

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 Committee on Innovation, Industry, and Technology

BILL: CS/SB 1118

INTRODUCER: Innovation, Industry, and Technology Committee and Senator Hutson

SUBJECT: Construction Industry Workforce

DATE: March 26, 2019

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Kraemer</u>	<u>Imhof</u>	<u>IT</u>	<u>Fav/CS</u>
2.	_____	_____	<u>AED</u>	_____
3.	_____	_____	<u>AP</u>	_____

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 1118 authorizes the Department of Business and Professional Regulation (DBPR) to distribute funds on a quarterly basis to the M.E. Rinker, Sr. School of Construction Management at the University of Florida (Rinker School), for project coordination (with state agencies, CareerSource, Inc., and the Florida Construction Workforce Consortium, Inc.), research, construction career job fairs, education, and advocacy of construction employment and careers at the K-12 school levels (the Workforce Program).

The funding source for the Workforce Program is the Professional Regulation Trust Fund, which is allocated funding from the 1.5 percent surcharge imposed by current law on all building permit fees collected by local governments. The bill requires 25 percent of the annual funding of the Building Code Administrators and Inspectors Fund from the surcharge be distributed to the Rinker School. The estimated amount of funding for the Rinker School under the bill is approximately \$1 million annually, based on Fiscal Year 2017-2018 surcharge collections data provided by the Department of Business and Professional Regulation.¹

The bill has a fiscal impact to state government. *See* Section V. Fiscal Impact Statement.

The bill provides an effective date of July 1, 2019.

¹ See 2019 Agency Legislative Bill Analysis (Department of Business and Professional Regulation) for HB 775 (identical to SB 1118), Mar. 4, 2019 (on file with Senate Committee on Innovation, Industries, and Technology) at page 5.

II. Present Situation:

The DBPR licenses and regulates businesses and professionals in Florida. Separate divisions in the DBPR and various professional boards are responsible for carrying out the DBPR's mission to license efficiently and regulate fairly.

Section 468.605, F.S., creates the Florida Building Code Administrators and Inspectors Board (Board) within the DBPR to regulate the practice of building code administration and inspection in the State of Florida. The board consists of nine members appointed by the Governor, who are subject to confirmation by the Senate.

Pursuant to s. 468.631, F.S., the Building Code Administrators and Inspectors Fund and the Florida Homeowners' Construction Recovery Fund are funded through a 1.5 percent surcharge on all permitting fees associated with enforcement of the Florida Building Code.² Surcharge proceeds received by the DBPR are allocated equally between each fund, after deduction of the required service charge.³ Thereafter, the surcharge proceeds are allocated equally to fund the functions of the Building Code Administrators and Inspectors Board⁴ and the Florida Homeowners' Construction Recovery Fund (Recovery Fund).

The Recovery Fund is dedicated to payment of validated claims for sub-standard work on Florida residences by certain contractors.⁵ The DBPR reviews filed claims for completeness and statutory eligibility, and presents the claim to the Construction Industry Licensing Board for review.⁶

M.E. Rinker, Sr. School of Construction Management at the University of Florida

The M.E. Rinker School of Construction Management (Rinker School) has over 7,050 graduates (6,000 B.S., 1,000 M.S., and 50 Ph.D. degrees conferred), 20 faculty members, and 13 support staff.⁷ Its predecessor program began in 1935 and is the oldest continuing building construction program in the United States.⁸

In 1997, the National Center for Construction Education and Research (NCCER) became affiliated with the Rinker School, and in 2003, the Rinker School moved to Rinker Hall, the 26th

² Building departments submit a quarterly report to the DBPR of the collected permit fees, less 10 percent as authorized by law, to fund participation in national and state building code adoption processes and to provide education related to enforcement of the Florida Building Code; the minimum amount collected on any issued permit is \$2. *See* s. 468.631, F.S. and 2019 Agency Legislative Bill Analysis (*Department of Business and Professional Regulation*) for HB 775, (identical to SB 1118 (Mar. 4, 2019 (on file with Senate Committee on Innovation, Industries, and Technology) at page 2.

³ *See* s. 215.20, F.S., which imposes the required eight percent service charge represents the estimated pro rata share of the cost of general government paid from the General Revenue Fund

⁴ The board licenses and regulates building code administrators and inspectors, and plans examiners. *See* s 468.606, F.S.

⁵ *See* s. 489.140, F.S.

⁶ *See* ss. 489.141 and 489.142, F.S.

