educational alternatives program in 1993-94 who: (1) were still enrolled in school in 1996-97; (2) graduated by the end of 1995-96; (3) scored a 3 or above on the Florida Writes! test; (4) passed the math portion of the High School Competency Test; (5) passed the communication portion of the High School Competency Test; and (6) dropped out of school.

- Florida School Recognition Program.** This incentive is designed to provide financial rewards to faculty and staff of schools that sustain high performance or demonstrate exemplary improvement due to innovation and effort. Schools are selected for awards based on several criteria, including student achievement data, dropout rates, attendance rates, school climate, indicators of innovation, and parent involvement. The awards are distributed to school faculty and staff based on employee performance criteria established at the district level. This program was created by the 1997 Legislature but was not appropriated any funds for the 1997-98 fiscal year.

Exhibit 5 summarizes Florida’s current financial incentives, the types of students the incentives are designed to target, the criteria used for granting the incentives, and the intended recipients for the incentives.

### Exhibit 5

#### Florida’s Incentive Programs Target Both General and Special Student Populations, Rely Heavily on Test Scores, and Are Almost Always Awarded to School Districts

Incentive Programs	Type of Students	Criteria for Earning Financial Incentive					Who Receives Funds	
		Test Score	Diploma	Job Placement	Dropout Rate	Other <sup>1</sup>	School District	School
Dropout Prevention	At-Risk	✓	✓		✓	✓	✓	
Advanced Placement	High Performing	✓					✓	
International Baccalaureate	High Performing	✓	✓				✓	
Performance-Based Incentive Funding	Vocational Post-Sec.			✓		✓	✓	
Remediation Reduction	General Post-Sec.	✓				✓	✓	
Isolated High School	General	✓				✓	✓	
Florida School Recognition Program <sup>2</sup>	General	✓	✓	✓	✓	✓		✓

<sup>1</sup> Other types of financial incentives criteria include factors such as enrollment in higher level math and English courses, readiness for post-secondary education, attendance rates, and performance in post-secondary programs.

<sup>2</sup> This program has not been funded.

Source: Office of Program Policy Analysis and Government Accountability and Department of Education staff.

**Florida Also Has One Financial Disincentive, But No District or School Has Yet Met the Criteria for This Sanction**

**Florida's Current Financial Disincentive Initiative.** In addition to incentive programs, the Legislature created a mechanism to financially sanction districts and schools for poor student performance if a school does not make adequate progress for three consecutive years. The Legislature authorized the State Board of Education to withhold any transfer of state funds to a school district that has not complied with an order to take action to improve schools with low performing students. The Legislature intends for the Board to use this measure only after all other recommended actions have failed to improve the performance at the school. Because the legislation creating this sanctioning mechanism was enacted in 1996, no district or school has yet met the criteria for receiving a disincentive.

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**The Ability of Financial Incentives and Disincentives to Motivate Performance**

**Not All Schools and Districts Can Compete for Some Financial Incentives**

Because many of Florida's financial incentive and disincentive initiatives have been in effect for a relatively short time, their ability to motivate schools to improve student performance is not yet known. However, not all schools and school districts can compete for some financial incentives. When schools and school districts cannot compete for financial incentives, the incentives are unlikely to motivate them to improve performance.

For example, some districts do not have an equal chance to receive advanced placement and international baccalaureate incentive funding. Many school districts, especially small school districts, are not eligible for these incentive funds because they do not offer these programs or do not have any students enrolled in these programs. (See Exhibit 6.) Some superintendents from small school districts reported they could not offer these programs because of the relatively small number of eligible students in the district. Similarly, the restrictive criteria for the isolated school incentive would prevent the majority of Florida's schools from being eligible for receiving this incentive.

**Exhibit 6**

**Most Small Districts Did Not Receive  
Advanced Placement (AP) and International Baccalaureate (IB)  
Incentive Funding in 1996-97**

	<b>Number of Districts</b>	<b>Number Receiving AP Incentive</b>	<b>Number Receiving IB Incentive</b>
<b>All Districts</b>	<b>67</b>	<b>40</b>   60%	<b>15</b>   22%
<b>Large Districts</b> (total student population over 100,000)	<b>7</b>	<b>7</b>   100%	<b>7</b>   100%
<b>Medium Districts</b> (total student population between 10,000 and 100,000)	<b>29</b>	<b>25</b>   86%	<b>8</b>   28%
<b>Small Districts</b> (total student population less than 10,000)	<b>31</b>	<b>8</b>   26%	<b>0</b>   0%

**Financial Incentives Need to Be Directed Towards Areas That Will Best Improve Performance**

Financial incentives should be directed towards areas that will best motivate schools and districts to improve student performance. Financial initiatives, such as the remediation reduction, dropout prevention, and Florida School Recognition Program incentives, that are available to all districts and directly relate to the state’s education goals are likely to be effective in motivating schools and districts to achieve those goals.

**Non-Financial Incentives and Disincentives**

**Use of Non-Financial Incentives Includes the “Seal of Best Financial Management”**

**Florida’s Current Non-Financial Incentives.** In addition to financial incentives, Florida has initiated several non-financial incentive initiatives for public schools. For example, the Department provides recognition awards to schools for accomplishments such as achieving high performance in a school with a high percentage of students living in poverty.

