

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 7025 PCB SLC 07-13 Creating the Administrative Trust Fund

SPONSOR(S): Schools & Learning Council

TIED BILLS: IDEN./SIM. BILLS:

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.: Schools & Learning Council	14 Y, 0 N	Allyce Heflin	Cobb
1) _____	_____	_____	_____
2) _____	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

Section 215.32, Florida Statutes, requires agencies to align accounts for day-to-day operations with certain trust funds including the Administrative Trust Fund. Accordingly, the bill creates the Administrative Trust Fund within the Department of Education, effective July 1, 2008, for use as a depository for funds to be used for management activities that are departmental in nature and funded by indirect cost earnings and assessments against trust funds.

The bill creates a new trust fund; therefore, it must pass with a three-fifths vote of the membership of each house of the Legislature.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any of the House Principles.

B. EFFECT OF PROPOSED CHANGES:

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. Additionally, the 2004 Legislature amended language in s. 215.32(2)(b), F.S., to define the purposes and uses of various trust funds used in day-to-day operations (Ch. 2004-234). In addition to other trust funds created by law, to the extent possible, each agency must adjust its internal accounting to use existing trust funds consistent with the requirements of this subparagraph. If an agency does not have trust funds listed in this subparagraph and one is required, the agency must recommend the creation of the necessary trust fund(s) to the Legislature no later than the next scheduled review of the agency's trust funds pursuant to s. 215.3208, F.S. The trust funds in the Department of Education are scheduled for review this year.

Currently, revenues generated by indirect cost earnings against federal funds are accounted for in the funds in which the federal grants are accounted for and the indirect costs are assessed, including the Educational Aids Trust Fund, which contains the majority of the department's federal funds, the Federal Rehabilitation Trust Fund, the Food and Nutrition Services Trust Fund, and the Student Loan Operating Trust Fund.

Effect of Proposed Change

The bill creates the Administrative Trust Fund within the Department of Education effective July 1, 2008. The fund is established for use as a depository for funds to be used for management activities that are departmental in nature and funded by indirect cost earnings and assessments against federal grant funds.

Receipts credited to the trust fund will consist of indirect cost earnings and overhead assessments against federal funds budgeted for administrative purposes within the department's operating budget pursuant to indirect cost rates negotiated by the department and approved by the federal government. Funds will be expended pursuant to legislative appropriation or an approved amendment to the Department of Education's operating budget pursuant to the provisions of chapter 216, F.S. Estimated receipts for the fund for Fiscal Year 2007-08 are:

Revenue Sources

Estimated Receipts

Indirect costs assessed on the Federal Rehabilitation TF in the Division of Vocational Rehabilitation	\$3,703,358
Indirect costs assessed on the Federal Rehabilitation TF in the Division of Blind Services	\$1,148,335
Indirect costs assessed on the Food and Nutrition Services TF	\$689,614
Indirect costs assessed on the Educational Aids TF	\$6,192,669
Indirect costs assessed on the Student Loan Operating TF	\$2,423,848
Interest	\$115,000
TOTAL	\$14,272,824

The Administrative Trust Fund shall, unless terminated sooner, terminate on July 1, 2012. Before its scheduled termination, the trust fund shall be reviewed as provided in s. 215.3206(1) and (2), F.S.

C. SECTION DIRECTORY:

Section1: Creates s. 1001.282, F.S. Creating the Administrative Trust Fund within the Department of Education, establishing purposes and sources of funds, and providing for annual carryforward of funds and for future review and termination or re-creation of the trust fund.

Section 2: Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

- 1. Revenues: None.
- 2. Expenditures: None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

- 1. Revenues: None.
- 2. Expenditures: None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR: None.

D. FISCAL COMMENTS:

This legislation has no fiscal impact on state agencies or state funds, on local governments as a whole or on the private sector. These are not new dollars. This is simply a change in operating procedures to align agency accounts with the requirements of section 215.32, Florida Statutes.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision: None.

2. Other:

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.

B. RULE-MAKING AUTHORITY: None.

C. DRAFTING ISSUES OR OTHER COMMENTS: None.

D. STATEMENT OF THE SPONSOR

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES