STORAGE NAME: h2121.ei
DATE: April 25, 1997

HOUSE OF REPRESENTATIVES
COMMITTEE ON
EDUCATION INNOVATION
BILL RESEARCH & ECONOMIC IMPACT STATEMENT

BILL #: HB 2121

RELATING TO: Educational Facilities and Funding

SPONSOR(S): Committee on Education Innovation and Representative Melvin

STATUTE(S) AFFECTED: Creates Section 235.216, Florida Statutes; Amends Sections 235.014, 235.15, 236.25, 235.435, 236.083, Florida Statutes

COMPANION BILL(S): None

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:
(1) EDUCATION INNOVATION YEAS 8 NAYS 0
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I. SUMMARY:

HB 2121 establishes the School Infrastructure Thrift Program (SIT) to facilitate cost savings by school districts relating to facilities construction, provide incentives for school districts to maximize funds for construction and related costs, and provide funding for use of new instructional facility construction. SIT program funds will be appropriated annually as determined by the Legislature. The undisbursed balances of appropriations will not revert. Participation in the SIT program is by local option of the school board. School districts which use the funds must comply with specific maximum square foot cost requirements. The SIT funds will be available July 1, 1997, for construction of a new instructional facility and related costs or for projects currently underway. For each new qualifying district project, the commissioner may award up to 20 percent of the total cost from SIT funds. If there is not enough money to fully fund the 20 percent for all eligible and qualified projects, the funding may be for less than the 20 percent.

A school board may pledge up to 75 percent of the proceeds from the levied millage for facilities if the school board votes by a supermajority. Currently, a school board may bond out only 50 percent of their discretionary millage. The bill establishes a phase-in over a period of eight years to limit use of revenue from the levied millage to capital expenditures only. However, capital includes equipment, transportation vehicles, and facilities. Additionally, project funding through the Special Facility Construction Account is geared to the capacity of existing facilities, the pattern of student growth, the existing and projected capital outlay FTE, the existing satisfactory student stations, use of all existing district property and facilities, grade level configurations, and other need related information.

Incentives are available for district school boards to receive a guaranteed transportation allocation for saving money on transportation costs. The savings can be achieved through distance learning, rezoning, volunteer or mass transit transportation or other creative methodologies. The guaranteed transportation allocation can be used for and will continue for 5 years. Any funds received but not needed to transport students can be used for the same purposes.

Reporting requirements include validated and measurable plant survey data which can be audited and evaluated by the department to help determine future inventory and needs and incentive programs..

If a district school board chooses to use the provisions of HB 2121, the district can receive PECO funds, receive up to 20 percent extra (which will be available immediately), and receive the ability to bond 75 percent of capital. A district retains the option of receiving PECO funds and raising other monies through voted millage, bond referendum and/or a sales tax.

Revenues and expenditures for agency operations should not change. School districts will have an opportunity to apply for SIT program funds to pay up to 20 percent of the cost of a new educational facility. The district and tax payers will benefit from the reduced cost of constructing new facilities. The amount of funds available for the SIT program will be determined annually by the Legislature.

II. <u>SUBSTANTIVE RESEARCH</u>:

A. PRESENT SITUATION:

Student Enrollment Growth

Public school enrollment growth increases the demand for public school construction and has a ripple effect on the need for facilities at the post secondary level. Enrollment has increased in each of the past 13 years. The Fall 1996 total prekindergarten through twelfth grade student membership was 2,240,283. Public school enrollment increased by 259,394 students (13.1 percent) between Fall 1992 and Fall 1996. During that period, 66 of the 67 school districts had enrollment increases. Flagler County had the greatest percentage increase (29.12 percent). By the year 2000, public school enrollment is expected to increase 2.4 million students. Based on historical trends, about 71 percent of the new students will be housed in new facilities.

Unmet Educational Facility Needs

Comparable and reliable data on unmet educational facility need in each school district is not available. However, the best data available shows the unmet need to be several billion dollars more than available revenue. The unmet need is near crisis in some of the large urban districts. Providing additional funds to alleviate classroom overcrowding is the number one priority of the Florida School Board and District School Superintendent's 1997 Legislative Program.