The 1997 Legislature (Ch. 97-265, Laws of Florida) created a new program to award with a “Seal of Best Financial Management” school districts that meet best financial management practices adopted by the Commissioner of Education. School districts, with a unanimous vote of the membership of the school board, may apply to OPPAGA for a financial management practice review. The review will examine a district’s performance accountability system, use of resources, compliance with generally accepted accounting principles and its cost control systems. The purpose of this review is to improve a district’s management and use of resources and provide it an opportunity to demonstrate good stewardship of public resources by earning a Best Financial Management Practice seal. A district may also request a review of

components of the best financial management practices, including management, personnel, transportation, and food services.

### **Florida Designates Critically-Low Performing Schools as Non-Financial Disincentive**

**Florida's Current Non-Financial Disincentive Initiative.** The Department of Education has implemented a highly visible non-financial disincentive initiative to sanction critically-low school performance. Critically-low schools are those whose students fail to meet expectations on standardized tests for reading, writing, and math. Once a year, the Department places the names of these schools on highly-publicized lists.

Schools that do not make adequate progress in one or more of the state education goals for three consecutive years will be subject to action by the State Board of Education. The 1996 Legislature authorized the State Board of Education to recommend one or more of the following actions to school boards to ensure that students in low-performing schools improve:

1. Provide additional resources or change certain practices;
2. Implement a plan that satisfactorily resolves the education equity problems in the school;
3. Contract for the educational services of the school, or reorganize the school at the end of the school year under a new principal, who is authorized to hire new staff;
4. Allow parents of students in the school to send their children to another district school of their choice; and
5. Other action as deemed appropriate to improve the school's performance.

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## **The Ability of Non-Financial Incentives and Disincentives to Motivate Performance**

### **Non-Financial Disincentives Can Be Effective in Improving Performance**

Non-financial incentives and disincentives can be effective in motivating schools and districts to improve student performance. Non-financial incentives, such as recognition awards, can be used to recognize outstanding or much improved performance. Public acknowledgment of success often can go a long way towards rewarding a district or school for its performance.

This is also true for districts or schools that are performing at unacceptable levels. For example, the critically-low school initiative has been effective at raising test scores above the critically-low level. Of the 158 schools placed on the list in November 1995, 93 schools (59%) have since raised their students' test scores and are now off the list. The negative publicity the schools placed on the list received created a powerful

motivator for school administrators, teachers, and students to work together to improve performance.

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## Summary and Recommendations

As the public school system begins to operate under performance-based budgeting, the Legislature is likely to consider creating additional incentive and disincentive programs. For example, the Department of Education has included two new incentive programs in its proposed performance-based program budget for fiscal year 1998-99. One proposed incentive is intended to encourage schools to become more effective in implementing school safety programs. The other is designed to improve the effectiveness of Pre-K early intervention programs. Both of the programs were approved by the Governor's Office.

When it designs additional incentive and disincentive initiatives, the Legislature should consider several factors and alternatives to improving school performance.<sup>4</sup>

1. **Financial disincentives should be used cautiously.** Prior to using financial disincentives, the Legislature should carefully consider who the sanctions will affect. For example, withholding educational funding from low-performing schools with high percentages of students living in poverty might only worsen the situation. For this reason, nearly all of the district school superintendents were opposed to the use of financial disincentives. Most indicated that low-performing districts and schools need assistance, not punishment. Only two other states from which we obtained information authorized financial disincentives; and, as in Florida, these states only use the disincentives as a last resort.

In addition, as demonstrated by Florida's critically-low performing schools initiative, non-financial incentives can be powerful motivators for performance improvement. The Legislature or State Board of Education may wish to expand the use of this type of non-financial incentive. For example, a "seriously low" designation could be used for schools whose students fall below expectations on two of the three important math, reading, and writing skills. Such a disincentive would

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<sup>4</sup> We developed these factors by surveying all 67 school district superintendents (see Appendix A), gathering information from other states, and reviewing our experience in the performance-based budgeting process.

target schools at high risk of becoming critically low-performing schools.

2. **Incentives and disincentives should not be used for programs without clear eligibility criteria.** When designing incentive and disincentive initiatives, the Legislature should consider the clarity of program eligibility requirements. Providing incentives for programs with vague eligibility standards might cause problems. For example, districts could place a higher number of “borderline” students in programs with vague eligibility standards in order to receive more incentive funding. This could reduce the districts’ ability or willingness to serve children with higher needs in these programs.
3. **Incentives should be focused on preventive rather than reactionary programs.** The Legislature should focus its financial incentive initiatives on preventive programs, such as the dropout prevention program. Improving performance in these programs can be an effective use of limited state dollars, since they generally work to prevent students from needing more expensive social services and thus can produce major long-term cost savings.
4. **All districts should be able to compete for incentives.** To ensure fairness, incentives should be structured so that all districts and schools have an opportunity to earn them. For example, districts with a high percentage of low-income students frequently have trouble attaining high performance. To enable these districts to compete for incentives, Georgia groups its schools by student demographic characteristics and distributes incentives to the high performing schools in each group. Another alternative would be to reward increased student performance rather than rewarding standardized pre-determined achievement levels.
5. **Incentives and disincentives should be directed towards educational programs that most need improvement.** While the use of financial incentives and disincentives can improve performance, they could also cause inequities in the funding of public education programs. Legal mandates to preserve funding equity, limit the proportion of educational funding distributed as financial incentives and disincentives. To maximize the effectiveness of financial incentives and disincentives, the Legislature should use performance data to identify educational programs that most need improvement and direct limited incentive and disincentive funding toward those programs.

