

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

This bill does not appear to implicate any House Principle.

B. EFFECT OF PROPOSED CHANGES:

Regional Consortiums -

Present Situation:

Section 1001.451, F.S., allows school districts with 20,000 or fewer students to enter into cooperative agreements to form a regional consortium service organization.

Each regional consortium service organization that consists of four or more school districts is:

- eligible to receive an incentive grant of \$25,000 per school district to be used for the delivery of services.
- not classified as an “agency” which prohibits the sharing of acquired architectural services, prohibiting member districts to purchase under negotiated contracts.
- not able to establish a direct-support organization (DSO) which prohibits the member districts from sharing the use of property, facilities, and personal services.
- not eligible to receive matching grants.

Effect of Proposed Changes:

This bill:

- removes the specific grant award amount per district and amends s.1001.451, F.S., to provide the grant amount will be “as provided in the annual General Appropriations Act”.
- provides regional consortiums the classification of “agency” for the purposes of acquiring architectural services that member districts can purchase under contracts negotiated by the regional consortiums.
- allows regional consortiums to create DSOs and authorizes the regional consortiums’ boards of directors to permit the DSO the use of property, facilities, and personal services.
- allows regional consortium DSOs to participate in matching grant programs.

“Double Budget” Student Financial Assistance Grants and University Challenge Grants -

Present Situation:

Current law provides that funds appropriated by the Legislature for specific grant programs be deposited in specific state trust funds. Such grant programs include: the Florida Public Student Assistance Grant Program, Florida Private Student Assistance Grant Program, Florida Postsecondary Student Assistance Grant Program, Florida Resident Access Grants, Excellent Teaching Program and University Major Gifts and Facilities Enhancement Challenge Grants. This requirement results in the Legislature “double” appropriating these funds. Funds are appropriated from various sources (typically General Revenue) for transfer to the appropriate state trust fund and then appropriated a second time from the state trust fund for expenditure. The practice of “double” budgeting of funds does not conform to the current standard practice used for the General Appropriations Act.

Effect of Proposed Changes:

This bill eliminates the requirement to “double” appropriate funds for these programs. The funds appropriated by the Legislature will be expended directly from the appropriation for each program. This eliminates the unnecessary steps of transferring appropriations from other fund sources to the trust fund and appropriating the funds again from trust funds.

Determination of Sparsity Supplement –

Present Situation:

The FEFP is the funding formula that allocates funds to K-12 public schools and is comprised of several components, two of which are the sparsity supplement and the .51 discretionary millage levy. The sparsity supplement provides additional funds to districts with 20,000 or fewer FTE, due to the relative increase of expenses of small districts. The .51 discretionary millage levy is administratively set by the school board at a millage not to exceed .51 for the purpose determined by the school board.

The .51 millage levy is the basis for the wealth adjustment within the sparsity supplement. The wealth adjustment reduces or eliminates the calculated sparsity supplement for districts with high property values per student. This adjustment is based on the per FTE revenue of the maximum .51 discretionary millage levy in the district compared to the state average. If the district value per FTE exceeds the state average, then the calculated sparsity supplement is reduced by an amount equal to the district's FTE multiplied by the per FTE amount by which the district's maximum discretionary value per FTE exceeds the state average.

In the 2004-05 FEFP third calculation, the sparsity supplement formula calculated to \$57,272,089 with the wealth adjustment reducing the amount to \$48,624,143. The \$48,624,143 was prorated to the appropriated amount of \$31,000,000. Thirty-three districts and three lab schools received the sparsity supplement in Fiscal Year 2004-05.

Effect of Proposed Changes:

The bill makes two changes to the sparsity supplement calculation:

- Revises the wealth adjustment in the sparsity supplement of the FEFP so that the wealth adjustment does not cause a district to fall below the per FTE state average total potential FEFP funds; and
- Provides a one-time transition supplement at one-half the calculated sparsity supplement in the first year in which the district exceeds the full-time equivalent (FTE) student membership threshold. A district is only eligible for the supplement if the district qualified for sparsity during the three previous fiscal years.

