

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 1710

INTRODUCER: Senator Wise

SUBJECT: Regional Consortium Service Organizations

DATE: April 2, 2006

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	deMarsh-Mathues	Matthews	ED	Favorable
2.	_____	_____	GO	_____
3.	_____	_____	EA	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill provides additional authority and responsibilities for regional consortium service organizations (consortiums) related to determining the services to provide, using incentive grant funds, and establishing purchasing and bidding programs. The bill permits a consortium to establish an education foundation that is independent of the consortium's school district of record. With respect to an education foundation, the bill:

- Delineates the foundation's governance and organizational structure;
- Allows a foundation to use the consortium's property, facilities, and personnel services;
- Subjects a foundation with more than \$100,000 in expenditures or expenses to an annual financial audit conducted by an independent certified public accountant; and
- Establishes a timeframe for submitting the audit report.

This bill substantially amends section 1001.451, Florida Statutes.

The effective date of the bill is July 1, 2006.

II. Present Situation:

Governance and Organizational Structure of Regional Consortium Service Organizations

The purpose of regional consortium service organizations is to provide a full range of programs to more students, minimize duplication of services, and encourage the development of new programs and services. The law allows the following to enter into cooperative agreements to form a consortium:¹

¹ Section 1001.451(1), F.S.

- School districts with 20,000 or fewer unweighted full-time equivalent students;
- Developmental research (laboratory) schools; and
- The Florida School for the Deaf and the Blind.

Consortiums are established by a school board resolution that includes how district needs will be met and how services will be provided.² Each consortium must provide, at a minimum, three of the following services:

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|---|--------------------------------|
| • Exceptional student education; | • Data processing; |
| • Teacher education centers; | • Health insurance; |
| • Environmental education; | • Risk management insurance; |
| • Federal grant procurement and coordination; | • Staff development; |
| | • Purchasing; or |
| | • Planning and accountability. |

Cooperating districts must designate a district of record for contractual and reporting purposes. The district of record's responsibilities include contracting for services and materials needed for consortium programs and services to member districts. It is also responsible for monthly financial reports to member districts and an annual financial report of the district to the Commissioner of Education, including a separate report on the consortium's financial status. The district is entitled to reasonable compensation for accounting and other services performed. It may be compensated for the use of physical facilities.

All financial transactions of the consortium must be accounted for separately by the district of record in the appropriate proprietary fund. Income to the fund is composed of payments from cooperating districts, including the district of record, receipts from goods and services provided to non-member districts, and the receipts from grants to the consortium. Disbursements from the fund must include payments for products and services, including agreed-upon services furnished by the district of record. All transactions with the district of record must be recorded in the fund.

The superintendents of member districts serve as the consortium's Board of Directors. The board determines the products and services to be provided by the consortium. However, in all contractual matters, the school board of the district of record must act on proposed actions of the consortium.

Incentive Grant Funds

Each consortium that consists of four or more school districts is eligible to receive an incentive grant of \$50,000 per school district and eligible member to use for the delivery of services within participating school districts. The law provides for an annual application for incentive grant funds to the Commissioner of Education. Funds are distributed to qualifying consortiums by January 1 of each fiscal year.

² Rule 6A-1.099, F.A.C.

According to the Department of Education (DOE), there are currently three regional consortia, including Heartland Education Consortium (Heartland), Northeast Florida Education Consortium (NEFEC), and Panhandle Area Education Consortium (PAEC). The school district of record for each consortium is Highlands County, Putnam County, and Washington County, respectively.

The NEFEC members are as follows: Baker, Bradford, Columbia, Dixie, Flagler, Gilchrist, Hamilton, Lafayette, Levy, Nassau, Putnam, Suwannee, Union, P.K. Yonge,³ and the Florida School for the Deaf and the Blind.⁴ The Heartland school district members are DeSoto, Glades, Hardee, Hendry, Highlands, and Okeechobee.⁵ The school district members of PAEC are Calhoun, Franklin, FSU Schools, Inc., Gadsden, Gulf, Holmes, Jackson, Jefferson, Liberty, Madison, Taylor, Wakulla, Walton, and Washington.⁶

The 2005-06 General Appropriations Act provided \$1.7 million for each school district and each consortium member to deliver services within the participating school districts.⁷ NEFEC and PAEC each received \$700,000, while Heartland received \$300,000.⁸ Senate Bill 2690, relating to the General Appropriations Act, provides \$ 1.7 million for the consortia.⁹

III. Effect of Proposed Changes:

The consortium's board of directors is tasked with determining the services to provide and the use of incentive grant funds. The bill allows the consortium to establish purchasing and bidding programs, including construction and construction management arrangements, instead of individual school district bid arrangements.

Under the bill, a district school board must take action, through a letter of intent, to implement the consortium's bidding program. The bill requires the official school board minutes to reflect an action taken by a school district related to the letter of intent. The bill does not specify what entity evaluates bids, selects vendors, and enters into contracts with vendors. Presumably, the district of record would enter into contracts as provided for in administrative rule.¹⁰

A consortium's board of directors may establish an educational foundation that is independent of its school district of record and governed by a board of directors for the foundation. The bill requires the foundation to be a Florida not-for-profit corporation incorporated under the provisions of chapter 617, F.S., and approved by the Department of State.

Under the bill, a consortium's board of directors may allow an education foundation to use its property, facilities, and personnel services. However, the current administrative rule for consortia provides that ownership and control of physical property is vested with the school district of record.¹¹ The rule also authorizes the district of record to charge the consortium a negotiated user

³ University of Florida developmental research school.

⁴ See <http://www.nefec.org/>

⁵ See <http://www.heartlanded.org/>

⁶ See <http://www.fsus.fsu.edu/>

⁷ Special Appropriation 97 of Chapter 2005-70, L.O.F.

⁸ Florida Department of Education, March 31, 2006.

⁹ Special Appropriation 114.

¹⁰ Rule 6A-1.099(2)(b) and (c), F.A.C.

¹¹ *Id.*

fee.¹² The bill does not specify whether the consortium or the district of record may charge the foundation for use of property, facilities, or services. While the consortium board of directors makes recommendations for the employment of personnel, the board is not the employer. Rather, the district of record is the employer and the personnel are considered to be public employees.

A foundation with more than \$100,000 in expenditures or expenses is subject to an annual financial audit conducted by an independent certified public accountant. The audit report must be submitted within nine months after the end of the fiscal year to the board of directors of both the foundation and the consortium.

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 consortium that wants to establish an education foundation may incur some costs. The cost is indeterminate. According to the Department of Education, the ability of a consortium to accept and use charitable and private donations may be expanded by allowing the consortium to establish educational foundations.¹³

VI. Technical Deficiencies:

None.

¹² *Id.*

¹³ Florida Department of Education analysis for HB 899, March 24, 2006.

VII. Related Issues:

None.

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

VIII. Summary of Amendments:

None.

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