State Sources of Capital Outlay Funding for Educational Facilities

Historically, the state has provided about 25 percent of the total capital outlay funding for educational facilities. The actual percentage varies from year-to-year depending on available funds, but typically ranges from 20 percent to 30 percent. There are two significant state sources of capital outlay funding and one much lesser source.

Public Education Capital Outlay and Debt Service Trust Fund (PECO) is a primary source of state capital outlay funding for Florida's school districts, community colleges, and the State University System. It is the only state capital outlay fund source for state universities. PECO funds are generated by a 2.5 percent levy on the gross receipts of utility companies and municipal corporations that provide electricity, natural gas, and telecommunication services and those that transmit co-generated electrical power. Over 85 percent of PECO funds are derived from bonds backed by the gross receipts tax. PECO funds are used not only for new construction, but also for remodeling, renovation, repair, and site improvement of educational facilities.

School District and Community College Capital Outlay and Debt Service Trust Fund (CO&DS) is constitutionally authorized and is a source of capital outlay funds for public schools and community colleges. CO&DS funds are derived from motor vehicle license tag fees and are distributed according to the formula established by Article XII, section 9(d) of the State Constitution.

Pari-mutuel Wagering Trust Fund consists of a tax on pari-mutuel wagering from which some school districts receive funds. Each county government receives an equal share of the pari-mutuel tax. In fiscal year 1996-1997, each county government received $446,500 in pari-mutuel funds. The county must provide all or part of the revenue to the district school board if required by local or special law. Otherwise, the revenues are used at the discretion of the board of county commissioners.

Local Capital Outlay Sources Available to School Districts

<u>Nonvoted, Discretionary Capital Outlay Millage Levy</u>

Each district school board may levy up to 2 mills of non-voted, ad valorem tax for the capital outlay purposes defined by s. 236.25(2), F.S. The statute has been amended many times since 1980 to give school districts more flexibility in using this local revenue source. Current law allows the proceeds to be used for:

1. Survey recommended new construction and remodeling projects, sites and site improvement or expansion, existing sites, and auxiliary, athletic, or ancillary facilities.

2. Maintenance, renovation, and repair of existing school plants or leased facilities.

3. Purchase, lease-purchase, or lease of school buses and other vehicles used in district operations.

4. Purchase, lease, purchase, or lease of new and replacement equipment.

5. Lease-purchase payments on educational facilities and sites; however, these payments may not exceed one-half of the proceeds of the millage levied.

6. Repayment of loans and debt service authorized under ss. 237.161 and 237.162, F.S., to purchase school buses, land, and equipment for educational purposes; construct or alter educational facilities; purchase certain insurance; and eliminate major emergency conditions or safety hazards that pose an immediate danger.

7. Compliance with state and federal environmental statutes and regulations governing school facilities.

8. Leasing relocatable facilities and renting or leasing educational facilities and sites.

If a district uses this revenue for unauthorized purposes, the district is penalized by an equal dollar reduction in Florida Education Finance Program (FEFP) funding.

From time to time, the Legislature authorizes other uses of the discretionary capital outlay millage. For example, the General Appropriations Act Implementing Bills for fiscal year 1993-1994 and fiscal year 1994-1995 allowed districts to use unobligated proceeds of the discretionary capital outlay millage levy for one-time, nonrecurring expenditures for classroom instructional materials, including consumable and non-consumable supplies, materials, textbooks, and equipment.

Voter-approved Millage Levies/Bonds

A district school board may levy ad valorem tax in excess of the constitutional cap of 10 mills for up to two years with voter approval and for voter-approved bond issues backed by ad valorem taxes. During the past ten years, voters approved 20 of 26 proposed bond issues. Voters approved 2 of the 3 bond issues proposed during the past five years.

Optional Capital Outlay Surtax

In 1995, the Legislature authorized a local option “half-penny” sales tax for capital outlay. Each district school board may levy, with approval by referendum, a discretionary sales surtax of up to 0.5 percent on all items subject to state sales tax (except for amounts exceeding $5,000 on any item of tangible personal property or long distance service). School districts may use the proceeds of the tax to fund school capital outlay projects, technology implementation, and to pay debt service on bonds, but may not use the proceeds for operating expenses. Each district that levies the surtax must freeze discretionary noncapital property taxes for at least 3 years at the assessment level of the year prior to implementing the surtax.

