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DATE: March 23, 1999

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
GOVERNMENTAL RULES AND REGULATIONS
ANALYSIS**

BILL #: CS/HB 465

RELATING TO: Grant Proposals for Community Centers

SPONSOR(S): Committee on Community Affairs and Representative Minton

COMPANION BILL(S): CS/SB 386 (Similar) and SB 226 (Compare)

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

- (1) COMMUNITY AFFAIRS YEAS 9 NAYS 0
 - (2) GOVERNMENTAL RULES AND REGULATIONS
 - (3) TRANSPORTATION AND ECONOMIC DEVELOPMENT APPROPRIATIONS
 - (4)
 - (5)
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I. SUMMARY:

HB 465 creates a process within the Department of Community Affairs for obtaining grants for the acquisition, renovation or construction of community centers. Counties, municipalities and qualified corporations may apply for a grant of state funds provided that the following conditions are met:

- ❖ The department is assured that funds are available and committed to the project.
- ❖ The department is assured that the community supports the project.
- ❖ The department is assured that funds are available and committed to maintaining and operating the project.

The department shall give preference to projects located in enterprise zones, empowerment zones, and areas in which at least 75 percent of the residents are of low or moderate income. Also, preference is given to projects located in communities that have fewer than one community center per 35,000 people.

The state grants awarded may be used to cover up to 75 percent of the project cost, not to exceed \$1.5 million per single project. Up to 10 percent of the awarded grant may be used for administrative purposes. Awarded grants may not exceed 36 months.

A review panel appointed by the Governor, President of the Senate and Speaker of the House shall review each application. Once a grant is awarded, the applicant must continually monitor the project's performance under the grant-supported activities.

The department is authorized to adopt rules for administering this section.

The bill shall take effect upon becoming law.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

The Senate Committee on Ways and Means Interim Project Report 98-51 states that in the past several years, local governments and non-profit institutions have exerted greater pressure upon the Florida Legislature for financial assistance with special projects. For many of these projects, **no** formal funding process exists in statute resulting in the Legislature addressing requests with incomplete and unstandardized information.

The report also noted an existing process set in statute for the review and prioritization of grants for Historical Preservation, Cultural Facilities, Library Construction, the Florida Recreational Assistance Program, and International Trade projects. The report recommends the expansion of this process to include projects such as Senior Centers, Community Centers, and Town Meeting Halls. The report also recognized the need for substantive legislation to address the following factors critical to designing a process for grant review and prioritization:

- Match requirements (if applicable)
- Criteria considerations (most prescribed in agency rules and are tailored to meet each type of grant).
- Timing (application submission, review procedure, and recommendations to the Legislature must run parallel to legislative appropriations timelines).
- Designating the entities involved (The entity designated to review, prioritize, and make the initial recommendations for projects, in addition to the entity designated to make the final recommendation of a project list to the Legislature, must be carefully selected).

B. EFFECT OF PROPOSED CHANGES:

This bill creates a four-stage process for reviewing and prioritizing legislative funding requests for community facilities:

- A county, city, or qualified corporation submits to a review panel a grant proposal for a matching grant for the acquisition, renovation, or construction of a multi use facility. The state grant may be used for up to 75% of the project cost, with a cap of \$1.5 million per project. The applicant must demonstrate that the community supports the project and that local funds are available and committed to operate and maintain the project.
- Preferences must be given to: enterprise zones; empowerment zones; areas in which at least 75 percent of the residents are of low or moderate income, as defined by the U.S. Department of Housing and Urban Development; and communities that have fewer than one community center per 35,000 residents.
- The review panel (consisting of two persons appointed to staggered terms by the Governor, President of the Senate, and Speaker of the House, respectively, and a seventh person appointed jointly by the panel) will review each application and submit, in priority order, a list of approved applications to the Secretary of the Department of Community Affairs. Beginning 2001-2002, if the Secretary approves the list, it will then be included, in priority order, in the department's legislative budget request. For fiscal year 2000-2001, the panel must submit the list to the Speaker of the House and the Senate President by December 31, 1999.
- DCA may then accept and administer the funds appropriated by the Legislature for approved projects. Unfunded projects will then be retained for the next grant cycle. If the project is not funded in the second year, the project must be resubmitted for consideration.