6. **The recipients of rewards or sanctions should be directly responsible for performance.** Awards and sanctions can be distributed to a number of entities including school districts, schools, teachers, principals, and school advisory councils. Whenever feasible, the entities most responsible for performance improvements should be the recipients of rewards and sanctions. As shown in Exhibit 7, the other states we reviewed distribute incentive awards to districts, school improvement councils, teachers, and principals.

**Exhibit 7  
Other States Distribute  
Rewards to a Variety of Recipients**

State .....	Recipient(s) of Financial Awards
Connecticut .....	Districts
FLORIDA.....	District and Schools
Indiana .....	Schools
Kentucky.....	Certified Staff
Maryland.....	School Improvement Team
North Carolina .....	Certified Staff and Teacher Aides
South Carolina .....	School Improvement Council
Tennessee.....	Faculty and Administration
Texas .....	Not Yet Determined

Source: Office of Program Policy Analysis and Government Accountability.

Finally, we suggest that the Legislature consider implementing incentive and disincentive programs currently used in other states. Exhibit 8 provides brief examples of how some other states are currently using incentives and disincentives. (See Appendix C for a detailed description for each state and other state’s approaches.) The non-financial disincentives that other states use are very similar to Florida’s system and are not described in the table below.



**Exhibit 8**

**Examples of Incentives and Disincentives Florida Should Consider Using**

<b>STATE</b>	<b>FINANCIAL INCENTIVES</b>
<b>Connecticut</b>	Give school districts monetary awards based on the number of students scoring at or above goal level on state standardized tests. There are no specific restrictions placed on usage.
<b>Georgia</b>	Schools submit specific goals for improving academic performance to the Department of Education. If the Department of Education approves the proposal, and the school achieves its goals the school receives \$2,000 per certified staff member. The staff at the school can either use the awards for salary bonuses or for school improvement.
<b>South Carolina</b>	Given to schools who are either in the top 5% on standardized test scores, or have shown significant gains in test scores, or a combination of both. Funds are distributed to “School Improvement Councils” who decide how to spend the money, but these funds cannot be used for salary bonuses. In addition, districts who have at least two-thirds of its schools receiving awards are given monetary awards. Districts determine how to spend the money, and these funds cannot be used for salary bonuses either.
<b>North Carolina</b>	Given to teachers and teachers’ aides at schools that showed greatest academic gains on standardized tests. Teachers typically receive approximately \$1,000, and teachers’ aides receive \$500. The state also provides a 4% pay increase to teachers who are accredited by the National Board for Professional Teaching.
	<b>FINANCIAL DISINCENTIVES</b>
<b>Michigan</b>	Districts that do not produce an “annual educational plan” that includes school improvement strategies can have 5% of their funds withheld. The districts can have funding restored after they produce the plan.
<b>Kentucky</b>	If schools that are classified as “in decline” or “in crisis” do not improve, parents can transfer their children to successful schools with the sending board paying all tuition costs.
	<b>NON-FINANCIAL INCENTIVES</b>
<b>Illinois</b>	Schools that have placed in the top 15% on standardized tests for two of the past three years can be exempt from some regulations.
<b>Indiana</b>	Schools that show improvement in one of four areas, or schools that are in the top quartile in all four areas receive non-monetary awards such as certificates, banners, and other public recognition.

Source: Office of Program Policy Analysis and Government Accountability.

# Appendices

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A. Norm-Referenced Tests Used in 1996-97 School Year .....	30
B. Summary of District Superintendent Suggestions for How the Legislature Should Link Performance to Funding for Public Schools .....	32
C. Detailed Information on Other States' Use of Incentives and Disincentives.....	33
D. Response From the Department of Education.....	38

## Appendix A

### Norm-Referenced Tests Used in 1996-97 School Year

	K	1	2	3	4	5	6	7	8	9	10	11	12
Alachua			ITBS		ITBS		ITBS		ITBS				
Baker		CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS			
Bay			CAT	CAT	CAT	CAT	CAT	CAT	CAT				
Bradford					CTBS	CTBS	CTBS	CTBS	CTBS				
Brevard			SAT		SAT		SAT	SAT	SAT	SAT			
Broward			SAT	SAT	SAT	SAT	SAT	SAT	SAT	SAT			
Calhoun		CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS			
Charlotte*				SAT	SAT	SAT	SAT	SAT	SAT				
Citrus			ITBS	ITBS	ITBS	ITBS	ITBS	ITBS	ITBS				
Clay			CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS			
Collier					FCAT*		SAT	SAT	SAT	SAT			SAT
Columbia		CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS			
Dade			SAT	SAT	SAT	SAT	SAT	SAT	SAT	SAT		SAT	
DeSoto		CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS			
Dixie		CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS				
Duval		CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS			
Escambia			CAT	CAT	CAT	CAT	CAT	CAT	CAT				
Flagler		CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS				
Franklin		CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	
Gadsden				CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	
Gilchrist		CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	
Glades	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	
Gulf		CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	
Hamilton	CAT	CAT	CAT	CAT	CAT	CAT	CAT	CAT	CAT	CAT			
Hardee	NAT	NAT	NAT	NAT	NAT	NAT	NAT	NAT	NAT	NAT	NAT	NAT	
Hendry		ITBS	ITBS	ITBS	ITBS	ITBS	ITBS	ITBS	ITBS	ITBS			
Hernando			CAT	CAT	CAT	CAT	CAT	CAT	CAT		CAT		
Highlands			CAT	CAT	CAT	CAT	CAT	CAT	CAT				
Hillsborough					OLSAT	OLSAT	OLSAT	OLSAT	OLSAT				
			SAT	SAT	SAT	SAT	SAT	SAT	SAT				
Holmes			CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS			
Indian River			CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS				
Jackson		CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS			
Jefferson	ITBS	ITBS	ITBS	ITBS	ITBS	ITBS	ITBS	ITBS	ITBS				
Lafayette	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS			
Lake		CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS			
Lee				CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS			