In 1995, voters approved a half-penny sales tax for educational capital outlay in Okaloosa and Monroe counties; the initiative failed in Hillsborough, Pasco, Broward, St. Lucie, Leon, and Desoto counties. In 1996, voters of Jackson, St. Lucie, Hillsborough, and Gulf counties approved the half-penny tax.

Districts also use operating funds to meet capital outlay needs.

Local Governments May Share Revenue for Schools

County governments may dedicate all or part of their local option sales tax for school-related purposes. Okaloosa levies and dedicates a full cent to the local school board. Manatee and Sarasota counties allocate part of their one cent levy for education capital outlay.

At least 13 counties impose impact fees on new residential construction for school-related capital improvements. The counties are Broward, Citrus, Collier, Hernando, Hillsborough, Lake, Orange, Osceola, Palm Beach, St. Johns, St. Lucie, Seminole, and Volusia.

Statutory Revisions to Increase Local Control and Promote Innovative Techniques

In 1995, the Legislature substantially revised Chapter 235, F.S., to give school districts, community colleges, and the State University System greater control and flexibility in planning and constructing educational facilities. Provisions were enacted that allow and encourage increased use of innovative construction management. The role of the Department of Education shifted from regulatory and compliance functions to technical assistance. Each board assumed responsibility for the required survey of educational facility needs. Absent uniform standards for the conduct of these surveys, it is difficult for the Legislature, the Governor, or the Department of Education to confidently project needs.

B. EFFECT OF PROPOSED CHANGES:

Review by the Legislature and the Commissioner of Education

HB 2121 provides for the Legislature to conduct a systematic review of the Florida Statutes that govern agency operations. The review will cover a 4 year time period from July 1, 1997, to July 1, 2001. The purpose is to eliminate obsolete, excessively restrictive, and unnecessary requirements which decrease flexibility and have higher costs. The elimination of these requirements will provide agencies with maximum flexibility to reduce costs and increase savings to assist with the need for school facilities.

In addition to the legislative review, the Commissioner of Education will review the State Board of Education and the Department of Education rules . This will be done by February 1 on an annual basis. The commissioner will make recommendations to the Legislature for revisions and/or repeals of provisions which restrict the flexibility for school districts in the construction, leasing or repair of facilities and related matters affecting the physical quality of classrooms for instructional purposes.

School Infrastructure Thrift Program Act (SIT)

The SIT program will be established in the Department of Education. To operate the program, the State Board of Education may adopt rules. To facilitate the program's purposes, the department will:

- Aggressively seek the elimination or revision of obsolete, excessively restrictive, or unnecessary laws, rules, and regulations to reduce construction and related costs without sacrificing safety or quality of construction

- Eliminate duplicate or overlapping inspections

- Relax landscaping requirements, operable glazing, operable windows, radon testing, firesafety, and emergency shelter construction where lawful, safe, and cost-beneficial

The purposes of the SIT program are:

- Facilitate cost savings by school districts relating to facilities construction

- Provide incentives for school districts to maximize funds for construction and related costs

- Provide a funding mechanism for use of new instructional facility construction

SIT program funds will be appropriated annually as determined by the Legislature. Undisbursed balances will not revert. The legislative intent is to continue funding the SIT program through frugal governmental operations and agency savings.

Participation in the SIT program is by local option of the school board. The funds will be available as of July 1, 1997, and can be accessed for projects commenced after this date or for projects already underway as of this date. School districts which use the funds must comply with the maximum square foot cost requirements in the newly created s. 235.216, F.S., by December 30, which is when the annual report will be due from the participating district to the commissioner. The first report will be due in 1997 and should contain supporting data, compliance information, and any proposal for spending SIT funds on new projects during the following fiscal year.

The commissioner examines the data, proposals and compliance information from the school districts and, by February 1, makes recommendations, ranked in order of priority, for SIT program awards for the following fiscal year.

If a school district received SIT funds before December 30, 1997, but failed to meet compliance requirements, the district may not receive an award the next year and must return the unused or encumbered funds with interest. SIT funds may only be used for construction of a new instructional facility and related costs. For each new project of a district that meets the criteria, the commissioner may award up to 20 percent of the total project cost from SIT funds. If there is not enough money to fully fund the 20 percent for all eligible and qualified projects, the funding may be for less than the 20 percent.

The commissioner's criteria for SIT program evaluation and recommendation must be based on:

- Soundness of proposal
- School district need
- Balance of funds in SIT program

Maximum Square Foot Cost of Educational Facilities/Frugal Construction Incentive

The legislative intent is that district school boards which seek SIT program fund awards use due diligence and sound business practices in the design, construction, and use of educational facilities.

The maximum square foot cost of educational facilities in a district seeking SIT funds will be based on a 5-year per square foot average cost. This cost will be published by the Department of Education, adjusted for inflation and the most current Marshall and Swift Construction Cost Index of Florida counties, which adjusts the cost index by size and geographic location. If federal funds are used, the square foot cost may be adjusted to accommodate federal requirements.

Upon completion of construction, the total project cost, including change orders, must be less than:

- Adjusted 5-year average,
- Minimum square footage per student cost specified in the State Requirements for Educational Facilities, 1997; and,
- Adjusted statewide average cost per student station.

A school board may pledge up to 75 percent of the proceeds from the levied millage for the payment of facilities if the school board votes by a supermajority that 100 percent of future projects within the district will comply with the recommended cost saving provisions.

Revenue Generated by the Millage Levy

The use of revenue from the levied millage is to be used only for capital expenditures as identified after July 1, 2005. However, capital expenditures are considered to include more than just facilities. They are identified as:

- <u>Facilities</u>: Site acquisition or improvement, construction, renovation, remodeling, repair, and maintenance of educational facilities
- <u>Equipment</u>: Purchase, lease, or lease-purchase of equipment and materials directly related to instruction
- <u>Transportation</u>: Purchase, lease-purchase, or lease of school buses

The districts that have been using the revenue for uses other than capital expenditures will have a phase-in period to modify the use of the revenue. The following table shows the phase-in schedule for allowed expenditures from the revenue generated by the authorized millage levy. After July 1, 2005, no funds may be used for operations.

	Allowed Expenditures	
	Capital Expenditures	**Expenditures Other Than Capital, Including Salaries**
FY 1997-1998		No more than 10 percent less than amount spent in FY 1995-1996
FY 1998-1999 until July 1, 2005 or earlier if board meets requirements earlier		No more than 10 percent less than amount spent in preceding FY
After July 1, 2005	Capital expenditures for facilities, equipment, and transportation	

Special Facility Construction Account

The Special Facility Construction Account will still be used to provide necessary construction funds to school districts which have urgent construction needs but which lack sufficient resources at the present. Except as otherwise provided, no district will receive funding for more than one approved project in any 3-year period, rather than a 5-year period. The department will encourage a construction program that reduces the average size of schools in the district.

The project must be deemed a critical need and must be recommended for funding by the Special Facility Construction Committee, to which all projects are submitted. The district school board must request a preapplication review by this committee or a project review subcommittee, which can be convened by the full committee and will consist of two department representatives and two members who are school district staff from a district other than the district submitting the project. The review of the project proposal and existing facilities must take place within 60 days after the request for the preapplication review is received. To determine if the project is a critical need, the following items will be considered:

- Capacity of all existing facilities in the district according to the Florida Inventory of School Houses
- District's pattern of student growth
- District's existing and projected capital outlay FTE
- District's existing satisfactory student stations
- Use of all exsiting district property and facilities
- Grade level configuartions
- Information affecting the need for the project

Reporting Requirements

District school boards will have reporting requirements related to costs of construction and capital improvements. All of the information is to be verified and appropriate for auditing. The commissioner, in cooperation with the Auditor General, will determine the format and submission date of the material. The reporting requirements should help the Legislature and department in future years when determining actual needs and inventory of capital facilities and property.

The department will review and validate that surveys proposed or amended by the boards comply with standardized measures. When the State Constitution requires such, the department will recommend to the State Board of Education, for approval, surveys that meet the requirements.