⁷ *See* <https://dcp.ufl.edu/rinker/about/history/> (last visited Mar. 21, 2019).

⁸ *Id.*

building in the United States to have been awarded LEED Gold certification.⁹ In 2014, the Rinker School was renamed the M.E. Rinker, Sr. School of Construction Management.¹⁰

CareerSource Florida

CareerSource Florida, Inc. is a workforce policy and investment board, whose members are business and government leaders charged with guiding workforce development for the state.¹¹ CareerSource Florida provides oversight and policy direction for talent development programs administered by the Department of Economic Opportunity, Florida's 24 local workforce development boards, and 100 career centers. This network connects employers with qualified and skilled people and benefits Floridians through job and career opportunities.¹²

CareerSource Florida is not a state governmental entity, and although it is administratively housed within the Department of Economic Opportunity (DEO), it is not subject to DEO's control, supervision, or direction.¹³ However, the board, councils, and any advisory committees or similar groups created by CareerSource Florida are subject to the requirements in Florida law relating to public records and public meetings.¹⁴

Construction Industry Workforce Taskforce

In 2016, the Legislature created the Construction Industry Workforce Taskforce (Taskforce) within the Rinker School to address the critical shortage of individuals trained in building construction and inspection, through the following activities:¹⁵

- Developing a consensus path for training the next generation of construction workers in the state;
- Determining the causes for the current shortage of a trained construction industry work force and address the impact of the shortages on the recovery of the real estate market;
- Reviewing current methods and resources available for construction training;
- Reviewing the state of construction training available in K-12 schools; and
- Addressing the training issues relating to building code inspectors to increase the number of qualified inspectors.

The 22-member Taskforce represented various construction associations, and included members representing the Florida Senate and the Florida House of Representatives.¹⁶ The Legislature required the Rinker School to assist the Taskforce in carrying out its responsibilities and to

⁹ The acronym "LEED" stands for "Leadership in Energy and Environmental Design. Participation in the LEED Rating System is voluntary, and certification is granted by the United States Green Building Council, a nonprofit organization. See <https://www.buildinggreen.com/leed> (last visited Mar. 21, 2019).

¹⁰ *Id.*

¹¹ See <https://careersourceflorida.com/> (last visited Mar. 21, 2019). CareerSource Florida, Inc. was formerly known as Workforce Florida, Inc.

¹² *Id.*

¹³ See s. 445.004(1), F.S.

¹⁴ *Id.*

¹⁵ See ch. 2016-129, s. 31, Laws of Fla.

¹⁶ *Id.*; see subsection (2) for the list of the associations that could appoint Taskforce members.

submit a final report with recommendations¹⁷ to the Governor, the President of the Senate, and the Speaker of the House of Representatives by February 1, 2017.

In 2017, the Legislature enacted the following recommendations of the Taskforce:

- Provided that, in addition to performing plans examinations or inspections in a building official's jurisdiction, a building official may perform plans examinations and inspections in a jurisdiction with a population of 50,000 or less (under interagency agreements);¹⁸
- Created an internship certification program as a qualification to take the building inspector or plans examiner examination;¹⁹
- Expanded issuance of provisional certificates;²⁰ and
- Included residential plans examiners within the term "plans examiners" qualified to determine that building plans comply with applicable codes.²¹

The Florida Construction Workforce Consortium, Inc.

In 2018, Articles of Incorporation were filed with the Secretary of State to create the "Florida Construction Workforce Consortium, Inc.," a Florida not-for-profit corporation²² organized to:

- Promote career path options within the construction industry;
- Advocate construction employment;
- Serve as a single, unified source of information of industry information for policymakers;
- Create and maintain a state website for the above purposes; and
- Promote and support research into construction issues.

III. Effect of Proposed Changes:

The bill amends s. 468.631, F.S., relating to the Building Code Administrators and Inspectors Fund, to authorize funding to the M.E. Rinker, Sr. School of Construction Management at the University of Florida, for the following purposes:

- Project coordination with partners, including the Departments of Education, Economic Opportunity and Corrections, as well as CareerSource Florida, Inc.;²³

¹⁷ See the Final Report at <https://www.cce.ufl.edu/wp-content/uploads/2016/12/Florida-Construction-Workforce-Taskforce-Report-Legislative-Recommendations-2.pdf> (last visited Mar. 13, 2019).

¹⁸ See s. 468.603(2), F.S.

¹⁹ See s. 468.609(2)(c), F.S.

²⁰ See s. 468.609(7), F.S.

²¹ See s. 468.603(8), F.S.