	K	1	2	3	4	5	6	7	8	9	10	11	12
Leon				CAT	CAT	CAT	CAT	CAT	CAT				
Levy		CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS				
Liberty			CAT	CAT	CAT	CAT	CAT	CAT	CAT	CAT			
Madison					CAT				CAT				
Manatee			SAT	SAT	SAT	SAT	SAT	SAT	SAT	SAT			
Marion		CAT	CAT	CAT	CAT	CAT	CTBS	CTBS	CTBS				
Martin		CAT	CAT	CAT	CAT	CAT	CAT	CAT	CAT				
Monroe		SAT	SAT	SAT	SAT	SAT	SAT	SAT	SAT	SAT			
Nassau		CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS
Okaloosa		CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS			
Okeechobee		CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS				
Orange					SAT		SAT		SAT				
Osceola					SAT		SAT	SAT	SAT				
Palm Beach				CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS			
Pasco			SAT	SAT	SAT	SAT	SAT	SAT	SAT	SAT	SAT	SAT	
Pinellas				CTBS	CTBS	CTBS	CTBS	CTBS	CTBS				
Polk				CTBS	CTBS	CTBS	CTBS	CTBS	CTBS				
Putnam		CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS				
St. Johns		SAT	SAT	SAT	SAT	SAT	SAT	SAT	SAT	SAT			
St. Lucie					SAT	SAT	SAT	SAT	SAT				
					OLSAT	OLSAT		OLSAT	OLSAT				
Santa Rosa			CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS				
Sarasota			NAT	NAT	NAT	NAT	NAT	NAT	NAT				
Seminole			CTBS		CTBS				CTBS				
Sumter			CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	
Suwannee	CAT	CAT	CAT	CAT	CAT	CAT	CAT	CAT	CAT	CAT			
Taylor		SAT	SAT	SAT	SAT	SAT	SAT	SAT	SAT				
Union			CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS				
Volusia			CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS				
Wakulla		CAT	CAT	CAT	CAT	CAT	CAT	CAT	CAT	CAT			
Walton				CTBS	CTBS			CTBS	CTBS				
Washington			CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS	CTBS			
<b>TOTAL</b>	<b>6</b>	<b>31</b>	<b>54</b>	<b>60</b>	<b>67</b>	<b>63</b>	<b>65</b>	<b>64</b>	<b>67</b>	<b>36</b>	<b>10</b>	<b>10</b>	<b>1</b>

CAT-California Assessment Test  
SAT-Stanford Achievement Test  
ITBS-Iowa Test of Basic Skills

CTBS-Comprehensive Test of Basic Skills  
NAT-National Assessment Test  
OLSAT-Otis-Lennon School Ability Test

\* Collier county has been allowed to pilot the FCAT in place of a norm-referenced test.

## **Appendix B**

### **Summary of District Superintendent Suggestions for How the Legislature Should Link Performance to Funding for Public Schools**

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When asked how the Legislature should link performance to the budget, 40 of the 61 superintendents who returned surveys provided examples of how to link performance to the budget. Only 13 superintendents stated that they were against linking performance to the budget. Refer to the following table for examples of responses given by superintendents on how performance should be linked to the funding of public schools.

<p><b>Examples of Responses Given by School District Superintendents When Asked, “How Should the Legislature Link Performance to Funding for Public Schools?”</b></p>
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- Reward incentives rather than punishment.
- Establish baselines and offer incentives for improvement.
- Schools achieving specified levels should be rewarded, those not should receive non-financial disincentives.
- Recognize schools that are achieving in a consistent manner.
- Use certain measures (test scores, dropout rate, graduation rate) to link performance to funding.
- Offer incentives to exceed minimum standards.
- Link to Florida’s system of school reform and accountability.
- Measure longitudinal gains on a number of factors.
- Performance should not be linked to funding.
- Tight link might disrupt improvements currently underway.
- Do not allow salary increment raises based on experience for teachers found “unsatisfactory.”

