

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS/SB 2370

SPONSOR: Education Committee and Senator Bullard

SUBJECT: Public Education Capital Outlay and Debt Service Trust Fund

DATE: April 23, 2003 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Woodruff	O'Farrell	ED	Fav/CS
2.	_____	_____	AED	_____
3.	_____	_____	AP	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The bill would allow a board to supplant funds in the board's current fiscal year approved operating budget for specific types of expenditures and capital projects with state Public Education Capital Outlay and Debt Service (PECO) Trust Fund moneys.

The bill expands the list of approved expenditures of certain appropriations from the Public Education Capital Outlay and Debt Service Trust Fund (PECO).

The bill requires school districts to compare the life-cycle costs of specific construction materials when constructing or expanding school capacity.

This bill substantially amends section 1013.64 and creates a new section of the Florida Statutes.

II. Present Situation:

In statute, the Legislature has prohibited a board from supplanting funds for remodeling, renovation, maintenance, repairs and site improvements in the board's current fiscal year approved operating budget with funds received from the state for the same purposes. The state's funds are provided to increase the total funds available for these purposes, not to replace local funds.

In statute, the Legislature has designated funds for remodeling, renovation, maintenance, repairs and site improvements for existing satisfactory facilities as being given priority consideration for appropriations from the PECO Trust Fund. School districts, community colleges, and universities have indicated through their five year work plans that funding for these purposes is a major need and activity. The Department of Education indicates that the remodeling, renovation,

maintenance, repair and site improvements of ancillary and auxiliary facilities is currently allowed from these funds, if the facilities are otherwise classified as being in satisfactory condition.

In general, the amount of PECO funds appropriated for these purposes represents the cash portion of funds available for appropriation from the PECO Trust Fund in a given year. Funds appropriated for new construction reflect the bonded portion of the funds available for appropriation from the PECO Trust Fund. In the 2002-2003 General Appropriations Act, \$143.8 million was appropriated for remodeling, renovation, maintenance, repairs and site improvements. The proposed Senate 2003-2004 General Appropriations Bill includes \$206.9 million for remodeling, renovation, maintenance, repairs and site improvements.

There is a significant need for funds to maintain current facilities. In recent years, both the community college system and the state university system have submitted special PECO budget requests to the Legislature for additional funding to address these issues. In studies to identify significant capital facilities funding issues facing school districts, the lack of sufficient funding for remodeling, renovation, maintenance, repairs and site improvements, has been identified by the districts as a major concern. In a number of the districts seeking sales surtax approval from their voters, funding for these purposes was identified as a major expenditure of the additional funds being requested. To some extent, the maintenance and repair of the educational plant is funded as part of a board's operating budget.

Funding for the construction of new core facilities, new educational plants, and new educational facilities are among the major capital expenditures by a school district in any given year. These facilities are most often financed with local two mill funds or from state appropriations for new construction and not from a board's operating budget.

Funding for new construction of ancillary and auxiliary facilities is generally considered to be a lower priority for the use of construction moneys. Such facilities are almost always financed from local funds and are often funded from local bond issues or from voted or nonvoted millage and not from a board's operating budget.

Current statutory language and language in the state uniform building code both require life-cycle cost analysis relating to construction of public educational and ancillary plants. For computation of the life-cycle costs, the Department of Education is required to develop standards upon which the evaluation is to be based. Among the standards adopted by the department are standards for the effect of insulation, energy-consumption, orientation of facilities, usage of facilities, and for construction materials and systems based on initial costs, maintenance costs, custodial costs, operating costs and life expectancy.

Firesafety criteria for educational and ancillary plants are established by the State Fire Marshal in cooperation with the Florida Building Commission and the department. Such firesafety requirements must be incorporated into the Florida Fire Prevention Code.

Florida no longer allows schools to be constructed from wood.

III. Effect of Proposed Changes:

The bill would allow a board to supplant with state funds, the local funds in the current fiscal year approved operating budget used to accomplish specific types of capital projects and to pay for insurance on facilities.

The bill would allow boards to direct state funds currently authorized to be expended for remodeling, renovation, maintenance, repairs and site improvements for existing satisfactory facilities to be used for other types of construction projects. These new expenditures would include: ancillary plants (i.e., warehouses, vehicle maintenance facilities, etc.); auxiliary facilities (i.e., educational plants which are not designed for student occupant stations); core facilities (i.e., cafeterias, media centers, etc.); educational facilities (i.e., buildings designed primarily for educational, and secondarily for social and recreational purposes); low-energy usage features; new construction; passive design elements; for projects, sites, and satellite facilities; and for payment of insurance.

To the extent local and state funds are allowed to be shifted from remodeling, renovation, maintenance, repairs and site improvements to be used for other purposes, the impact of the bill will be to diminish the funds available to maintain facilities which would otherwise be classified as satisfactory facilities. If the facilities are not maintained, then they will become unsatisfactory and will have to be replaced with new, and usually more expensive, structures.

The bill requires school districts to compare the life-cycle costs of specific construction materials when constructing or expanding school capacity in two areas for which the Department of Education does not presently have life-cycle standards. These areas are wood destroying organisms and the annual insurance costs.

The effective date for the bill is upon becoming law but it shall apply retroactively to the beginning of the current fiscal year.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

A board may experience cost savings from utilizing life-cycle cost analysis on construction projects.

VI. Technical Deficiencies:

None.

VII. Related Issues:

To the extent funds for remodeling, renovation, maintenance, repairs, and site improvements are supplanted, the backlog in these types of projects may increase. The result may increase structural problems at existing schools.

VIII. Amendments:

None.

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