

The Florida Senate
PROFESSIONAL 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 Pre-K - 12 Appropriations Committee

BILL: SB 1334

INTRODUCER: Senator Wise

SUBJECT: Create - Administrative Trust Fund

DATE: February 20, 2007

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Kuleshova	Hamon	EA	Favorable
2.				
3.				
4.				
5.				
6.				

I. Summary:

This bill creates the Administrative Trust Fund, FLAIR number 48-2-021, within the Department of Education effective July 1, 2008. This trust fund is established to serve as a depository for funds to be used for management activities that are departmental in nature as prescribed by s. 215.32, F.S. The revenue source would be indirect cost earnings on federal administrative funds for use by the agency.

II. Present Situation:

Section 19(f), Art. III of the Florida Constitution requires that the creation of a trust fund pass with a three-fifths vote of the membership in each house and be contained in a separate bill for the sole purpose of creating that trust fund.

Section 215.3208(1), F.S., provides that, in order to implement s. 19(f), Art. III of the Florida Constitution, a schedule for review of the trust funds be included in the legislative budget instructions developed pursuant to s. 216.023, F.S. The trust funds in the Department of Education are scheduled for review this year.

In order to meet accounting standards established by the Government Accounting Standards Board (GASB), s. 215.32, F.S., was amended to require that agencies, to the extent possible, have standard trust funds for day-to-day operation.

The Department of Education earns overhead assessments against federal funds budgeted within the department pursuant to indirect cost rates approved by the federal government. These funds

are budgeted for administrative purposes within the Education Aids Trust Fund which also contains the majority of the department's federal funds.

III. Effect of Proposed Changes:

The Administrative Trust Fund is created in order to align agency accounts with the requirements of s. 215.32, F.S. This section specifies standard types of trust funds for day-to-day operations for all state agencies.

The intent of this type of fund within a state agency is to include funds used for managerial activities that are departmental in nature. The revenue source for this trust fund for the Department of Education will be indirect cost earnings on federal funds. The earnings come from Federal grants within the department pursuant to the indirect cost plan approved by the Federal government. Estimated earnings for the fund for FY 2007-08 are approximately \$14.3 million.

The trust fund will terminate in four years, on July 1, 2012, pursuant to s. 19(f) (2), Art. III of the Florida Constitution unless terminated sooner. Before its scheduled termination, the trust fund will be reviewed as provided in s. 215.3206(1) and (2), F.S.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

This bill, creating a new trust fund, must pass by a three-fifths vote of the membership in each house to become law pursuant to s. 19(f) (1), Art. III of the Florida Constitution.

D. Other Constitutional Issues:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Creation of this trust fund provides consistency and conformance with the provisions of s. 215.32, F.S., which specifies standard types of trust funds for all state agencies.

This legislation has no fiscal impact on state agencies, total state funds, local governments as a whole or the private sector.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate Professional 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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