## Appendix C

### Detailed Information on Other States' Use of Incentives and Disincentives

State	Type of Incentives	Incentive and Disincentive Programs Used in Other States
Connecticut	Financial Incentive Program	<p><b>Name:</b> Student Achievement Grant</p> <p><b>Amount:</b> \$500,000 for fiscal year 1997-98</p> <p><b>Improved or Absolute score:</b> Improved</p> <p><b>Are individual students tracked longitudinally for calculation:</b> No</p> <p><b>Distributed to:</b> Districts</p> <p><b>Distribution criteria:</b> Districts that have had an increase in the number of tests at or above goal level in the 4<sup>th</sup>, 6<sup>th</sup>, and 8<sup>th</sup> grades are eligible. Over 100 districts received grants ranging from \$176 to \$68,202 and averaging \$9,250 during the 1996-97 school year. However, these amounts were given when the program was funded \$1 million. The 1997 Legislature reduced funding for the Student Achievement Grant to \$500,000 for the 1997-1998 fiscal year. The local districts determine how the money is divided between schools and used. There are no specific limitations placed on usage.</p>
Georgia	Financial and Non-Financial Incentives	<p><b>Name:</b> Pay for Performance Program</p> <p><b>Amount:</b> \$3.3 million for fiscal year 1997-98</p> <p><b>Improved or Absolute score:</b> Improved</p> <p><b>Are individual students tracked longitudinally for calculation:</b> Varies</p> <p><b>Distributed to:</b> Schools</p> <p><b>Distribution criteria:</b> Schools submit applications to the Department of Education proposing specific, measurable goals for improving students' academic performance for the following year. If the school attains its goals, it receives an award of \$2,000 per certified staff member, which the staff can vote to either keep for themselves or use for school improvement. During the 1996-97 school year, 29 schools received awards ranging from \$40,000 to \$268,000, averaging \$114,000, and totaling over \$3.3 million for achieving the goals they set for the 1995-96 school year. Fifty-eight percent of the schools that participated in the first three years of the program successfully achieved their stated goals.</p> <p><b>Non-Financial Incentive:</b> Any school that is accredited by the Southern Association of Colleges and Schools is exempt from the comprehensive evaluation performed by the state. Also, schools that score in the highest 30% of a demographic group of comparable schools are deemed to be significantly exceeding expectations in a given year and designated "high-achieving exempt schools." These schools are also exempt from a comprehensive evaluation. As long as these schools stay in the top 30% they do not have to have a comprehensive evaluation.</p>
Illinois	Non-Financial Incentive	<p><b>Name:</b> Exemption from regulations program</p> <p><b>Distribution Criteria:</b> The program allows certain schools to be exempt from all requirements relating to the school improvement plan, and quality review visits for the succeeding two years if they meet one of the following conditions: Student composite assessment test scores during any two of the three most recent school years places the school in either the "Exceeds Standards" or the top 15% of the "Meets Standards" categories established by the State Board of Education.</p>

## Appendix C(continued)

State	Type of Incentives	Incentive and Disincentive Programs Used in Other States
<b>Indiana</b>	<b>Financial and Non-Financial Incentives</b>	<p><b>Name:</b> Indiana School Incentive Awards Program</p> <p><b>Amount:</b> \$3.2 million for fiscal year 1997-98</p> <p><b>Use of Improved or Absolute scores:</b> Improved</p> <p><b>Are individual students tracked longitudinally for calculation:</b> No</p> <p><b>Distributed to:</b> Schools</p> <p><b>Distribution criteria:</b> The Department of Education grants monetary rewards to all public schools that exhibit relative improvement in at least two of the following four factors: (1) student attendance rate; (2) educational proficiencies in English/language arts; (3) educational proficiencies in mathematics; and (4) average standardized test scores for each subject area and for each grade level tested under the Indiana Student Assessment Program. Monetary rewards may not be used for athletics, salaries or salary bonuses for school personnel. Of Indiana's 1,675 eligible schools, 1,073 schools received monetary awards ranging from \$414 to \$16,530 for the 1995-96 school year. The average award amount for elementary schools were \$2,220, for middle schools \$3,469, and for high schools \$4,588.</p> <p><b>Non-monetary awards:</b> The department grants a non-monetary award (i.e., banners, public recognition, etc.) to all public schools that demonstrate relative improvement in at least one of the areas listed above. Schools that are in the top quartile in all areas will also receive non-monetary rewards. Of Indiana's 1,675 eligible schools, 337 schools received non-monetary rewards during the 1995-1996 school year.</p>
<b>Kentucky</b>	<b>Financial Incentives and Non-Financial and Financial Disincentives</b>	<p><b>Name:</b> Kentucky Instructional Results Information System</p> <p><b>Amount:</b> \$27.7 million for Accountability Cycle 2 (1992-93 through 1995-96)</p> <p><b>Use of Improved or Absolute Scores:</b> Improved</p> <p><b>Are individual students tracked longitudinally for calculation:</b> No</p> <p><b>Distributed to:</b> Certified Staff</p> <p><b>Distribution criteria:</b> Given to schools whose students have shown progress over a two-year period. Certified Staff in each school were to determine how to spend the money, and most faculty chose to give themselves cash bonuses. A total of 533 schools received awards ranging from \$1,155 to \$2,310 per certified staff.</p> <p><b>Disincentives:</b> Schools that do not show improvements toward state goals can be placed "in decline" or "in crisis" and receive state assistance. A total of 54 schools placed in these categories received state assistance from 1992 to 1996. If schools go into crisis the state can place certified staff on probation, which can lead to dismissal, and allow parents to transfer their children to successful schools with the sending boards paying all tuition and transportation costs. As of August 1997, no funds had been withheld from any school or district.</p>
<b>Maryland</b>	<b>Financial Incentives</b>	<p><b>Name:</b> School Performance Recognition Awards</p> <p><b>Amount:</b> \$2.75 million budgeted for fiscal year 1997-98</p> <p><b>Improved or Absolute Scores:</b> Improved</p> <p><b>Are individual students tracked longitudinally for calculation:</b> No</p> <p><b>Distributed to:</b> "School Improvement Team"</p> <p><b>Financial Incentive Criteria:</b> The program provides an incentive for schools to</p>

