STORAGE NAME: h0615.ccc
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HOUSE OF REPRESENTATIVES
COMMITTEE ON
COMMUNITY COLLEGES & CAREER PREP
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT

BILL #: HB 615

RELATING TO: Community College System Facility Enhancement Challenge Grant Program

SPONSOR(S): Representatives Argenziano, Burroughs, and others.

STATUTE(S) AFFECTED: Creates s. 240.383, F.S.

COMPANION BILL(S): HB 617 by Representative Argenziano; SB 824 by Senator Horne; SB 826 by Senator Horne

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:
(1) COMMUNITY COLLEGES & CAREER PREP
(2) EDUCATION APPROPRIATIONS
(3)
(4)
(5)

I. SUMMARY:

This bill creates the State Community College System Facility Enhancement Challenge Grant Program to aid community colleges in building high priority instructional and community-related capital facilities.

The fiscal impact is indeterminate since the Legislature would have to appropriate project matching funds in order for this program to become operational. The Division of Community Colleges estimates that the state would experience no fiscal impact the first year, approximately $2-3 million the second year, and $3-4 million the third year. Funds needed to match the private funding on a 50/50 basis will ultimately depend on the amount of private funds raised by community college direct-support organizations.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

The 28 institutions in the State Community College System are eligible to receive funds for fixed capital outlay from the following sources:

1. General Revenue -- These funds are received from a specific appropriation by the Legislature and must be used for the purpose designated in the award.

2. Public Education Capital Outlay and Debt Service Trust Funds (PECO) -- This money is appropriated by the Legislature and must be used for surveyed projects as designated in the appropriation.

3. Private Funds -- Individual or corporate gifts provided directly to the community college. The receiving community college has the authority to approve such projects. The donor of the funds usually specifies the purpose for which they may be used unless the money is given as part of a fund-raising drive for a particular facility.

4. Foundation Gifts -- Individual or corporate gifts to the community college's direct-support organization. These funds are handled in the same way as private gifts presented directly to the community college.

5. Capital Outlay and Debt Service Funds -- These are funds from Motor Vehicle License Fees, and they may be bonded or spent as cash by the community college board of trustees. The funded projects must be survey approved and in priority order of need.

6. Voted Millage -- These funds would be from local property taxes. Community college boards of trustees have no taxing authority, therefore such a tax can only be levied if authorized by a special act of the Legislature and approved by voters in a local referendum. The proceeds from the tax may be spent at the discretion of the community college trustees or as specified by the referendum.

7. Operating Budget -- A community college board of trustees may use operating funds for capital outlay purposes.

8. Lease-Purchase -- If approved by the Department of Education, a community college board of trustees can use its Capital Outlay and Debt Service Funds to acquire a survey recommended facility through a lease-purchase agreement.

The Community College System's 1996-97 appropriated share of PECO funds was $125,126,174 for approximately 150 projects. Not all of the projects involve the construction of facilities, some may be for such things as site improvement, land acquisition or fire safety. The community colleges' share of Capital Outlay and Debt Service Trust Fund money was approximately $10 million.

According to the Division of Community Colleges, the Community College System has a projected 1997-98 unmet facilities need of $400 million. The projected unmet need for the system for the 5-year period from 1997-98 to 2001-02 is just over $1.1 billion.

Section 240.2601, F.S., establishes the State University System Facility Enhancement Challenge Grant Program and the Capital Facilities Matching Trust Fund. The purpose of the program is to enable university foundations to solicit private contributions for the construction of instructional and research facilities, and to have these contributions matched by the state on a one-to-one basis. The trust fund serves as the repository for the contributions and the matching funds. The State University System is prohibited from using federal, state, or local governments funds as private donations available for matching purposes. The 1996 Legislature appropriated $14.2 million in matching funds for the University Facilities Matching Grant Program.

B. EFFECT OF PROPOSED CHANGES:

Section. 240.383, F.S., would create the State Community College System Facility Enhancement Challenge Grant Program for the purpose of assisting community colleges in constructing high priority instructional and community-related facilities. The program would duplicate the university facility challenge grant program.

Community college foundations operating as direct-support organizations would have the responsibility of raising the private contributions that would be matched on a one-to-one basis by state appropriations. The public money would come through the Community College Capital Facilities Matching Trust Fund, if created by law, or through direct appropriation from the General Revenue Fund. The private contribution for matching purposes could include any federal or local government funds that a community college may receive other than PECO receipts.

