HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 935 Solar Energy Systems in Educational Facilities
SPONSOR(S): Webb and others
TIED BILLS: None **IDEN./SIM. BILLS:** None

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) PreK-12 Innovation Subcommittee	14 Y, 1 N	McAlarney	Brink
2) Appropriations Committee	26 Y, 0 N	Trexler	Pridgeon
3) Education Committee	15 Y, 0 N	McAlarney	Hassell

SUMMARY ANALYSIS

Current law prohibits a school district from using certain local and state funds to construct educational facilities that exceed statutory caps on the total cost per student station. The law specifies what costs are included in the calculation of the cost per student station and provides limited exceptions. There is no current exception for costs associated with a solar energy system.

The bill excludes costs associated with a solar energy system from the cost per student station caps on public school construction. Excluded costs would include equipment, installation, design and engineering, permitting, and testing for a solar energy system.

The fiscal impact is indeterminate. See FISCAL COMMENTS.

The bill has an effective date of July 1, 2020.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

State Requirements for Educational Facilities (SREF)

The State Requirements for Educational Facilities (SREF) is the uniform statewide building code for the planning and construction of public educational facilities and ancillary plants. It is enacted as a part of the Florida Building Code adopted by the Florida Building Commission.[1] District school boards must adhere to the SREF when planning and constructing new facilities. Generally, SREF standards are premised on providing enhanced safety for occupants and increasing the life span of the extensive, publicly funded infrastructure of Florida's public school districts.[2] Florida law provides school districts with the flexibility to adopt, through resolution, a number of exceptions to SREF requirements, including site lighting and use of wood studs in interior nonload-bearing walls, among others.[3]

Solar Energy Systems in Schools

Under current law, school districts are encouraged to invest in energy conservation measures including the use of "renewable energy systems, such as solar, biomass, and wind".[4] Florida law defines "solar energy system" as "the equipment and requisite hardware that provide and are used for collecting, transferring, converting, storing, or using incident solar energy for water heating, space heating, cooling, or other applications that would otherwise require the use of a conventional source of energy such as petroleum products, natural gas, manufactured gas, or electricity".[5] For hot water systems in newly-constructed educational facilities, Florida law requires that each school facility with a demand for hot water exceeding 1,000 gallons a day be constructed with a solar energy system as the primary energy source so long as it is physically and economically feasible. The solar energy system must also provide at least 65 percent of the facility's estimated needs.[6] Heated swimming and wading pools must, when feasible, be heated by a solar energy system or waste heat recovery system.[7]

Cost Per Student Station

In Florida, construction costs for traditional K-12 public school facilities are reported based on the cost per student station.[8] The statutory cost per student station baseline was initially set in 1997 and was amended in 2003 and in 2006.[9] In 2005, the Department of Education (DOE) conducted a study on overall inflation of school construction costs, including the Consumer Price Index (CPI) and other factors. The cost per student station levels adopted in 2006 were based on the DOE's study recommendations.[10] The statutory cost per student station is adjusted to reflect increases or decreases in the CPI. The law does not specifically assign this adjustment function; however, the DOE and the

[1] Section 1013.37(1), F.S.
[2] *See, e.g.*, s. 1013.12, F.S. (casualty, safety, sanitation, and fire safety standards and inspection of property) and s. 1013.451, F.S. (life-cycle cost comparison).
[3] *See* s. 1013.385(2), F.S.
[4] Section 1013.23, F.S.
[5] Section 212.02(26), F.S.
[6] Section 1013.44(2), F.S.
[7] Section 1013.44(3), F.S.
[8] Section 1013.64(6), F.S.
[9] Office of Economic and Demographic Research, *Special Research Projects, available at* http://edr.state.fl.us/Content/special-research-projects/education/CostPerStudentStation.pdf.
[10] Section 1013.64(6)(b)1., F.S.