## Appendix C (continued)

State	Type of Incentives	Incentive and Disincentive Programs Used in Other States
		<p>continue to make improvements and gives public recognition for the work of teachers, principals, parents, and community members in bringing about positive change in student learning. Any elementary or middle school demonstrating statistically significant improvement two years in a row as measured by the state assessment system receives an award. "The School Improvement Team" of a recipient school determines how the award is used subject to the following restrictions: (1) funds may not be used to supplant federal, state, and local funds regularly appropriated for use by the school; (2) funds may not be used for staff bonuses or differential pay increases; (3) funds must be expended in accordance with policies and procedures of the school system where the recipient school is located. During the 1996-97 school year, 102 schools received financial awards ranging from \$24,667 to \$51,394. The average award amount for elementary schools was \$23,873, and \$31,955 for middle schools. High schools were not eligible for these rewards.</p> <p><b>Non-Financial Incentives:</b> Those schools that have shown substantial improvement for one year will receive certificates, banners, and other public recognition. During the 1996-97 school year, 319 schools received certificates and public recognition for one-year improvement.</p>
<b>Michigan</b>	<b>Financial Disincentive</b>	<p><b>Financial Disincentive Criteria:</b> Districts that do not produce school improvement initiatives such as school reports and improvement plans can have 5% of total school aid funds withheld. However, the district can comply and have funding restored by: providing data necessary to develop a statewide annual progress report on the achievement of national education goals; implementing a 3- to 5-year school improvement plan, and establishing a core academic curriculum. In addition, 5% of total funds can be withheld from unaccredited schools. Funds can be redistributed upon submitting a plan from the school for achieving accreditation. Other disincentives available after school remains unaccredited for 3 consecutive years include the following: state superintendent can appoint at the expense of the affected school district an administrator until the school becomes accredited; a parent of a child who attends the school may send the child to any accredited public school within the school district; the school may be closed. As of August 1997, no funds had been withheld from any districts or schools.</p>
<b>Mississippi</b>	<b>Non-Financial Incentive</b>	<p><b>Exemption from regulations program:</b> Districts are accredited through the state, and ranked from Levels 1-5. To determine the ranking of districts 34 Level-3 performance standards are applied to each district. These performance standards are based on standardized tests scores and other forms of state assessment. Those districts meeting less than 70% of Level-3 measures are classified Level 1, and provided with state assistance to improve performance. Districts meeting 70% to 89% of the Level-3 measures are placed at Level 2. Those schools meeting 90% of the Level-3 measures enter the second phase of the accreditation system. In the second phase, 37 Level-5 performance standards are applied to the districts. The means of all districts entering the second phase of the accreditation system become the Level-5 standards. Those that meet less than 85% of the Level-5 standards are classified Level 3. Districts meetings 85% to 99% of Level-5 standards are classified Level 4 and those meeting 100% of Level-5 measures are classified Level 5. Districts and the schools within them that are classified either Level 4 or 5 are exempt from some regulations such as: (a) student teacher ratios do not exceed 27 to 1 in classrooms serving grades 1 through 4; (b) the district implements a state approved staff development plan that complies with Mississippi Staff Development Guidelines; (c) the district uses some staff development time for working on the instructional program; and (d) the superintendent, all principals, and other central</p>



## Appendix C (continued)

State	Type of Incentives	Incentive and Disincentive Programs Used in Other States
		office administrators/supervisors attend required sessions of the School Executive Management Institute.
North Carolina	Financial Incentive	<p><b>Name:</b> Incentive Reward Program</p> <p><b>Amount:</b> \$24.5 million appropriated for payment in fiscal year 1997-98</p> <p><b>Improved or Absolute Score:</b> Improved</p> <p><b>Are individual students tracked longitudinally for calculation:</b> Yes</p> <p><b>Distributed to:</b> Certified Staff</p> <p><b>Distribution Criteria:</b> Awarded to teachers and teachers' aides at schools that showed greatest student gains on state standardized test. Students are tracked longitudinally to calculate gains. State determines the award amount for certified staff and support staff based upon the number of award recipients and availability of funds. During the 1996-97 school year, certified staff and support staff at 534 schools received awards, with \$1,185 going to certified staff, and \$593 going to teacher assistants. The state also provides a 4% increase in teacher pay for successful completion and accreditation by the "National Board for Professional Teaching Standards."</p>
South Carolina	Financial and Non-Financial Incentives	<p><b>Name:</b> School Incentive Reward Program</p> <p><b>Amount:</b> \$5 million for fiscal year 1997-98</p> <p><b>Improved or Absolute scores:</b> Both</p> <p><b>Are individual students tracked longitudinally for calculation:</b> No</p> <p><b>Distributed to:</b> "School Improvement Councils"</p> <p><b>Distribution criteria:</b> Schools that meet one or more of the following criteria are eligible to receive rewards: (LA = Level of Achievement and GA = Gain in Achievement) (1) The school's LA has a state percentile rank of 95 or higher. (2) The school's LA has a state percentile rank of 90-94 and has GA that is equal to or greater than the state GA. (3) The school's LA has a state percentile rank of 26-89 and has a GA that is equal to or greater than the 75<sup>th</sup> state percentile rank. (4) The school's LA has a state percentile rank of 6-25 and has a GA that is equal to or greater than the 85<sup>th</sup> state percentile rank. (5) The school's GA has been equal to or greater than the 65<sup>th</sup> state percentile rank for three consecutive years. In addition, any school district that has two-thirds or more of its schools selected for an incentive reward shall receive a district reward calculated at \$2 per pupil based upon the prior year's enrollment. School Improvement Councils are in charge of determining where the money goes for the school rewards, and the district determines how to spend the district rewards. During the 1996-97 school year, 361 schools received awards ranging from \$2,500 to \$71,884, and averaging \$12,552. During the 1996-97 school year, 7 districts received awards ranging from \$1,988 to \$29,720, and averaging \$9,655. Neither the school or district awards can be used for salary bonuses.</p> <p><b>Honorable Mention Selection:</b> An eligible school will be designated as Honorable Mention when it meets one of the following criteria: (1) the school's LA has a state percentile rank of 26-89 and has a GA that is between the 74<sup>th</sup> and 70<sup>th</sup> state percentile rank; (2) the school's LA has a state percentile rank of 6-25 and has a GA that is between the 84<sup>th</sup> and 80<sup>th</sup> state percentile rank. Honorable Mention schools receive a \$2,500 grant. During the 1996-97 school year, 35 schools received honorable mention awards. These awards cannot be used for salary</p>