²² Public records filed Feb. 26, 2019 reflect the names of four directors serving the corporation. These records are available at <http://search.sunbiz.org/Inquiry/CorporationSearch/ConvertTiffToPDF?storagePath=COR%5C2018%5C0219%5C08770728.Tif&documentNumber=N18000001717> and <http://search.sunbiz.org/Inquiry/CorporationSearch/SearchResultDetail?inquirytype=EntityName&directionType=Initial&searchNameOrder=FLORIDA CONSTRUCTION WORKFORCE CO%20N180000017170&aggregatId=domnp-n18000001717-39902367-e82a-4f9c-a50b-c46a13f98f0f&searchTerm=florida%20construction%20workforce&listNameOrder=FLORIDA CONSTRUCTION WORKFORCE CO%20N180000017170> (last visited Mar. 22, 2019).

²³ See *supra* note 11 for information about CareerSource, Inc., which is a Florida not-for-profit corporation formerly known as Workforce Florida, Inc., incorporated in 2000.

- Project coordination with the Florida Construction Workforce Consortium, Inc.;²⁴
- Research into construction education issues;
- Advocacy of construction employment at the K-12 school levels;
- Development and maintenance of a “Build Your Future Florida” website;²⁵
- Construction careers job fairs; and
- Sponsorship of K-12 after-school activities that focus on construction careers.

The bill requires 25 percent of the annual funding of the Building Code Administrators and Inspectors Fund from proceeds of the 1.5 percent surcharge imposed by current law on all building permit fees collected by local governments be distributed to the Rinker School. The estimated amount of funding for the Rinker School under the bill is approximately \$1 million annually, based on Fiscal Year 2017-2018 surcharge collections data provided by the Department of Business and Professional Regulation.²⁶

The bill provides an effective date of July 1, 2019.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

²⁴ See *supra* note 22 for information about the not-for-profit Florida entity incorporated in 2018 as “The Florida Construction Workforce Consortium, Inc.”

²⁵ “Build Your Future” creates partnerships with various states and private entities to assist with construction industry workforce recruitment, and offers website development; other states that are partners are Indiana, Missouri, and Virginia. See <http://www.byf.org/get-involved/partnerships/> (last visited Mar. 21, 2019).

²⁶ See *2019 Agency Legislative Bill Analysis (Department of Business and Professional Regulation) for HB 775* (identical to SB 1118), Mar. 4, 2019 (on file with Senate Committee on Innovation, Industries, and Technology) at page 5.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

The bill provides funding for efforts related to research, construction career job fairs, education, and advocacy of construction employment and careers at the K-12 school levels. These activities may improve the availability of skilled people for building construction trades and related industries in the state.

C. Government Sector Impact:

The bill requires 25 percent of the annual funding of the Building Code Administrators and Inspectors Fund from the building permit fee surcharge be distributed to the Rinker School. The estimated amount of funding for the Rinker School under the bill is approximately \$1 million annually, based on Fiscal Year 2017-2018 surcharge collections data provided by the Department of Business and Professional Regulation.²⁷

The DBPR indicates that it must have non-operating authority to transfer funds to the Rinker School.²⁸

As of June 30, 2018, the account balances for the two accounts were:

- Florida Building Code Administrators and Inspectors Board - \$13,045,112; and
- Florida Homeowners' Construction Recovery Fund - \$7,667,573.

VI. Technical Deficiencies:

None.

VII. Related Issues:

Under the bill, funding to the Rinker School for the purposes enumerated in the bill will be distributed quarterly by the DBPR. The bill does not address reporting, accounting, audit, expenditure, procurement, or similar requirements for the use of the funds by the recipient or those it may coordinate or contract with to accomplish those purposes.

VIII. Statutes Affected:

This bill substantially amends section 468.631 of the Florida Statutes.

²⁷ See 2019 Agency Legislative Bill Analysis (Department of Business and Professional Regulation) for HB 775 (identical to SB 1118), Mar. 4, 2019 (on file with Senate Committee on Innovation, Industries, and Technology) at page 5.

²⁸ *Id.* at page 6.

IX. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Innovation, Industry, and Technology on March 26, 2019:

The committee substitute revises language related to the calculation of funding to the Rinker School to require that 25 percent of the annual funding of the Building Code Administrators and Inspectors Fund from the building permit fees surcharge be distributed to the Rinker School; the estimated amount of such funding is approximately \$1 million annually, based on Fiscal Year 2017-2018 surcharge collections.

- B. **Amendments:**

None.