

# 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.)

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Prepared By: Education Committee

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BILL: SB 2380

INTRODUCER: Senator Carlton

SUBJECT: School District Funding

DATE: March 22, 2006

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Brown</u>	<u>Matthews</u>	<u>ED</u>	<b>Favorable</b>
2.	_____	_____	<u>EA</u>	_____
3.	_____	_____	<u>WM</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

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## I. Summary:

This bill updates the maximum fixed cost per student station from the 2002 adjustment currently provided in law, to reflect increased costs in construction, due partly to implementation of the class size constitutional amendment.

Additionally, this bill delays implementation of the school level average class size calculations for compliance for one year.

This bill corrects a reference to “Classrooms for Kids” funds.

This bill substantially amends sections 1013.64 and 1003.03 of the Florida Statutes.

## II. Present Situation:

### Educational Facilities Funding

Funding for educational facilities is addressed in Part IV of Chapter 1013, F.S. Section 1013.60(2), F.S., requires the Commissioner of Education to annually submit to the Governor and the Legislature an integrated, comprehensive budget request for educational facility construction and fixed capital outlay needs for school districts. In the budget request, items must be identified by priority.<sup>1</sup>

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<sup>1</sup> s. 1013.60(3)(a), F.S.

Each district school board is required to adopt a capital outlay budget for the upcoming year, as a part of the annual budget.<sup>2</sup> The board is prohibited from expending any funds on any project that is not included in the budget, including as amended.<sup>3</sup> Prior to adoption of the capital outlay budget, each district school board is required to prepare its tentative district educational facilities plan.<sup>4</sup>

Section 1013.64, F.S., addresses funds for comprehensive educational plant needs, and provides for specific allocations from the Public Education Capital Outlay and Debt Service Trust Fund (PECO). The Legislature is required to give priority consideration to funds for remodeling, renovation, maintenance, repairs, and site improvement for existing satisfactory facilities for appropriations allocated to district school boards from the total amount of PECO.<sup>5</sup>

Prior to spending funds from PECO or the School District and Community College District Capital Outlay and Debt Service Trust Fund for any ancillary plant or any other new construction, renovation, or remodeling of ancillary space, each district school board is required to meet all educational plant space needs of its elementary, middle, and high schools.<sup>6</sup>

Section 1013.64(6)(b)1., F.S., limits district school boards to specified amounts when using funds from the following for any new construction of educational plant space:

- PECO;
- School District and Community College District Capital Outlay and Debt Service Trust Fund;
- Classrooms First Program funds;
- Effort Index Grant Funds;
- Non-voted 2-mill levy of ad valorem property taxes;
- Classrooms for Kids Infrastructure Program funds; or
- District Effort Recognition funds.

The total cost per student station, when using funds from these sources are limited to the following:

- \$12,755 for an elementary school;
- \$14,624 for a middle school;
- \$19,352 for a high school.<sup>7</sup>

Although current law provides that these amounts are annually adjusted based on changes to the Consumer Price Index (CPI), these base amounts have not been adjusted since 2002.<sup>8</sup>

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<sup>2</sup> s. 1013.61, F.S.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> s. 1013.64(1)(a), F.S.

<sup>6</sup> s. 1013.64(6)(a), F.S.

<sup>7</sup> s. 1013.64(6)(b)1., F.S.

<sup>8</sup> *Id.*

**Construction Costs**

According to the Department of Education, construction costs have increased dramatically for district schools. This is partially based on the constitutional class size amendment approved by the voters in 2002. The implementation of the class size amendment requires an increased number of classrooms to be built to accommodate the same number of students. Additionally, construction costs in general have accelerated rapidly in the last few years.

In the summer of 2006, the Department of Education collected data on public school construction over a multi-year period, and applied methodology to calculate the increase in costs due to inflation factors other than those included in the traditional CPI formula. The Department requested information from all school districts, and received data on the rate of overall inflation tied to costs of school construction from the following counties: Brevard, Hillsborough, Sarasota, and Orange. As provided in the table below, Brevard County and Hillsborough County reported about a 31 percent increase and a 23 percent increase over a five-year period, respectively. Sarasota County experienced approximately a 24 percent increase over two years, and Orange County showed an increase of 32 percent.