Community centers are defined as free-standing facilities owned or managed by a county, municipality, or qualified not-for-profit corporation that provides recreational opportunities, educational programs, and meeting rooms for the community. In addition, recreational centers or other similar facilities are included in the definition to the extent that they comply with these criteria.

Up to ten percent of the grant funds may be used for administrative purposes. Grants are limited to 36 months. DCA is required to adopt, by rule, criteria to be applied by the review panel and for administering this process.

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?

DCA is authorized to adopt by rule criteria to be applied by the review panel and processes for administration.

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

In administering the grant application process, DCA reports they will likely incur costs for the following responsibilities: Writing and adopting rules; administering a grant application process; providing training and technical assistance to applicants; providing staff support to the review panel; submitting the review panels recommendations as a budget request; awarding and executing grant contracts; disbursing payments; and assisting grantees in the completion of facilities.

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

N/A

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?

N/A

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

N/A

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

N/A

2. Lower Taxes:

- a. Does the bill increase anyone's taxes?

N/A

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

N/A

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

N/A

- 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:

None

E. SECTION-BY-SECTION ANALYSIS:

SECTION 1: Establishes a grant program at the Department of Community Affairs (DCA) to fund counties, municipalities, and qualified corporations to acquire, repair or construct community centers; provides definitions; requires matching funds for operation and maintenance; requires applicant to demonstrate resources available to operate and maintain the center; provides preference for programs located in enterprise zones, empowerment zones or low income service areas; provides preference to projects in communities with fewer than one center per 35,000 residents; provides that grant funds may be used for administrative purposes; requires the grantee to monitor its own performance; provides grants may not exceed 36 months; establishes a review panel with members appointed by the Governor, The President of Senate and the Speaker of the House; requires annual submittal to DCA of approved project list for inclusion in DCA's legislative budget request; provides for DCA to make grants only for projects for which the Legislature has appropriated funds; requires submittal to the Legislature for fiscal year 2000-2001; provides DCA with rulemaking authority.

SECTION 2: This act takes effect upon becoming law.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

The Department of Community Affairs estimates the non-recurring cost at \$9,870.

2. Recurring Effects:

In administering the new grant program the Department of Community Affairs anticipates the need for one professional and one clerical position, with associated operating costs. The recurring costs are estimated at \$87,407.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

<u>FY 99-2000</u>	<u>FY 2000-01</u>	<u>FY 01/02</u>
\$97,277	\$87,407	\$87,407

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:

N/A

2. Direct Private Sector Benefits:

N/A

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

N/A

D. FISCAL COMMENTS:

The CS allocates up to 10 percent of the grant funds for administrative costs.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

The bill does not require counties and municipalities to expend funds or to take action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill does not reduce the authority that local governments have to raise revenues in the aggregate.

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

The bill does not reduce the percentage of state shared revenue with local governments.

V. COMMENTS:

The following are comments provided by the Committee on Governmental Rules and Regulations:

In comparing the analysis of the committee substitute with the actual text of the bill, it is unclear which entity, the DCA or the grantee, may use grant funds for administrative purposes. A suggested rewording to page 3, line 7-8, would be: "The grantee may use up to 10 percent of the grant funds awarded under this section for administrative purposes directly related to the acquisition, renovation or construction of a community center."

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

The Committee on Community Affairs unanimously approved a strike-everything amendment and subsequently adopted a committee substitute on March 8, 1999. The CS conforms the House Bill with CS/SB 386, which was amended in the Senate Committee on Comprehensive Planning, Local and Military Affairs.

The committee substitute differs from the bill as originally filed in the following manner:

- Clarifies the definition of community centers;
- Replaces non-profit with qualified;
- Provides that the Department of Community Affairs receive up to 10 percent of the grant funds awarded for administrative costs;
- Limits the grants to 36 months, representing the amount of time grant recipients have to begin the grant project;
- Provides for dates for submitting certain documents to the Governor and the Legislature by the review panel.

VII. SIGNATURES:

COMMITTEE ON COMMUNITY AFFAIRS:

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