

**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.)

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Prepared By: The Professional Staff of the Higher Education Committee

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BILL: SB 754

INTRODUCER: Senator Wise

SUBJECT: Educational Enhancement

DATE: January 11, 2012      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Harkey	deMarsh-Mathues	HE	<b>Pre-meeting</b>
2.	_____	_____	GO	_____
3.	_____	_____	BC	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

This bill creates two endowment funds to enhance education and training programs in Florida College System institutions 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 to be administered by the statewide Florida College System 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 College System Foundation**

The Florida College System Foundation (FCS Foundation) is authorized by s.1004.71, F.S., to receive, hold, invest, and administer property and to make expenditures to, or for the benefit of, the Florida College System institutions. The FCS Foundation is administered by a board of directors, one of whom is the chair of the State Board of Education, or his or her designee. The chair of the State Board of Education may also appoint a representative to the board. The State Board of Education must certify that the FCS Foundation is operating in a manner consistent with the goals of the Florida College System and in the best interest of the state. The FCS Foundation is housed within the Department of Education, Division of Florida Colleges.

**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.<sup>1</sup> 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.<sup>2</sup>

**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.

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<sup>1</sup> Department of Juvenile Justice 2012 bill analysis, on file with the committee.

<sup>2</sup> *Id.*

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 Florida College System institutions and juvenile justice programs. The Educational Excellence Endowment Fund would be administered by the Statewide Florida College System institution direct-support organization<sup>3</sup> to enhance education programs and activities related to employment by providing specialized job certifications and degree programs. The Juvenile Justice Education and Training Endowment Fund would be administered by the direct support organization that supports the juvenile justice system<sup>4</sup> 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 the following 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.

#### **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 Florida College System institutions and in the Juvenile Justice System could benefit from the educational programs supported by the endowments created in this bill.

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<sup>3</sup> s. 1004.71, F.S.

<sup>4</sup> s. 985.672, F.S.

### 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.<sup>5</sup> Two percent of these amounts would total \$31,496,000. Of that amount, \$23,622,000 would be transferred to the Educational Excellence Endowment 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.<sup>6</sup> According to DBPR, due to the reduction in revenue the expenditures for the 8-percent General Revenue service charge will also decrease.<sup>7</sup>

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, Florida College System institutions may receive additional funding from the FCS Foundation.

### VI. Technical Deficiencies:

None.

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<sup>5</sup>November 30, 2011 Revenue Estimating Conference, Lottery Sales, Readable at: <http://edr.state.fl.us/Content/conferences/lottery/lotterysummary.pdf>

<sup>6</sup> Department of Business and Professional Regulation 2012 bill analysis, on file with the committee.

<sup>7</sup> *Id.*

**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.)

None.

**B. Amendments:**

None.

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

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