

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: March 25, 1998 Revised: \_\_\_\_\_

Subject: Charter Schools Capital Outlay Trust Fund

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Hill</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Favorable/CS</u>
2.	<u>Woodruff</u>	<u>Smith</u>	<u>WM</u>	<u>Favorable</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

**I. Summary:**

This bill creates the Charter Schools Capital Outlay Trust Fund which will be administered by the Department of Education and serve as a depository for monies appropriated to provide capital outlay funding for charter schools. Any balance remaining in the trust fund would be carried forward for use for the same purposes in subsequent years. The trust fund would be terminated on July 1, 2002, unless terminated sooner, and would be subject to legislative review. A companion measure, SB 1182, specifies how trust fund monies will be allocated among eligible charter schools and identifies permissible capital outlay uses.

Enactment of this bill requires passage of this bill or similar legislation by a three-fifths vote of both houses of the Legislature and enactment of legislation providing guidelines for distributing trust fund monies.

This bill creates an undesignated section of the Florida Statutes.

**II. Present Situation:**

Charter schools are public schools that operate under a performance contract with a public sponsor. Charter schools are free from many state and local regulations and mandates, but are held accountable for the academic and financial performance of the school and its students. As of August 1997, a total of 28 states and Washington, D.C. had statutory authorization for charter schools. Over 750 charter schools are in operation nationwide. Each state's law provides for operational funding for charter schools. Only Arizona and Minnesota currently provide capital outlay funding for charter schools.

### **Florida's Charter School Law**

Florida's charter school law (s. 228.056, F.S.), which was enacted in 1996, limits sponsorship of charter schools to district school boards and allows developmental research schools to convert to charter schools under sponsorship of the affiliated state university. Charter schools may be formed by either creating a new school or by converting an existing school to a charter school. An individual, teachers, parents, a group of individuals, a municipality, or a legal entity authorized under the laws of this state may apply for a charter to establish and operate a start-up charter school. The principal, teachers, parents, and/or the school advisory council of a public school may apply for a charter to convert the school to a charter school. Proposals for converting an existing public school must have the support of at least 50 percent of teachers employed at the school and 50 percent of the parents whose children attend the school.

Charter schools are funded similarly to other public schools in the state, but do not receive capital outlay funds. Charter school students are eligible for the same funding as other public school students enrolled in basic or special programs and are entitled to a proportionate share of categorical funds available through the Florida Education Finance Program (FEFP), except for capital outlay funds. If the district school board is providing programs or services to students through federal funds, the district must provide federal funding to the charter school to ensure the same level of service for any charter school student that meets federal eligibility requirements. Each school district may withhold a portion of the charter school's funding to offset administrative costs related to the charter school. The amount withheld cannot exceed actual administrative costs or a maximum of 5 percent.

In the absence of any state or local capital outlay funds for facilities, equipment, lease, renovation, or maintenance of facilities, charter schools must either divert a large fraction of their operating funds to meet capital outlay needs or must depend on contributions from the private sector and various fund-raising activities.

### **III. Effect of Proposed Changes:**

This bill creates the Charter Schools Capital Outlay Trust Fund to serve as a depository for monies appropriated to assist charter schools in meeting their capital outlay needs. The trust fund will be administered by the Department of Education. A companion measure, SB 1182, specifies how appropriations from the trust fund would be allocated to eligible charter schools and identifies permissible expenditures.

Any balance remaining in the trust fund at the end of any fiscal year would remain in the trust fund and, therefore, would remain available for appropriation for the same purposes in subsequent years. This provision is consistent with s. 216.351, F.S., which requires the reversion of unencumbered trust fund balances unless there is specific statutory authority to carryover unused trust fund allocations from year to year.

The trust fund will be terminated on July 1, 2002, if not terminated sooner, and must be reviewed by the Legislature prior to that date as provided in s. 215.3206(1) and (2), F.S.

The enactment of this bill requires a three-fifths vote of both houses of the Legislature and is contingent upon adoption of SB 1182 or adoption of similar legislation providing guidelines for distributing monies from the trust fund. If these contingencies are met, the bill will take effect July 1, 1998.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

This bill schedules the prospective repeal of the Charter Schools Capital Outlay Trust Fund in four years after the scheduled enactment and makes the effective date of the bill contingent upon passage by a three-fifths vote of both houses. These provisions are consistent with s. 19(f)(1) and (2), Art. III of the State Constitution.

**V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

If funds are appropriated from the Charter Schools Capital Outlay Trust Fund, individuals and groups that operate charter schools will receive state funds for facilities and other capital outlay purposes.

C. Government Sector Impact:

This bill does not appropriate funds and does not specify how funds would be allocated among eligible charter schools. A companion measure, SB 1182, addresses those issues.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

The 1998-99 legislative budget request of the Department of Education requests approximately \$3.75 million to provide a minimum of \$500 per charter school student for facilities and equipment needs.

Specific Appropriation 58E of SB 2500 (the FY 1998-99 General Appropriations Bill) would appropriate \$5 million from the Public Education Capital Outlay Trust Fund (PECO) for charter school construction.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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