

**STORAGE NAME:** h4111a.ed

**DATE:** April 14, 1998

**HOUSE OF REPRESENTATIVES  
AS REVISED BY THE COMMITTEE ON  
EDUCATION APPROPRIATIONS  
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

**BILL #:** HB 4111

**RELATING TO:** Florida School Improvement and Academic Achievement Trust Fund Grants

**SPONSOR(S):** Representatives Dockery and Safley

**COMPANION BILL(S):** SB 2276 (Similar)

**ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:**

- (1) EDUCATION INNOVATION YEAS 8 NAYS 0
- (2) EDUCATION APPROPRIATIONS YEAS 8 NAYS 6
- (3)
- (4)
- (5)

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I. SUMMARY:

HB 4111 makes the following major changes in the provisions of the Florida School Improvement and Academic Achievement Trust Fund:

- Recipient of funds from the district school board to the foundation
- Formula for matching private contributions with state dollars.

The recipient of funds from the Florida School Improvement and Academic Achievement Trust Fund for challenge grants and matching endowment grants will be the public school district education foundations that are recognized by the Department of Education Florida Education Foundation. The foundations are not for profit direct support organizations established by district school boards to receive and administer contributions to benefit the public schools in the district for which they were created. The foundations are responsible for the maintenance, investment, and administration of their school improvement and academic improvement trust funds. If an annual appropriation is provided by the Legislature, an equal amount is reserved to provide each school district foundation with an opportunity to receive and match a challenge grant. Excess trust funds are allocated through procedure established by the commissioner.

The bill also changes the formula for matching private contributions with state dollars. The allocation of funds is modeled after the Florida Academic Improvement Trust Fund for community colleges. Currently, the formula is modeled after the State University System's Trust Fund for Major Gifts. The formula in the bill provides that challenge grants will be proportionately allocated from the Florida School Improvement and Academic Achievement Trust Fund on the basis of matching each \$4 of state funds with \$6 of private funds. To be eligible for matching, a minimum of \$4,500 must be raised from private sources.

The donations, state matching funds, or proceeds from endowments will be used at the discretion of the foundation for improving schools and academic achievement. The funds may not be used for facility construction or support of interscholastic athletics.

There is not an appropriation for the 1997-1998 fiscal year. For the two prior fiscal years, 1996-1997 and 1995-1996, there was an appropriation of \$500,000.

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II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

The Legislature has created mechanisms for allocating state dollars to encourage and match private contributions to Florida's public community colleges, state universities, and public schools.

**State Universities**

Trust funds to provide challenge grants to state universities date back to 1979, when the Trust Fund for Eminent Scholars was created. A second fund, the Major Gifts Trust Fund was created in 1985. In 1994, these two trust funds were merged in s. 240.2605, F.S., as the Trust Fund for Major Gifts. Each university foundation establishes a challenge grant account for each challenge grant as a depository for private contributions and state matching funds to be administered on behalf of the university. The foundation serving a university has the responsibility for the maintenance and investment of its challenge grant account and for the administration of the program, pursuant to procedures specified by the Board of Regents. In fiscal year 1994-1995, before the Trust Fund for Eminent Scholars and the Major Gifts Trust Fund were merged, \$4.7 million was appropriated to each.

**Community Colleges**

In 1983, the Legislature created the Florida Academic Improvement Trust Fund to encourage private support of public community colleges. In 1997, the name of the trust fund was changed to the Dr. Philip Benjamin Academic Improvement Trust Fund for Community Colleges. Section 240.36, F.S., authorizes challenge grants from this trust fund on the basis of matching each \$4 of state funds with \$6 of local or private funds. Each community college entity establishes its own academic improvement trust fund as a depository for the private contributions and matching state funds. The foundations of the community college entities are responsible for the maintenance, investment, and administration of their academic improvement trust funds. The board of trustees of the community college and the State Board of Community Colleges are responsible for determining the uses for the proceeds of their respective trust funds. In fiscal year 1994-95 this trust fund was appropriated \$5.5 million.

**Public Schools**

Two statutory programs are in place to encourage collaborations between Florida public schools and the private sector: the Private Sector and Education Partnership Act in s. 229.602, F.S., and the Florida School Improvement and Academic Achievement Fund Grants in s. 236.1229, F.S. The major difference in the two programs is the formula for allocation of state dollars.