Office of Economic and Demographic Research (EDR)[11] work together to calculate and disseminate the new statutory caps.[12]

The table below summarizes the December 2019 forecast by EDR for the January 2020 cost per student station caps:[13]

Type of School	Cost Per Student Station
Elementary School	$23,275
Middle School	$25,135
High School	$32,648

The law states that cost per student station includes contract costs, fees of architects and engineers, and the cost of furniture and equipment.[14] Contract costs include costs for construction within five feet of the building, including materials and supplies, as well as any furniture or equipment permanently attached to the building.[15] Cost per student station does not include the cost of purchasing or leasing the site for the construction, legal and administrative costs, or the cost of related site or offsite improvements.[16] Site improvement costs include work performed on a site from five feet away from the building to the site boundary, including costs for utility siting and interconnection.[17] Further excluded from the cost per student station are costs for school safety and hardening items and other capital construction items approved by the school safety specialist to ensure building security for new educational, auxiliary, or ancillary facilities.[18]

Under current law, a solar energy system that is within five feet of the building or permanently attached to the building is considered a contract cost and counts toward the cost per student station. However, a solar energy system that is located five feet or more away from the building is considered a site improvement cost and not counted in the cost per student station.[19]

District school boards are prohibited from using funds from specified sources, including the nonvoted 1.5-mill levy of ad valorem property taxes, for any new construction of education plant space with a total cost per student station that exceeds the caps in the table above.[20] An exception is provided for a contract for architectural and design services or for construction management services executed before July 1, 2017.[21]

While Florida law provides caps on cost per student station spending, there is no corresponding penalty for exceeding the caps. Repealed in 2019, a school district was previously subject to sanctions that included deeming a school district ineligible for PECO funds and Debt Services Trust Fund funds for three years.[22] Additionally, an offending school district would have been subject to supervision of a district capital outlay oversight committee, and would need approval from the committee for all capital outlay expenditures for new construction, renovations, and remodeling for three fiscal years.[23]

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[11] The Office of Economic and Demographic Research (EDR) is a research arm of the Legislature principally concerned with forecasting economic and social trends that affect policy making, revenues, and appropriations. Office of Economic and Demographic Research, *Welcome*, http://edr.state.fl.us/Content/ (last visited January 24, 2020).
[12] Office of Economic and Demographic Research, *supra* note 5.
[13] Office of Economic and Demographic Research, *Student Station Cost Factors* (December 10, 2019), *available at* http://edr.state.fl.us/Content/conferences/peco/studentstation.pdf.
[14] Section 1013.64(6)(d), F.S, *See* flush left.
[15] Florida Department of Education, *Review and Adjustment for Florida's Cost per Student Station* (January 1, 2020), *available at* http://www.fldoe.org/core/fileparse.php/7738/urlt/2020AnnCSSR.pdf [hereinafter referred to as Florida's Cost per Student Station].
[16] Section 1013.64(6)(d), F.S, *See* flush left.
[17] *See* Florida's Cost per Student Station. *supra*, note 15.
[18] Section 1013.64(6)(d), F.S. *See* flush left.
[19] *See* Florida's Cost per Student Station. *supra*, note 15.
[20] Section 1013.64(6)(b)1., F.S.
[21] Section 1013.64(6)(b)3., F.S.
[22] Section 1013.64(6)(c), F.S. (2018).
[23] *Id*.

Effects of Proposed Changes

The bill excludes from cost per student station caps any costs associated with a solar energy system located on the property of a school facility. Excluded costs would include equipment, installation, design and engineering, permitting, and testing for a solar energy system.

B. SECTION DIRECTORY:

Section 1. Amending s. 1013.44, F.S.; prohibiting costs associated with certain solar energy systems from being included in certain cost per student station limitations.

Section 2. Providing an effective date of July 1, 2020.

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:

The fiscal impact is indeterminate. School districts would be able to install a solar energy system without exceeding the cost per student station cap. While the up-front costs to construct a facility with a solar energy system may be higher than a comparable facility with conventional power sources, future utility savings could recoup some or all of the initial costs. The cost/benefit for installing a solar energy system will vary based on the type of system, the size of the school facility, and the amount of energy consumed by the school facility.

Most school district facilities are funded from local school district revenue sources including the district local capital improvement tax, county local sales surtax, and school district local sales surtax.[24] Any additional costs associated with installing solar energy systems would be borne by the school district, and the district would also realize any future utility cost savings. The state's cost for constructing school facilities could potentially increase for Special Facilities Construction Account projects that include a solar energy system. These projects are largely funded through the PECO Trust Fund.[25] Future utility cost savings would be realized by the school district.

[24] *See* Florida Department of Education, Finance, Funding & Financial Reporting, *School District Annual Financial Reports (AFR), available at* http://www.fldoe.org/finance/fl-edu-finance-program-fefp/profiles-of-fl-school-diss.stml (last visited February 7, 2020).
[25] Section 1013.64(2), F.S.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

None.