

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 Committee

BILL: SB 1374

SPONSOR: Senator Dockery

SUBJECT: School Capital Outlay Funding

DATE: March 9, 2005 REVISED: 04/19/05 _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Woodruff</u>	<u>O'Farrell</u>	<u>ED</u>	Fav/ 1 amendment
2.	_____	_____	<u>EA</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see last section for Summary of Amendments

- Technical amendments were recommended
- Amendments were recommended
- Significant amendments were recommended

I. Summary:

The bill establishes the High Growth District Capital Outlay Assistance Grant Program. If funded by the Legislature, the program will provide additional moneys to high growth districts for the construction of student stations needed due to the rapid increase in the student population and for which the district has insufficient capital outlay revenue. The establishment of the program is subject to funds being provided in the General Appropriations Act.

This bill creates an unnumbered section of the Florida Statutes. The Division of Statutory Revision will determine whether it is included in the Florida Statutes or remains as a law.

II. Present Situation:

Current law does not provide any specific additional funding for school districts that experience extremely high student growth rates and have comparatively low property tax bases.

The Legislature does currently recognize the need to target growth school districts in the allocation of its Public Education Capital Outlay and Debt Service Trust Fund (PECO) funds. Section 1013.64 (3)(a) 2, F.S., directs that 60 percent of each years' appropriation for public school new construction facilities be allocated to districts based on growth in full-time equivalent (FTE) student membership. Using each districts highest year of FTE growth from the prior three

years, the funds are allocated to the districts on a pro-rata share of the total state growth in FTE student membership. State PECO funds are only one portion of the funds available to a district for its school facility construction needs. For most districts, the majority of the capital outlay funds are generated at the local level.

The state does have a program that targets certain property tax poor school districts for funding to help meet a district's school facility needs. School districts which might qualify for the proposed High Growth Program created by this bill would not meet the eligibility requirements to participate in the existing program. In concept however, the programs are somewhat similar by targeting districts which are trying to help themselves through full utilization of state and local resources, but which are still not keeping pace with the need for facilities.

Section 1013.64 (2)(a), F.S., authorizes as a part of the PECO Trust Fund, a separate account, in an amount determined by the Legislature, for the "Special Facility Construction Account" program. In relevant part, the Special Facility Construction Account is used to provide construction funds to school districts which have urgent construction needs but which lack sufficient resources at present, and cannot reasonably anticipate sufficient resources within the next three years, to construct a single critical need construction project. One of the basic requirements to participate in the account requires that the local school board must currently levy and pledge to continue to levy for the next three years, the maximum capital outlay millage allowed. The district must also pledge to use all of the school district's other capital outlay resources toward the project. The state then agrees to provide the remaining unfunded portion of the cost of the project.

III. Effect of Proposed Changes:

To qualify to participate in the High Growth District Capital Outlay Assistance Grant Program, a school district must meet the following criteria:

- A district must have levied the full two mills of nonvoted discretionary capital outlay millage for each of the past four years.
- Fifty-percent of the revenue derived from the two-mill revenue for the past four fiscal years, when divided by the district's growth in capital outlay FTE students over the four year period, must produce a value that is less than the average cost per student station pursuant to s. 1011.71 (2), F.S., with this cost being weighted by the statewide growth, by level, in capital outlay FTE students.
- The district's growth in capital outlay FTE students during the past four fiscal years must have equaled or exceeded twice the statewide average of growth in capital outlay FTE students.
- All of the Classrooms For Kids Program funds must have been released by the Commissioner of Education and fully expended by the district.
- The total number of capital outlay FTE students of the district is greater than 15,000 students.

The bill provides direction to the Legislature as to how funds for the High Growth District Capital Outlay Assistance Grant Program provided in the General Appropriations Act are to be allocated. The concept of the formula is that the state would provide money to raise the value of

the nonvoted millage per FTE student to the state average value per weighted student station. Should the state not provide sufficient funding to completely fund the calculation for all eligible school districts, the amount appropriated would be prorated among the eligible districts.

The effective date of the bill is July 1, 2005.

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:

To the extent state tax funds are used to construct school facilities which would otherwise have been paid for from local tax funds, there is a cost savings to the citizens of an individual district.

C. Government Sector Impact:

Because the Florida Constitution requires the state to adopt a balanced budget, for each appropriation cycle there is a finite amount of PECO or other revenue available for the Legislature to spend. As with any new program, a decision to fund the High Growth District Capital Outlay Assistance Grant Program will require the Legislature to place a higher priority on expending funds for the High Growth Program than it will place on other programs. To the extent the Legislature makes that determination, funds will not be available for other purposes.

According to the Department of Education, the districts which qualify under all of the program's criteria and therefore are eligible to participate in the High Growth Grant Program should the Legislature provide funding for the program are:

- Clay
- Hernando
- Lake

- Osceola
- St. Johns

(Note: This assumes that the Classrooms First funds were fully expended by the districts as of 2/1/05. If this date is modified, the qualifying districts may change.)

VI. Technical Deficiencies:

Section 1(d) of the bill does not specify a date by which the Classrooms First funds are to be expended. The establishment of this date can impact the districts which qualify for funding under the High Growth District Capital Outlay Assistance Grant Program.

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:

Barcode 742272: A technical amendment to correct the name of the fund for construction of school facilities to Classrooms First from the current language of Classrooms for Kids was adopted..

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