## Appendix C *(continued)*

State	Type of Incentives	Incentive and Disincentive Programs Used in Other States
		<p>bonuses.</p> <p><b>Non-Financial Incentives:</b> Schools that receive incentive rewards twice in a three-year period are exempt from some regulation. Specifically, these schools are exempt from certain reporting requirements and on-site monitoring by state examiners.</p>
<b>Tennessee</b>	<b>Financial Incentives and Non-Financial Disincentives</b>	<p><b>Name:</b> Incentive Reward Program</p> <p><b>Amount:</b> \$500,000 for fiscal year 1997-98</p> <p><b>Improved or Absolute Scores:</b> Improved</p> <p><b>Are individual students tracked longitudinally for calculation:</b> Yes</p> <p><b>Distributed to:</b> School personnel</p> <p><b>Distribution Criteria:</b> Each school must demonstrate a three-year cumulative academic gain average greater than or equal to 100% of a nationally normed academic gain as measured by the state assessment system. In addition, the schools attendance, promotion, and dropout rates must meet certain standards. Each school receives the same amount of monetary awards and decides the usage. There are no specific limitations on the use of incentive funds. During the 1996-97 school year, 103 schools received \$4,854 each.</p> <p><b>Non-Financial Disincentive Program:</b> If a school or school district does not show progress for two consecutive years it can be placed on probation. If a district does not make progress for two consecutive years under probationary status, the Commissioner of Education is authorized to recommend to the state board that both the local board of education and the superintendent be removed from office.</p>
<b>Texas</b>	<b>Financial Incentives</b>	<p><b>Name:</b> Texas Successful Schools Awards System (TSSAS)</p> <p><b>Amount:</b> \$5 million for two-year period (1997-98 through 1998-99 school year)</p> <p><b>Distribution Criteria:</b> Prior to the 1997 legislative session, Texas had a Principal Performance Incentive Program that provided between \$2,500 and \$5,000 to principals in schools that scored in the top half on gains to student performance assessments. In 1997, the Legislature prohibited the Texas Education Agency from distributing the \$5 million previously appropriated for the Principal Performance Incentive Program. The \$2.5 million a year was then moved to the TSSAS. As of August 1997, no criteria for the new incentive system had been developed.</p>

## **Appendix D**

### **Response From the Department of Education**

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In accordance with the provisions of s. 11.45(7)(d), F.S., a list of preliminary and tentative review findings was submitted to the Commissioner of Education for his review and response.

The Commissioner's written response is reproduced herein beginning on page 39.



**FLORIDA DEPARTMENT OF EDUCATION**  
**Frank T. Brogan**  
**Commissioner of Education**

December 29, 1997

Mr. John W. Turcotte  
Director, Office of Program Policy Analysis  
and Government Accountability  
111 West Madison Street, Room 312  
Claude Pepper Building  
Tallahassee, Florida 32301

Dear Mr. Turcotte:

I appreciate the opportunity to respond to the draft report concerning Performance-Based Budgeting efforts in Florida's public school system. I believe that a focus on what students know and are able to do is enhanced by PB2 and I support that effort.

As you know, integrating PB2 into our agency's budget procedure has been more complex given the Constitution's requirement that school districts be responsible ultimately for the operation of public schools. In our role as a provider of technical assistance to districts, the Department has devoted tremendous resources and staff expertise to ensuring districts understand the PB2 process. It has been our goal to make the very diverse district budget entities knowledgeable and capable of complying with the Legislature's requirements.

As a result, last year department staff developed a three-year plan designed to assist districts in making the transition to PB2. It calls for the creation of a District Advisory Committee (which already is meeting) and the use of district-level pilots to test implementation. We feel that this approach will enable districts to build the structure necessary to meet new legislative requirements. As I said earlier, we believe in PB2 and do not wish to see it hampered by inadequate training or resistance at the district level.

Because it is unclear that the department's plan has been adequately communicated to OPPAGA staff to date, I would like to outline it briefly. In that regard, you will find a number of attachments outlining the department's work to date as well as the specific responses to the draft report as requested. Additionally, I suggest the creation of an oversight group including representatives of the Governor's Office, the Legislature, OPPAGA, the District Advisory Committee and representatives from districts included in the pilot projects. In this way, all parties may contribute as the system is developed and created.

The Capitol • Tallahassee, Florida 32399 • (904) 487-1785

Letter to Mr. Turcotte  
Page 2

I am certain that we are all focused on the same goal. Our public schools must be more performance oriented. Your report noted many of the issues involved and obstacles which must be addressed fairly and legally. Florida's school districts must fully participate in PB2 development. We feel that our phased implementation plan is prudent and will provide the greatest chance of success for PB2 in Florida this time.

Please feel free to contact me or my staff should you have additional questions or need other information.