*Private Sector and Education Partnership Act*

In 1987, the Legislature enacted the Private Sector and Education Partnership Act in s. 229.602, F.S., to encourage meaningful collaborations between Florida public schools and the private sector. Funds were provided for challenge grants to school districts. Projects receiving these challenge grants must obtain a 60 percent match from the

private sector. In fiscal year 1994-1995, challenge grant awards totaling \$419,284 for 40 projects in 19 school districts generated \$1,301,873 in matching contributions from private sector partners for a total investment of \$1,721,157. This level of private matching contributions exceeded statutory requirements.

*Direct Support Organizations*

District school boards may establish direct-support organizations (DSOs or "foundations") to receive and administer contributions to benefit the public schools in the district for which they were created (s. 237.40, F.S.). The DSO is a Florida not for profit corporation. They may make expenditures to or for the benefit of public prekindergarten through 12<sup>th</sup> grade education and adult vocational and community education programs. According to the Department of Education, 57 district school boards have DSOs or foundations.

*Florida School Improvement and Academic Achievement Trust Fund Grants*

In 1995, the Legislature created the Florida School Improvement and Academic Achievement Trust Fund to provide challenge grants and matching endowment grants to district school boards (s. 236.1229, F.S.). If the Trust Fund is funded by the Legislature, each district school board is provided with an opportunity to receive and match a challenge grant.

A formula is established in s. 236.1229(4)(b), F.S., for matching private contributions with state dollars to create an endowment for school improvement and academic achievement. The matching formula is similar to that used for the State University System's Trust Fund for Major Gifts in s. 240.2605, F.S.

For each year in which an appropriation is made, the lesser of the amount appropriated divided by the number of districts or \$10,000 must be reserved to provide each school board with an opportunity to receive and match a challenge grant. Trust funds which remain unmatched on March 1 of any year will also be available for matching by any district school board. However, no district school board may receive more than its percentage of the total full-time equivalent enrollment or 15 percent, whichever is greater, of the funds appropriated to the trust fund for that fiscal year.

The formula for matching is as follows:

<b>Private Contribution</b>	<b>State Match Restricted</b>	<b>State Match Unrestricted</b>
\$50,000 to \$99,000	25%	0%
\$100,000 to \$599,999	50%	70%
\$600,000 to \$1,000,000	70%	70%
\$1,000,000 to \$1,500,000	75%	75%
\$1,500,000 to \$2,000,000	80%	80%

over \$2,000,000	100%	100%
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A pledged contribution is not eligible for matching until the total contribution is collected; the total contribution must be collected before it is matched.

Each participating district school board separately accounts for all funds received and is responsible for proper expenditure of the funds received. Each district's direct-support organization is responsible for soliciting private contributions to be matched.

School boards are specifically prohibited from using the donations, state matching funds or proceeds from endowments to construct facilities or support interscholastic athletics. School boards and their DSOs are also prohibited from accepting or purchasing facilities for which state operating dollars are required, unless prior legislative approval is granted for the acquisition.

*Appropriations*

Although the Governor's budget did recommend a \$500,000 appropriation to the Florida School Improvement and Academic Achievement Trust Fund, there is not an appropriation for the 1997-1998 fiscal year. For the two prior fiscal years, 1996-1997 and 1995-1996, there was an appropriation of \$500,000. In 1997, the funds were used by 27 districts with grants ranging from \$8,620 to \$30,000. For 1998-99, the Commissioner has requested \$2 million to be appropriated to the trust fund.

**B. EFFECT OF PROPOSED CHANGES:**

HB 4111 changes the recipient of Florida School Improvement and Academic Achievement Trust Fund challenge grants and matching endowment grants from the district school board to public school district education foundations that are recognized by the Department of Education Florida Education Foundation. If an annual appropriation is provided by the Legislature, an equal amount is reserved to provide each school district education foundation with an opportunity to receive and match a challenge grant. The balance of funds will be available for matching by any school district foundation. Trust funds which remain unmatched by contribution on March 1 may either be available for matching by a district foundation or the DOE Florida Education Foundation. The Commissioner shall establish procedures for allocation of excess trust funds.

