

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.)

Prepared By: Education Appropriations Committee

BILL: SB 12-A

SPONSOR: Senator Alexander

SUBJECT: Educational Facilities/Restoration

DATE: December 13, 2004

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Golden	Newman	EA	Favorable
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The bill establishes an Educational Facilities Hurricane Restoration Cash Flow Loan Program for the 2004-2005 fiscal year. The amount of \$100 million of nonrecurring funds is appropriated from the General Revenue Fund to the Department of Education to be used for the sole purpose of making temporary cash flow loans to school districts when necessary to make timely payments to contractors and suppliers for restoration of hurricane damaged facilities. School districts applying for an Educational Facilities Hurricane Restoration Cash Flow Loan must agree to repay the funds received in a timely manner. Further, if they fail to repay, the Department shall withhold future distribution of state appropriated fixed capital outlay funds until such time as repayment is made.

This bill creates a new provision of Florida Law.

II. Present Situation:

During the period of August 11 to September 24, 2004, five named hurricanes and tropical storms caused more than \$450 million of damage to school district educational facilities and more than \$20 million of related cost for cleanup and debris removal.

School districts are acting as quickly as feasible to responsibly restore facilities to a safe and satisfactory condition for students and staff. Because the damage occurred over such large areas of the state in such short period of time, it is taking longer to complete established procedures required for providing documentation of damages and receiving payments from insurance, the Federal Emergency Management Agency, and other sources. Some school districts project there will be times during the last six months of the 2004-2005 fiscal year they will have insufficient cash flow to make payments to contractors and suppliers.

Currently the Department of Education does not have statutory authority or authorized funds to assist school districts with temporary cash flow needs.

III. Effect of Proposed Changes:

This bill appropriates funds to the Department of Education for the sole purpose of providing temporary cash flow loans to school districts that certify to the department that, pending receipt of insurance claims, FEMA payments, and other recovery funds, the district has insufficient funds to make timely payments to contractors and suppliers for the restoration of hurricane damaged educational facilities. This bill is effective for the 2004-2005 fiscal year only.

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:

The private sector will benefit from timely payments for services and products provided to school districts to restore hurricane damaged educational facilities to a safe and satisfactory condition.

C. Government Sector Impact:

This bill establishes a temporary loan program which makes \$100 million available during the 2004-2005 fiscal year only. All funds loaned will be repaid in a timely manner from funds school districts receive from insurance claims and payment of emergency disaster funds.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

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

VIII. Summary of Amendments:

None.

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