<b>County</b>	<b>Time Period in Years</b>	<b>Approximate Overall Percentage of Increase in Inflation</b>
Brevard	5	31.60
Hillsborough	5	22.92
Sarasota	2	24.32
Orange	3	32.26

As these figures reflect the total increase in inflation, including that already represented in the CPI, the Department adjusted these amounts down by the 13.23 percent credited to the CPI. The Department additionally weighted the average of the percent of classrooms needed, to reflect the accurate proportion of elementary to middle to high schools. In its final analysis, the Department recommended the following maximum amounts as the total cost per student station:

- Elementary School: \$17,952;
- Middle School: \$19,386; and
- High School: \$25,181.

**Classrooms for Kids Program**

Section 1013.735, F.S., provides for allocation of funds for the Classrooms for Kids Program, the purpose of which is to increase capacity to reduce class size.<sup>9</sup> A specific formula is provided in statute representing each district school board’s share of the annual appropriation for the Classroom for Kids Program.<sup>10</sup> To be eligible to participate in the Program, a district school board is required to enter into an interlocal agreement; and certify that the district’s inventory of

<sup>9</sup> The Legislature established the Program in 2003 (Chapter 2003-391, L.O.F.)

<sup>10</sup> s. 1013.735(1), F.S.

facilities listed in the Florida Inventory of School Houses is accurate and current. Funds received are limited to certain expenditures involving construction, purchase, or lease-purchase.<sup>11</sup>

### **Class Size Requirements**

In November 2002, the voters approved an amendment to Section 1 of Article IX of the State Constitution, known as the class size amendment. By the start of the 2010-2011 school year, the maximum number of students permitted to be assigned to a teacher teaching core-curricula courses in public school classrooms is as follows:

- Prekindergarten through Grade 3: 18 students;
- Grades 4 through 8: 22 students; and
- Grades 9 through 12: 25 students.

For those districts not in compliance, the amendment requires that beginning with the start of the 2003-2004 fiscal year, the Legislature is required to provide sufficient funds to reduce the average number of students in each classroom by at least two students per year, until the requirement is reached in 2010-2011.

The Legislature also created s. 1003.03, F.S., to identify how districts might implement the constitutional amendment and to provide accountability should a district not meet the implementation deadlines. Current law authorizes the calculation of compliance of the number of students per classroom to be based on a district level average for FY 2003-2004 through 2005-2006, on a school level average for FY 2006-2007 through 2007-2008, and at the individual classroom level for FY 2008-2009, 2009-2010, and thereafter.<sup>12</sup>

### **III. Effect of Proposed Changes:**

This bill updates the maximum fixed cost per student station from the 2002 adjustment currently provided in statute. Although the cost per student station is tied to the Consumer Price Index, this adjustment reflects the finding that the sudden increase in costs for construction materials in this state is not sufficiently captured in the CPI. Additionally, these figures account for the increased cost of construction due to the expected implementation of the class size amendment. This bill is expected to adjust cost per student station at a rate that keeps pace with the recent, significant increase in cost of construction.

Additionally, this bill delays implementation of the school level average class size calculations for compliance for one year. Calculations would remain at the district average level for FY 2006-2007 before requiring calculations at the school level average in FY 2007-2008. If Senate Joint Resolution 1150 becomes law, this provision would prohibit a school district from having to meet school level average class size calculations for one year before returning to district average class size calculations.

Finally, the bill corrects a reference to “Classrooms for Kids” funds.

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<sup>11</sup> s. 1013.735(3), F.S.

<sup>12</sup> s. 1003.03(2)(b), F.S.

**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:

According to the Department of Education, the bill would not increase the actual cost of construction as school districts are already incurring the higher costs. However, projected costs for new schools would increase because of the higher costs per student station.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.



## **VIII. Summary of Amendments:**

None.

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

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