The bill also changes the formula for matching private contributions with state dollars. The allocation of funds is modeled after the Florida Academic Improvement Trust Fund for community colleges rather than the State University System's Trust Fund for Major Gifts. Challenge grants will be proportionately allocated from the Florida School Improvement and Academic Achievement Trust Fund on the basis of matching each \$4 of state funds with \$6 of private funds. To be eligible for matching, a minimum of \$4,500 must be raised from private sources. Funds are transferred from the state trust fund to the district foundation when a proportionate amount has been received and deposited by the foundation in its own school improvement and academic achievement trust fund.

The public school district education foundations are responsible for the maintenance, investment, and administration of their school improvement and academic improvement

trust funds. Additionally, they are responsible for soliciting and receiving contributions and for the proper expenditure of the funds received.

The public school district education foundation is authorized to use the donations, state matching funds or proceeds from endowments at their discretion for improving schools and academic achievement within the school district. The existing prohibitions on use of the funds remain in HB 4111: the funds may not be used for facility construction or support of interscholastic athletics, and facilities for which the state will be asked for operating funds may not be accepted or purchased without prior legislative approval.

**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?

The Commissioner of Education is given authority to adopt procedures for the foundations to apply for excess trust funds; however, the authority was previously in the statute with the difference being that the procedures were for school boards rather than foundations.

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

The public school district education foundation is given more responsibility for receiving, administering, maintaining, and investing the funds in their school improvement and academic improvement trust fund.

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

No new entitlement; the recipient of the grants or funds changed from the district school board to the public school district education foundation.

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

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

See notes above. The responsibilities for the funds or grants are transferred from the school board to the foundation.

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

None.

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

The foundation is created by the district school board. The Department of Education recognizes 57 public school district education foundations. Only those foundations recognized by DOE are authorized to receive and administer the funds.

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?

N/A

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

N/A

3. Personal Responsibility:

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

N/A

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

N/A

4. Individual Freedom:

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

N/A

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

N/A

5. Family Empowerment:

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

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

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

N/A

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

N/A

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

N/A

- 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?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

**D. STATUTE(S) AFFECTED:**

Amends section 236.1229, Florida Statutes.

**E. SECTION-BY-SECTION RESEARCH:**

**Section 1** Amends s. 236.1229, F.S., specifying that education foundations, rather than district school boards, are the recipients of challenge grants and matching endowment grants from the Florida School Improvement and Academic Achievement Trust Fund. Provides that foundations be recognized by the Department of Education Florida Education Foundation. Revises the funding, allocation, and district-level administration of Florida School Improvement and Academic Achievement Trust Fund grants.

**Section 2** Provides an effective date of July 1 of the year in which enacted.

**III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:**

**A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:**

1. Non-recurring Effects:

N/A

2. Recurring Effects:

State revenue for private matching will only be available to the degree an annual appropriation is provided.

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

Revenue available for matching is subject to annual appropriation.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

Private sector costs are equivalent to funds provided for the matching program.

2. Direct Private Sector Benefits:

N/A

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

N/A

D. FISCAL COMMENTS:

For each year in which an appropriation is made, an equal amount is reserved to provide each school district education foundation with an opportunity to receive and match a challenge grant. The balance of funds will be available for matching by any school district foundation. Trust funds which remain unmatched by contribution on March 1 may either be available for matching by a district foundation or the DOE Florida Education Foundation. The Commissioner shall establish procedures to allocated excess funds for matching purposes.

The bill also changes the formula for matching private contributions with state dollars. The allocation of funds is modeled after the Florida Academic Improvement Trust Fund for community colleges rather than the State University System's Trust Fund for Major Gifts. Challenge grants will be proportionately allocated from the Florida School Improvement and Academic Achievement Trust Fund on the basis of matching each \$4 of state funds with \$6 of private funds.

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:

HB 4111 passed the Committee on Education Innovation on March 26, 1998.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON EDUCATION INNOVATION:

Prepared by:

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AS REVISED BY THE COMMITTEE ON EDUCATION APPROPRIATIONS:

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