As a condition of program participation, direct-support organizations would have to establish separate capital facilities accounts to receive private donations. Once the organization and the community college certified that funds equal to one-half the cost of a project were on deposit in the facilities account, the Legislature would appropriate the necessary matching dollars. A project could not be initiated until all the funds necessary for planning, constructing, and equipping it were in hand. However, the community college or the direct-support organization could spend privately donated funds to develop a prospectus, schematics, and models to market the project for fund raising purposes. If the state did not provide sufficient funds to match the private donations, the community college could attempt to renegotiate the terms of the project or return the contributions plus accrued interest to the donors.

The Division of Community Colleges would be required to submit annually a list of construction projects eligible for the program to the Legislature. Conditions for eligibility would include: survey approval under provisions of s. 235.15, F.S.; the project is on the State Community College System 5-year capital outlay list; and the project has prior approval from the State Board of Community Colleges. A project would remain on the approved 3-year PECO priority list until it was approved by the Legislature and the public matching funds were provided.

Any funds that might remain after a project was completed would be divided between the direct-support organization’s facility matching account and the program trust fund, if created, or the General Revenue Fund.

A project constructed under this program could be named in honor of a donor at the option of the community college board of trustees; however, if the donor is living, the naming must be approved by the State Board of Community Colleges.

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?

No.

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

Yes. The State Board of Community Colleges will need to develop rules, policies and procedures for the administration of the new program.

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

No.

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?

NA.

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

NA.

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

NA.

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No, however, an appropriation from the general revenue may be required if the trust fund is not created by law.

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?

Yes. If community college direct support organizations are considered private organizations, this bill will allow them to raise private funds and receive matching funds from the state to be used for facilities that are separate from the current PECO programs.

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

No.

5. Family Empowerment:

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

(1) Who evaluates the family's needs?

NA.

(2) Who makes the decisions?

NA.

(3) Are private alternatives permitted?

NA.

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

NA.

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

NA.

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?

NA.

(2) service providers?

NA.

(3) government employees/agencies?

NA.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Creates s. 240.383, F.S., to establish the State Community College System Facility Enhancement Challenge Grant Program; provides for deposit of funds; requires a capital facilities matching account; provides for matching appropriations; provides for eligibility requirements and guidelines; provides for disbursement of unexpected funds; provides for naming of facilities.

Section 2. Provides that the act will take effect on July 1, 1997.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

   According to the Division of Community Colleges, the state would experience no fiscal impact the first year, approximately $2-3 million the second year, and $3-4 million the third year. Funds needed to match the private funding on a 50/50 basis will ultimately depend on the amount of private funds raised.

2. Recurring Effects:

   According to the Division of Community Colleges, approximately $150,000 will be needed, beginning in the third year, to cover operating costs/expenses associated with new facilities.

3. Long Run Effects Other Than Normal Growth:

   None.

4. Total Revenues and Expenditures:

   None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

   None.

2. Recurring Effects:

   The Division of Community Colleges estimates that no more than five or six community college direct-support organizations would be able to raise private contributions in an amount necessary to provide one-half the cost of a facility project.

3. Long Run Effects Other Than Normal Growth:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

   Donations would be requested from private sources.

2. Direct Private Sector Benefits:

   Private citizens could voluntarily contribute to a community college direct-support organization's facility matching fund.

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

   None.

D. FISCAL COMMENTS:

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 spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

   This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

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

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

V. COMMENTS:

The substance of HB 615 was filed in 1996 as HB 1827 along with its companion HB 1825. Both bills passed out of the House, but died in the Senate Committee on Higher Education. A companion bill (CS/SB 1298 by Senator Johnson) was withdrawn from the Senate Ways & Means Committee but died on the Senate Calendar.

This bill is similar to the State University System Facility Enhancement Challenge Grant Program. Other than minor differences due to the governance structures of the two systems, the bill differs from the SUS program in two ways:

-- This bill allows the community colleges to use federal and local government funds as private funds for the state matching program, with the exception of PECO receipts; and

-- The SUS program has an additional requirement that a university shall not use PECO funds, including Capital Improvement Trust Fund Fee and building fees, for a project completed under s. 240.2601, F.S. The community college program does not have the same additional limitation.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

VII. SIGNATURES:

COMMITTEE ON COMMUNITY COLLEGES & CAREER PREP:

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