Had the bill become law in Fiscal Year 2004-05, the wealth adjustment would not have eliminated the calculated sparsity supplement for Charlotte School District, Citrus, Nassau, and Walton School Districts would have received an increase in funds, also due to the revision to the wealth adjustment. The revised wealth adjustment would have increased funds by \$879,341 to the four districts as follows: Charlotte increase of \$397,928, for a total of \$397,928; Citrus increase of \$104,437, for a total of \$1,144,144; Nassau increase of \$69,826, for a total of \$1,611,140; and Walton increase of \$307,150 for a total of \$488,238.

Also, the one-time transition supplement for districts exceeding the FTE threshold, would have allowed the Hernando School District to receive one-half of the calculated amount, or \$149,970.

These estimated increases in 2004-05 funding, due to the wealth adjustment revision and the one-time transition supplement, totals \$1,029,311 (\$879,341 + \$149,970). The funds of the other thirty districts

and three lab schools would be reduced by \$1,029,311 to remain at the \$31,000,000 Appropriation. Similar results are expected for the 2005-2006 fiscal year.

C. SECTION DIRECTORY:

Section 1: Amends 287.055, F.S. - Provides regional consortiums the classification of "agency" for the purposes of acquiring architectural services and allows member districts to purchase under contracts negotiated by the regional consortiums.

Section 2: Amends s. 1001.451, F.S. - Provides incentive grant award amount for regional consortium services in the annual General Appropriations Act rather than in statute.

Section 3: Amends s. 1001.453, F.S. - Provides regional consortiums the authority to create direct-support organizations (DSO) and authorizes the regional consortiums' boards of directors to permit the DSO the use of property, facilities, and personal services.

Section 4: Amends s. 1009.50, F.S. - Changes the requirement that funds appropriated for public student assistance grants "shall" be to "may" be deposited in the State Student Financial Assistance Trust Fund.

Section 5: Amends s. 1009.51, F.S. - Changes the requirement that funds appropriated for private student assistance grants "shall" be to "may" be deposited in the State Student Financial Assistance Trust Fund.

Section 6: Amends s. 1009.52, F.S. - Changes the requirement that funds appropriated for postsecondary student assistance grants "shall" be to "may" be deposited in the State Student Financial Assistance Trust Fund.

Section 7: Amends s. 1009.89, F.S. - Changes the requirement that funds for appropriated resident access grants "shall" be to "may" be deposited in the State Student Financial Assistance Trust Fund.

Section 8: Amends s. 1010.09, F.S. - Changes the definition of a direct-support organization (DSO) to include regional consortium service organizations.

Section 9: Amends s. 1010.34, F.S. - Changes the audits of DSOs to include regional consortium service organizations.

Section 10: Amends s 1010.72, F.S. - Changes the requirement that funds appropriated for the Dale Hickam Excellent Teaching Program "shall" be to "may" be deposited in the Dale Hickam Excellent Teaching Program Trust Fund.

Section 11: Amends s 1011.62, F.S. - Changes the sparsity supplement calculation of the Florida Education Finance Program and provides a one-time transition supplement.

Section 12: Amends s. 1011.765, F.S. - Provides regional consortium DSOs the authority to participate in matching grant programs.

Section 13: Amends s. 1011.94, F.S. - Changes the requirement that funds for academic challenge grants, new donors, major gifts, sales tax exemption matching funds or eminent scholars "must" be to "may" be deposited in the University Major Gifts Trust Fund.

Section 14: Amends s. 1013.79, F.S. - Changes the requirement that funds for university facility challenge grants "must" be to "may" be deposited in the Alec P. Courtelis Capital Facilities Matching Trust Fund.

Section 15: Provides an effective date of July 1, 2005.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

This bill does not appear to have a fiscal impact on state revenues.

2. Expenditures:

This bill has a zero net effect on state expenditures. This bill only changes the district distribution of funds appropriated annually for sparsity supplement within the FEFP.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

If this bill had been enacted during the 2004-05 fiscal year, the sparsity supplement funds of thirty districts and three lab schools would have decreased and the sparsity supplement funds for the remaining five districts that qualify for participation would have increased. This bill only changes the district distribution of funds appropriated annually for sparsity supplement within the FEFP.

2. Expenditures:

This bill does not appear to have a fiscal impact on local government expenditures.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

This bill does not appear to have a direct economic impact on the private sector.

D. FISCAL COMMENTS:

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require a city or county to spend funds or to take any action requiring the expenditure of funds.

2. Other:

None

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES