

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: Government Efficiency Appropriations Committee

BILL: SB 1930

INTRODUCER: Government Efficiency Appropriations Committee

SUBJECT: Educational Facilities/Planning and Use

DATE: March 6, 2006

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Gilreath	Johansen	GE	Favorable
2.	_____	_____	ED	_____
3.	_____	_____	EA	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

SB 1930 revises statute to require Department of Education and Board of Governor's staff to review and revise postsecondary space needs generation formulas used in the educational plant survey every 3 to 5 years; and increase the minimum utilization rate for classroom facilities to 50 hours per week and 70% occupancy.

This bill substantially amends section 1013.03 of the Florida Statutes.

II. Present Situation:

Since 1995, the state's public universities and community colleges have administered their own construction programs with oversight provided by individual boards of trustees. Postsecondary institutions are responsible for the condition of their facilities and for identifying the need for maintenance, remodeling, acquisition or new construction funds to meet current program needs and expected student growth. The institutions report this information through capital improvement plans that are submitted to their respective state-level divisions (the Board of Governors for the 11 colleges and universities and the Division of Community Colleges and Workforce Education for the 28 community colleges). The state divisions use this data to develop statewide funding recommendations that are included in the Department of Education's K-20 Legislative Capital Outlay Budget Request. To assist in selecting projects to recommend for funding from among those submitted by the institutions, the state divisions use models and formulas that take into account what they have (present facilities inventory) in relation to what they need based on projected student enrollment, space utilization standards, and other factors to determine unmet space needs.

Postsecondary construction projects are funded from a variety of state and non-state sources. In Fiscal Year 2005-06, the Legislature appropriated \$743.8 million for postsecondary education fixed capital outlay projects, which includes construction and infrastructure projects and land acquisition. Public universities received 59% of these funds (\$436.8 million) while community colleges received 41% (\$307 million). Public Education Capital Outlay (PECO) funds are the largest source of legislative appropriation for postsecondary education fixed capital outlay projects. PECO funds are derived from gross receipt tax collections, bond sales and interest earnings. In Fiscal Year 2005-06, PECO funds accounted for 57.6% of fixed capital outlay appropriated funds for universities and 69% of community college capital outlay appropriations.

In January 2006, OPPAGA issued a report titled *Higher Education Facility Planning Process is Designed Reasonably Well; Improvements Could Maximize State Resources*, which examined the efficiency and effectiveness of the postsecondary facility planning process. OPPAGA's findings included:

- The projected decreases in available PECO funds may make it difficult for postsecondary institutions to fund facility projects. The November 2005 Revenue Estimating Conference projected a steep decrease in available PECO funds after 2006-07. These projections are based on predictions that future economic conditions will decrease gross receipts tax revenues, which are the dedicated source of PECO funds. The Estimating Conference projects that the total available PECO funds will drop from \$1.4 billion in Fiscal Year 2006-07 to \$386 million in Fiscal Year 2008-09 before beginning a gradual recovery. Coinciding with this decrease in available PECO funds is a projected 3% increase in students enrolling in public colleges and universities and an anticipated increase in competition for PECO funds to build additional K-12 classrooms to meet the requirements associated with the state class size amendment. In light of this situation, it is critical that postsecondary institutions use available fixed capital outlay funds as efficiently as possible.
- Formulas used to calculate postsecondary space needs are outdated and may overstate need for space. The state's process to identify and prioritize is largely established in Florida law. Two key steps in this process are developing institutions' educational plant surveys and capital improvement plans. Institutions use the educational plant survey to develop their annual Capital Improvement Plan. The educational plant survey uses several complex formulas to identify space needs at the institution level. However, the components that make up these formulas and the levels at which they have been set have not been evaluated for several years and may no longer reflect current institutional practices.
- The statutory standards used to measure statewide classroom utilization may also need to be updated. The Board of Governors and Division of Community Colleges and Workforce Education rank and pare down the projects submitted in the individual university and community college capital improvement plans to develop statewide recommendation for each system that are included in the Commissioner's K-20 Legislative Capital Outlay Budget Request. Staff make these project recommendations using data driven models that take into

¹ In addition to PECO funds, there are several other sources of legislative appropriations for postsecondary education fixed capital outlay projects. These include general revenue, matching funds for donor contributions (Challenge Grants), and concurrency funds. Postsecondary institutions also pay for fixed capital outlay projects from funds generated from revenue generating sources such as parking garages and from direct support organizations such as foundations.

account present inventory, FTE projections, and space standards. These models identify the relative unmet need among the universities and community colleges for each category of space. Section 1013.03(2), F.S., provides that classrooms are to be used a minimum of 40 hours per week and that 60% of student stations are to be occupied. While Florida's 40/60 standard for classroom utilization is comparable to standards used by other states, it does not reflect how institutions currently use their space, which now routinely offer classes during the evenings and weekends outside of the traditional 40-hour period.

To ensure that current postsecondary space needs generation formulas used in the educational plant survey do not overstate the need for additional facilities, OPPAGA recommended Department of Education and Board of Governor's staff review and revise these formulas every 3 to 5 years. To better reflect how institutions currently use classroom space, OPPAGA also recommended the statutory standard of 40 hours per week and 60% occupancy minimum utilization rate for classroom facilities be changed to a standard of 50 hours per week and 70% occupancy.

III. Effect of Proposed Changes:

Section 1: Revises s. 1013.03, F.S., to require Department of Education and Board of Governor's staff to review and revise postsecondary space needs generation formulas used in the educational plant survey every 3 to 5 years, to ensure that these formulas do not overstate the need for additional facilities; and to increase the statutory standard of 40 hours per week and 60% occupancy minimum utilization rate for classroom facilities to a standard of 50 hours per week and 70% occupancy, to better reflect how institutions currently use classroom space.

Section 2: Provides an effective date of July 1, 2006.

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:

May improve classroom utilization and delay the need to build additional classrooms.

VI. Technical Deficiencies:

None.

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.

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