The Division of Applied Technology and Adult Education will document the need for additional career and adult education programs and continuation of existing programs before facility construction or renovation related to career or adult education may be included in the education plant survey of a school district or community college that delivers career or adult education programs.

Each school districts's survey must reflect the capacity of existing facilities. Projections of facility space needs may not exceed the minimum space and occupant design criteria established by State Board of Education rule. Existing and projected capital outlay FTE student enrollment must be consistent with department data.

Each special facility, joint-use facility, or cooperative vocational education facility must be based on capital outlay FTE data prepared by the department for school districts, by the Division of Community Colleges for community colleges, and by the Board of Regents for state universities. A survey of space needs of a joint-use facility will be based on the needs of either the district, the community college, or the university, as appropriate. Projections of facility space needs may not exceed the minimum space and occupant design criteria established by State Board of Education rule.

The school district may include space needs that are different from the approved standards if the deviation is justified to the department as being necessary for the delivery of an approved educational program.

Transportation Funds

As an incentive, if the commissioner determines that a substantial savings in transportation funding is realized by a district due to the opening of a new school with less than average transportation costs, the district will receive a guaranteed transportation allocation. The transportation savings may be achieved through distance learning, rezoning, volunteer or mass transit transportation, or other creative methodologies.

The calculation methodology for the guaranteed transportation allocation Is:

> District prior year base transportation dollar allocation is divided by district's prior year total K-12 FTE to equal a dollar amount which is multiplied by the new school's actual FTE enrollment. This is the guaranteed transportation allocation.
>
> The second year the original dollar amount is multiplied by the new school's current year enrollment, except that for each student within walking distance or a 2 mile radius who attends the school, two FTE shall be subtracted from the school's actual enrollment before making the calculation of the guaranteed allocation.

The guaranteed allocation shall continue for 5 years if the reduction in transportation expenses is maintained or increased.

The base and disabled student transportation will continue to be calculated as they are currently calculated.

Any school district receiving the guaranteed transportation allocation can use the allocation for construction, financing, or lease purchase of new schools. If the funds are received but not required for transportation, they can, at the discretion of the school board, be used for the same purposes.

Incentives

The Department of Education will develop and recommend incentives to benefit district school boards which reduce educational facility construction costs. The recommendations and statutory changes necessary to implement the recommendations are to be submitted to the legislative leadership no later than January 1, 1998.

Rulemaking Authority

The Department of Education is authorized to adopt rules to accomplish the purposes of this act.

Effective Date

The effective date is July 1, 1997.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

A primary focus of this bill is to reduce restricted rules and regulations relating to the design and construction of educational facilities.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Some additional responsibilities are assigned to DOE, school districts, and the Auditor General.

(3) any entitlement to a government service or benefit?

Not applicable.

b. If an agency or program is eliminated or reduced:

Not applicable.

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

(2) what is the cost of such responsibility at the new level/agency?

(3) how is the new agency accountable to the people governed?

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

The bill reduces restrictive rules and regulations which should allow more freedom to the local school district to increase efficiency and create more options for students and their parents.

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

Not applicable.

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

(2) Who makes the decisions?

(3) Are private alternatives permitted?

(4) Are families required to participate in a program?

(5) Are families penalized for not participating in a program?

b. Does the bill directly affect the legal rights and obligations between family members?

No.

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

If the options are exercised by the district school board to build more schools, the students and parents should have more schools available in the district.

(2) service providers?

District school boards have some control over where the schools are built.

(3) government employees/agencies?

Not applicable.

D. SECTION-BY-SECTION RESEARCH:

Section 1 Provides for legislative review of the Florida Statutes which govern agency operations.

Directs Commissioner of Education to review and recommend revisions of State Board of Education and Department of Education rules to provide flexibility in facility construction and repair.

Section 2 Creates the *School Infrastructure Thrift Program Act of 1997* (SIT Program) in the Department of Education.

Authorizes the State Board of Education to adopt rules and the department to seek the elimination or revision of laws, rules, and regulations to reduce construction cost without sacrificing safety or quality. Establishes purpose of program to facilitate cost savings, provide incentives, and provide a funding mechanism.

Provides for annual funding as determined by the Legislature. Provides that undisbursed balances will not revert.

Allows school districts to participate in SIT Program by local option of the school board. Allows access to funds as of July 1, 1997, but compliance must be established at the time of the initial report. Projects commenced after or underway at this date are allowed.

Requires reporting by school districts and Commissioner of Education. Requires districts return encumbered or unused funds for compliance failure if district received SIT funds before December 30, 1997. Provides that SIT Program criteria be based on soundness of proposal, school district need, and the balance of dollars in the SIT Program.

Provides that SIT fund awards are made by commissioner and may only be used for construction of a new instructional facility and related costs.

Allows the commissioner to award up to 20 percent of the cost from SIT dollars for each new school district project meeting the criteria.

Section 3 Creates s. 235.216, F.S., which provides that the maximum square foot cost of educational facilities be based on the most current 5-year statewide average square foot total cost published by the Department of Education, adjusted by inflation and the most current Marshall and Swift Construction Cost Index of Florida counties.

Provides that the total project cost, including change orders, must not exceed the adjusted statewide average, the minimum square footage per student specified in the State Requirements for Educational Facilities, 1997, and the adjusted statewide average cost per student station.

Allows school board, with a super majority vote, to pledge 75 percent of the proceeds from the levied millage for the payment of education facilities and sites due under a lease-purchase agreement entered into by the school board.

Section 4 Amends s. 236.25(2), F.S., to provide that by July 1, 2005, the authorized millage levy may be used for capital improvement or construction in facilities, for purchase or lease of equipment, buildings, and school buses. Provides that a school board, beginning in fiscal year 1997-1998, may spend no more than 10 percent less than the amount spent in 1995-1996 for the same purposes, including salaries, from the levied millage. Provides that, beginning in 1997-1998 and each year thereafter until July 1, 2005, or until the district meets the above requirements, whichever occurs earlier, a district may spend for non-capital purposes no more than 10 percent less than the amount set apart for these purposes in 1995-1996. Provides that a district which violates this expenditure restriction will have an equal amount of reduction in appropriated funds under s. 236.081, F.S., in the fiscal year following the audit citation. Any school district that has met its capital outlay needs through its current capital outlay millage may request a waiver from the commissioner from the expenditure restrictions.

Section 5 Amends s. 235.435, F.S., allowing a district to receive funding from the *Special Facility Construction Account* for one approved project in any 3-year period; changed language from 5-year to 3-year period. The project must be deemed a critical need and must be recommended for funding by the Special Facility Construction Committee or subcommittee. To determine if the project is a critical need, the following items will be considered: capacity of existing facilities, pattern of student growth, existing and projected capital outlay FTE, existing satisfactory student stations, use of all exsiting district property and facilities, grade level configurations, information affecting the need for the project.

Section 6 Amends s. 235.014, F.S., to require boards to submit cost information to the department to be verified and audited in cooperation with the Auditor General.

Requires that proposed or amended surveys be reviewed and validated that they were prepared in compliance with the standardized measures required in s. 235.15(1)(b), F.S., when it is required by the State Constitution.

Section 7 Amends s. 235.15, F.S., to require that each educational plant survey completed after January 1, 1998, uses verified, uniform and appropriate for audit data sources and criteria based on standardized measures developed by the commissioner, in cooperation with the Auditor General. Requires plant surveys completed after June 30, 1995, and before January 1, 1998 be revised to comply and the new survey will supersede previous surveys. Requires that each district's survey reflect the capacity of existing facilities as reported in the Florida Inventory of School Houses, and that projections of facility space needs are less than minimum space and occupant design criteria established by rule of the State Board of Education, and that existing and projected capital outlay FTE is consistent with data from the department. Changes term portables to relocatables. Requires that special facility, joint-use facility, or cooperative vocational education facility be based on capital outlay FTE data by the department, the Division of Community Colleges, or the Board of Regents, as appropriate. Provides that facility space needs projections are less than the minimum space and occupant design criteria in State Board of Education rule. Allows educational plant survey of district to include space needs which deviate from approved standards if the department is satisfied that the deviation is justified. Requires department to review and validate that surveys and amendments were prepared in compliance with the standardized measures and, when required by the State Constitution, recommended in compliance for approval by State Board.

Section 8 Amends s. 236.083, F.S., 1996 Supplement, to allow a district that establishes substantial savings, as determined by the commissioner, from transportation funding to receive a guaranteed allocation of funds from student transportation funding for each new school that opens with transportation expenses substantially less than average. Provides a calculation methodology to determine the guaranteed transportation allocation. Requires the guarantee to continue for 5 years if transportation savings are maintained or increased. Allows base and disabled student transportation allocations to remain unchanged.

Allows any district receiving the guaranteed transportation allocation to use funds for new schools. Allows districts, at discretion of school board, to use any received but not required transportation funds for the same purpose.

Section 9 Establishes Department of Education to develop and recommend incentives for reduction of educational construction cost. Requires that recommendations and statutory changes be submitted to legislative leadership by January 1, 1998.

Section 10 Authorizes the Department of Education to adopt rules.

Section 11 Provides an effective date of July 1, 1997.

III. <u>FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT</u>:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. <u>Non-recurring Effects</u>:

There will be a small amount of non-recurring cost for the DOE in cooperation with the Auditor General to prescribe the format and data on educational facilities to be submitted to the Department by school districts. These costs are an appropriate part of the agencies normal operating expenses and will not require additional appropriation.

2. <u>Recurring Effects</u>:

There will be a small amount of recurring cost for the DOE to annually review, revise, and repeal rules, to recommend to the Legislature the revision or repeal of statutes, to administer the SIT program, and other activities. All of these activities are the normal function of the agency. No additional appropriation is required.

3. <u>Long Run Effects Other Than Normal Growth</u>:

Long run effects are intended to reduce the cost of construction of educational facilities without increasing the agency cost of performing the agency’s normal standard responsibilities.

4. <u>Total Revenues and Expenditures</u>:

Revenues and expenditures for agency operations should not change. School districts will have an opportunity to apply for SIT program funds to pay up to 20 percent of the cost of a new educational facility. The district and tax payers will receive benefit from reduced cost of constructing new facilities. The amount of funds availability for the SIT program will be determined annually by the Legislature.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

   School districts will have a small amount of recurring cost to revise surveys conducted between July 1, 1995, and January 1, 1998, to conform to standard data sources and criteria.

2. Recurring Effects:

   The recurring effect will be a substantial reduction in escalating costs of construction of educational facilities.

3. Long Run Effects Other Than Normal Growth:

   Should experience major increase in efficient use of educational facilities construction funds.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

   The private sector should experience a much larger role in the design, construction, and maintenance of educational facilities.

2. Direct Private Sector Benefits:

   Improved business practices in school districts will be beneficial to the private sector providers

3. Effects on Competition, Private Enterprise and Employment Markets:

   There should be increased opportunities for private sector competition to design and construct educational facilities within pre-established cost limitations.

D. FISCAL COMMENTS:

The primary objective of HB 2121 is to reduce the cost of school construction so that the available funds will provide increased instructional space for students without the necessity of increasing taxes.

The addition of a new factor in the student transportation formula in s. 236.083, F.S., is intended to be fiscally neutral in that the savings from transporting students will be used to lease new classroom space for the students.

Small school districts will benefit from the bill by being eligible to apply for a special facility grant each three years (depending upon the district's rate of growth, needs, and other criteria) instead of one each five years regardless of growth.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to expend funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority of counties or municipalities to raise revenue.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties and municipalities

V. COMMENTS:

Provides incentive funding for school districts to increase the total amount of funds to construct new instructional facilities for students without increased state or local taxes. For school districts choosing to construct all future projects utilizing frugal construction practices, up to 75 percent of the proceeds from discretionary millage may be used for facilities. House Bill 1825 contains an appropriation of $40.8 million for the School Infrastructure Thrift Program. No additional appropriation is required to implement this bill in 1997-1998. In future years, awards from the SIT program are limited to the balance of dollars in the SIT program, as determined annually by the Legislature.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

VII. SIGNATURES:

COMMITTEE ON EDUCATION INNOVATION:

Prepared by:	Legislative Research Director:
Ouida J. Ashworth	Peter C. Doherty