

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 899 Regional Consortium Service Organizations
SPONSOR(S): Richardson and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 1710

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>PreK-12 Committee</u>	<u>9 Y, 0 N</u>	<u>Hunker</u>	<u>Mizereck</u>
2) <u>Education Appropriations Committee</u>	<u>15 Y, 0 N</u>	<u>Eggers</u>	<u>Hamon</u>
3) <u>Education Council</u>	<u> </u>	<u> </u>	<u> </u>
4) <u> </u>	<u> </u>	<u> </u>	<u> </u>
5) <u> </u>	<u> </u>	<u> </u>	<u> </u>

SUMMARY ANALYSIS

House Bill 899 amends s. 1001.451, F.S., regarding regional consortium service organizations (RCSOs).

The bill requires that the boards of directors of RCSOs determine which services will be purchased with the funds received from the Department of Education (DOE).

The bill authorizes the boards of directors of RCSOs to replace individual school district bid arrangements with RCSO purchasing and bidding programs.

The bill authorizes boards of directors of RCSOs to establish educational foundations governed by educational foundation boards of directors. RCSOs may permit educational foundations to use the property, facilities and personnel services of an RCSO to raise funds for the district members. The bill requires financial audits for certain educational foundations.

The bill has an indeterminate fiscal impact. See FISCAL ANALYSIS.

The bill takes effect July 1, 2006.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide Limited Government – This bill permits regional consortium services organizations to provide bidding, purchasing and fundraising operations to multiple school districts, thus reducing duplicative effort which would occur if each district had to provide these services for themselves.

B. EFFECT OF PROPOSED CHANGES:

Currently, section 1001.451, F.S., authorizes the creation of regional consortium service organizations (RCSOs). RCSOs permit smaller school districts,¹ developmental research (laboratory) schools,² and the Florida School for the Deaf and the Blind to pool their resources to provide common programs and services such as teacher training, staff development, exceptional student education, federal grant procurement and coordination, data processing, health insurance, risk management insurance, purchasing, and planning and accountability.

There are currently three regional consortium service organizations in operation in Florida:

- (1) The North Florida Education Consortium (NEFEC): Comprising Baker, Bradford, Columbia, Dixie, Flagler, Gilchrist, Hamilton, Lafayette, Levy, Nassau, Putnam, Suwannee, Union, P.K. Younge DRS, and the Florida School For the Deaf and the Blind³
- (2) Panhandle Area Education Consortium (PAEC): Comprising Calhoun, FSU Schools, Inc., Franklin, Gadsden, Gulf, Holmes, Jackson, Jefferson, Liberty, Madison, Taylor, Wakulla, Walton, and Washington.⁴
- (3) Heartland Educational Consortium (HEC): Comprising De Soto, Glades, Hardee, Hendry, Highlands, and Okeechobee.⁵

Currently, the DOE provides these organizations with incentive grants of \$50,000 per school district to be used for the delivery of services within those districts. The bill authorizes the boards of directors of the RCSOs to determine which services the funds will be used for.

The bill grants authority to the boards of directors of the RCSOs to establish purchasing and bidding programs, including construction and construction management arrangements, through their school district fiscal agent. An individual district school board could choose to use contracts in place through RCSO bids by submitting a letter of intent to participate and by reflecting the intent to participate in official district school board minutes.

The bill also clarifies that an RCSO board of directors may elect to establish an educational foundation independent of the organization's school district of record. An educational foundation must be governed by an educational foundation board of directors, must be a Florida not-for-profit corporation under chapter 617, F.S., and must be approved by the Department of State. This bill authorizes RCSOs to permit approved educational foundations to use RCSO property, facilities, and personnel services to raise funds for school district members of the RCSO. The bill also provides that each approved educational foundation with more than \$100,000 in expenditures or expenses must provide for an annual financial audit of its accounts and records by an independent certified public accountant.

¹ Smaller school districts are those that have 20,000 or fewer unweighted full-time equivalent students

² See s. 1002.32, Fla. Stat.

³ The North East Florida Educational Consortium, <http://www.nefec.org> (last visited Mar. 16, 2006).

⁴ Panhandle Area Educational Consortium, <http://www.paec.org> (last visited Mar. 16, 2006).

⁵ Heartland Educational Consortium, <http://www.fllearningalliance.org> (last visited Mar. 16, 2006).

The audit report must be submitted to the boards of directors of both the educational foundation and the RCSO within 9 months after the end of the fiscal year.

The bill provides that the act will take effect July 1, 2006.

C. SECTION DIRECTORY:

Section 1: Amends s. 1001.451, F.S.; requiring the board of directors of a regional consortium service organization to determine use of funds; authorizing establishment of purchasing and bidding programs; authorizing establishment of an educational foundation board of directors and providing for use of property, facilities, and personnel services; requiring audits.

Section 2: Provides an effective date.

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 government revenues.

2. Expenditures:

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

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

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

2. Expenditures:

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

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill requires an RCSO educational foundation with more than \$100,000 in expenditures or expenses to hire an independent certified public accountant to prepare an audit report. Although the fiscal impact is indeterminate, it is expected to be small.

D. FISCAL COMMENTS:

The bill may reduce administrative costs of school districts operating their own bidding and purchasing processes and fundraising, if the school district obtains these services from a RCSO. To the extent a RCSO expands bidding and purchasing services for school districts, additional costs may be incurred. Although potential school district savings and RCSO increased costs are indeterminate, they are expected to be small.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require a city or county to spend funds or 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