Sincerely,

/s/Frank T. Brogan

Frank T. Brogan  
Commissioner

FTB/sv

Attachments: 3-Year Plan to Implement PB2  
3-Year Plan to Implement PB2 Timeline  
Performance-Based Budgeting Workshop  
Performance Budgeting Workshop Report  
Piloting Performance Budgeting in Select  
School Districts Considerations  
Sample Letter to PB2 Advisory Committee  
Response to OPPAGA Report 97-0035  
Response to OPPAGA Recommendations

***NOTE FROM OPPAGA: The Response to OPPAGA Recommendations is reprinted herein. The other above-referenced attachments are a public record of the Department of Education and are not reproduced herein.***

## **Response to OPPAGA Recommendations**

Public Schools Educational Program was specified by the Legislature for implementing a useful system for linking budget requests to projected student outcomes (or standards, using the PB2 vernacular). Within Public Schools Educational Program, two "subprograms" were listed for the first year of performance budgeting: 1) System-wide PreK-12, and 2) Targeted Incentives.

The subprograms are further divided for easy recognition and usefulness into the Pre-kindergarten subprogram which reflects the readiness of children to enter school; grades K-12 subprogram which presents outputs and outcomes for all students in the public school system; and targeted incentives which focus on specific areas of concern which have been established by law and in some cases by statute (Pre-kindergarten Early Intervention, Safe Schools, Educational Alternatives, Remediation Reduction, Advanced Placement and International Baccalaureate.)

Per the agreement with the Governor's Office, DOE soon will recommend the expansion of its subprograms within Public Schools Educational Program to include Workforce Development and Technical Support. Student Financial Aid and Private Colleges and Universities, while not K-12 programs, are also being considered as subprograms to be added after the public school system has been fully developed within the next two or three years.

### **1. Recommendation, Chapter 2, Page 8 Of Draft Report**

"...OPPAGA recommends that the Legislature require performance measures and standards for each of the 12 education programs funded through the Florida Education Finance Program...."

#### **DOE Response**

The System-Wide Grades Pre-kindergarten through Twelve subprogram contains the measures showing performance of students in the public school system as well as other important indicators parents, teachers and administrators want to know about schools. The performance indicators and measures will likely be fine-tuned as they are reviewed by school districts' finance, instructional and MIS staff to ensure that data reported by each school are accurate, valid and reliable. School districts also will develop a system for forecasting student performance by school, which will become the basis for the "requested standards" in the annual legislative budget request.

This approach is preferable to the more narrow view presented by OPPAGA's focus on the FEFP. The FEFP simply is a formula for equitably distributing funds to school districts using cost factors which reflect the differences in costs of providing educational services to different kinds of students. It is based on equivalent students in attendance rather than on student performance. The "programs" recommended by OPPAGA are those cost factors.

### **Recommendations, Chapter 3, Pages 15-16 of Draft Report**

"...the department and Legislature consider using existing performance measures related to the state's eight goals... ensure that measures provide comprehensive, accurate, and useful performance information and that standards are reasonable...."

### **DOE Response**

The department has been collecting and reporting performance data for more than twenty years. Comprehensive statewide test scores, graduation and dropout rates for example, have been published annually by districts and by the department in the Profiles of Florida School Districts. More recently, the department has published information on the success of high school graduates entering postsecondary education or obtaining employment. The Florida School Indicators Report for the 1995-96 school year was published several months ago using the data supplied by school districts. For inputs, outputs and outcomes and selected informational items of interest, the data is arranged by schools within school districts. Separate volumes were published for elementary, middle and high schools. Similar information for alternative schools and special education schools were also published in separate volumes. The 1996-97 school year indicators reports will be available within the next week or two. Attached are the specific indicators as well as definitions and statements of validity, reliability and accuracy.

It is important to note that the Florida School Indicators Report supplies the reader with the most important student performance data without the need to read separate performance budget requests for each cost factor of the FEFP funding calculation.

### **Recommendations, Chapter 4, Pages 25-27 of Draft Report**

1. Financial disincentives should be used cautiously.
2. Incentives and disincentives should not be used for programs without clear eligibility criteria.
3. Incentives should be focused on preventive rather than reactionary programs.
4. All districts should be able to compete for incentives.
5. Incentives and disincentives should be directed towards educational programs that most need improvement.
6. The recipients of rewards or sanctions should be directly responsible for performance.

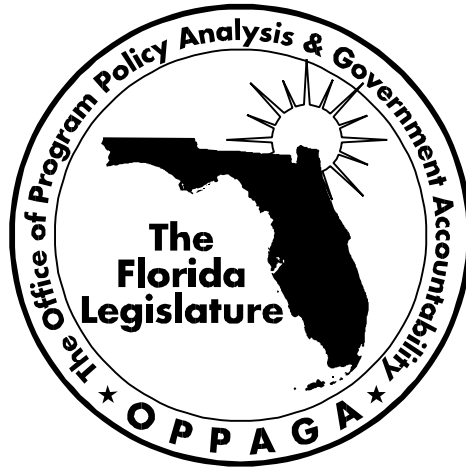
and

"...Legislature consider implementing incentive and disincentive programs currently used in other states."

### **DOE Response**

The department agrees in concept with recommendations 1-6. However, what is implemented in other states must be reviewed as to appropriateness, effectiveness and fiscal prudence for Florida. The better approach may be to continue working with school districts staff as models are developed for implementing performance measures, standards, incentives and sanctions. Financial rewards and disincentives are but two of a number of strategies for change that can affect students.

The Florida Legislature  
Office of Program Policy Analysis  
and Government Accountability



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Gena Wade, FGAR Coordinator (850) 487-9245

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