

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Higher Education Committee

BILL: CS/SB 754

INTRODUCER: Higher Education Committee and Senator Wise

SUBJECT: Educational Enhancement

DATE: January 13, 2012 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Harkey	deMarsh-Mathues	HE	Fav/CS
2.	_____	_____	GO	_____
3.	_____	_____	BC	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE..... Statement of Substantial Changes

B. AMENDMENTS..... Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

I. Summary:

This bill creates two endowment funds to enhance education and training programs in public schools and juvenile justice programs. Both funds would be administered by direct support organizations (DSOs) for educational programs and activities related to employment. The bill requires 2 percent of certain gambling revenues—lottery revenues, proceeds from the Gaming Compact between the Seminole Tribe of Florida and the state, slot machine revenues, and cardroom taxes—to be deposited in the endowment funds. The bill directs 1.5 percent of the gambling proceeds to the Educational Excellence Endowment Enhancement Fund to be administered by the Department of Education’s DSO and .5 percent of the proceeds to the Juvenile Justice Education and Training Endowment Fund to be administered by the Juvenile Justice System DSO.

This bill amends s. 24.121, 285.710, 551.106, and 849.086, Florida Statutes.

II. Present Situation:

The Florida Education Foundation

The Florida Education Foundation is the Department of Education's DSO, authorized by s. 1001.24, F.S. The primary purpose of the foundation is to encourage collaboration among parents, business people, community members and Florida's public schools to improve student performance.¹ The foundation is a not for profit corporation incorporated under the provisions of chapter 617, F.S., and approved by the Florida Department of State. The foundation is led by an eleven-member Board of Directors appointed by the Commissioner of Education.

The Foundation is involved in several statewide initiatives, including Macy's Florida Teacher of the Year, Sunshine State Scholars, the Commissioner's Business Recognition Awards, District Data Leader of the Year, and Principals' Summit.

In addition, the Foundation serves as fiscal agent for several statewide grants, including:

- AT&T K-2 Reading Assessments Grant;
- AT&T Career & Technical Training Grant;
- The Bill & Melinda Gates Foundation National Student Clearinghouse Student Data for High Schools Pilot; and
- The Bill & Melinda Gates Foundation Teacher Student Data Link.²

The Florida Juvenile Justice Foundation (FJJF)

The Florida Juvenile Justice Foundation (FJJF) is authorized by s. 985.672, F.S., to conduct programs and activities; raise funds; request and receive grants, gifts, and bequests of moneys; acquire, receive, hold, invest, and administer securities; and to make expenditures to or for the direct or indirect benefit of the Department of Juvenile Justice or the juvenile justice system operated by a county commission or a circuit juvenile justice board. The foundation is administered by a board of directors appointed by the Secretary of Juvenile Justice and is housed within the Department of Juvenile Justice. Through a grant by the Eckerd Foundation, the foundation created the Youth Investment Award Program (YIA) in 2008. The YIA Program is a youth-in-transition initiative to assist youth, ages 15 to 22 years, who are or were served by the Florida Department of Juvenile Justice. The program funds the next step in a youth's transition to achieve success – whether that be paying the fee for the youth to acquire an identification card to assist in employment application, assisting in expenses related to a vocational program, or covering a portion of tuition and book expenses for a youth to pursue a certification, associate's degree or bachelor's degree.

The FJJF provided assistance to 135 youth funding \$75,000 in requests during the 2010-2011 fiscal year.³ According to the Department of Juvenile Justice, the FJJF continues to have an ongoing waiting list for funding of approximately 100 youth and anticipates, due to limited revenue, an increase in the number of youth on the wait list.⁴

¹ Florida Education Foundation website, readable at: <http://www.floridaeducationfoundation.org/about-us>.

² *Id.*

³ Department of Juvenile Justice 2012 bill analysis, on file with the committee.

⁴ *Id.*

Gambling Revenues

Section 24.121(2), F.S., requires the Department of Lottery to transfer variable percentages of the gross revenue from the sale of online and instant lottery tickets and other revenue to the Educational Enhancement Trust Fund (EETF), which is administered by the Department of Education. Funds in the EETF must be used to benefit public education, as provided in s. 24.121, F.S. Allowable uses include endowment, scholarship, matching funds, direct grants, research and economic development related to education, salary enhancement, and other educational purposes approved by the Legislature.

Section 285.710(9), F.S., requires the moneys paid by the Seminole Tribe to the State of Florida for the exclusivity under the Compact to be deposited into the General Revenue Fund.

Section 551.106(2), F.S., requires that all slot tax revenue be deposited into the Pari-Mutuel Wagering Trust Fund for immediate transfer by the Chief Financial Officer for deposit into the Educational Enhancement Trust Fund (EETF) of the Department of Education.

Section 849.086, F.S., requires that payment from cardroom licenses for cardroom admission and gross receipts tax be deposited as follows:

- One-half percent to credit the Pari-Mutuel Wagering Trust Fund; and
- One-half percent to credit the General Revenue Fund.

One-quarter of the moneys deposited into the Pari-Mutuel Wagering Trust Fund from cardroom taxes shall, by October 1 of each year, be distributed to the local government that approved the cardroom.

III. Effect of Proposed Changes:

This bill creates two endowment funds to enhance education and training programs in public schools and juvenile justice programs. The Educational Excellence Endowment Enhancement Fund would be administered by the Department of Education's DSO⁵ to support education programs. The Juvenile Justice Education and Training Endowment Fund would be administered by the DSO that supports the juvenile justice system⁶ to enhance programs related to employment by providing programs for job certification, trade and college degree programs, and community reentry programs.

The bill requires portions of specified gambling revenues—lottery revenues, proceeds from the Gaming compact between the Seminole Tribe of Florida and the State of Florida, slot machine revenues, and cardroom taxes—to be deposited in the endowment funds. The endowment funds may only use the interest accrued on the investment of the funds.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

⁵ s. 1001.24, F.S.

⁶ s. 985.672, F.S.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Students in K-12 public schools and in the Juvenile Justice System could benefit from the educational programs supported by the endowments created in this bill.

C. Government Sector Impact:

Based on the December 5, 2011 Revenue Estimating Conference, for FY 2011-12, the estimated revenues from slot machine revenue taxes to be deposited in the EETF are \$144.8 million; the estimated Indian Gaming revenues are \$150 million; cardroom revenues are estimated to be \$15 million; and the amount of Lottery funds to be deposited into the EETF is \$1,264, 400,000.⁷ Two percent of these amounts would total \$31,496,000. Of that amount, \$23,622,000 would be transferred to the Educational Excellence Endowment Enhancement Fund and \$7,874,000 would be transferred to the Juvenile Justice Education and Training Endowment Fund.

According to the Department of Business and Professional Regulation (DBPR), all unappropriated funds in excess of \$1.5 million, and those necessary for incurred obligations and subsequent year positive cash flow for slot machine regulation in the Pari-Mutuel Wagering Trust Fund, are transferred to the General Revenue Fund annually. Therefore, any fluctuations in expenditures or revenue will impact General Revenue.

Currently, 50 percent of the cardroom gross receipt tax and admission tax from cardroom activity are deposited into the Pari-Mutuel Wagering Trust Fund. Under the proposed bill, only 49 percent of those revenues will be deposited into the Pari-Mutuel Wagering Trust Fund, reducing the revenue by approximately \$150,000 in FY 2012-13.⁸ According to DBPR, due to the reduction in revenue the expenditures for the 8-percent General Revenue service charge will also decrease.⁹

⁷November 30, 2011 Revenue Estimating Conference, Lottery Sales, Readable at: <http://edr.state.fl.us/Content/conferences/lottery/lotterysummary.pdf>.

⁸ Department of Business and Professional Regulation 2012 bill analysis, on file with the committee.

⁹ *Id.*

The bill requires a four-way split on the payment of admission tax and gross receipts. According to DBPR, modifications will be required to the programs used to split the funds from the current two-way to four-way for crediting to the proper accounts. This will require a one-time, 120-hour workload increase. The department anticipates that the workload increase can be absorbed within existing resources.

According to DOE, the bill may reduce revenues available to public schools, school district workforce programs, Florida College System institutions, and state universities. Currently, each of the delivery systems receives operational funding from the EETF. If Lottery proceeds do not increase from year to year, the funding required to be deposited in the endowment funds pursuant to this bill would have to be transferred from other programs receiving funding from the trust fund. However, public school programs may receive additional funding from the Florida Education Foundation.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by the Committee on Higher Education on January 12, 2012:

- The name of the Educational Excellence Endowment Fund is changed to the Educational Excellence Endowment Enhancement Fund;
- Rather than being administered by the Florida College System direct support organization to enhance postsecondary programs, the fund is changed to one administered by the Department of Education's direct support organization which supports K-12 programs only; and
- The purpose of the fund is no longer strictly employment-focused but more broadly focused on education programs and activities.

B. Amendments:

None.