

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Date: March 17, 1998 Revised: _____

Subject: Charter Schools/Capital Outlay

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Hill</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Favorable/CS</u>
2.	_____	_____	<u>WM</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

This bill authorizes the allocation of funds from the Charter Schools Capital Outlay Trust Fund proposed by SB 1184. It provides eligibility requirements and allows each eligible charter school to use its allocation for a variety of capital outlay purposes, including purchase of real property; construction, renovation, repair, and maintenance of school facilities; purchase, lease-purchase, or lease of permanent or relocatable school facilities; and purchase of vehicles for student transportation.

The effective date of this bill is contingent upon enactment of SB 1184 or similar legislation creating the Charter Schools Capital Outlay Trust Fund.

This bill creates section 228.0561 of the Florida Statutes.

II. Present Situation:

Charter schools are public schools that operate under a performance contract with a public sponsor. Charter schools are free from many state and local regulations and mandates, but are held accountable for the academic and financial performance of the school and its students. As of August 1997, a total of 28 states and Washington, D.C. had statutory authorization for charter schools. Over 750 charter schools are in operation nationwide. Each state's law provides for operational funding for charter schools. Only Arizona and Minnesota currently provide capital outlay funding for charter schools.

Florida's Charter School Law

Florida's charter school law (s. 228.056, F.S.), which was enacted in 1996, limits sponsorship of charter schools to district school boards and allows developmental research schools to convert to charter schools under sponsorship of the affiliated state university. Charter schools may be formed by either creating a new school or by converting an existing school to a charter school. An individual, teachers, parents, a group of individuals, a municipality, or a legal entity authorized under the laws of this state may apply for a charter to establish and operate a start-up charter school. The principal, teachers, parents, and/or the school advisory council of a public school may apply for a charter to convert the school to a charter school. Proposals for converting an existing public school must have the support of at least 50 percent of teachers employed at the school and 50 percent of the parents whose children attend the school.

Charter schools are funded similarly to other public schools in the state, but do not receive capital outlay funds. Charter school students are eligible for the same funding as other public school students enrolled in basic or special programs and are entitled to a proportionate share of categorical funds available through the Florida Education Finance Program (FEFP), except for capital outlay funds. If the district school board is providing programs or services to students through federal funds, the district must provide federal funding to the charter school to ensure the same level of service for any charter school student that meets federal eligibility requirements. Each school district may withhold a portion of the charter school's funding to offset administrative costs related to the charter school. The amount withheld cannot exceed actual administrative costs or a maximum of 5 percent.

In the absence of any state or local capital outlay funds for facilities, equipment, lease, renovation, or maintenance of facilities, charter schools must either divert a large fraction of their operating funds to meet capital outlay needs or must depend on contributions from the private sector and various fund-raising activities.

III. Effect of Proposed Changes:

The bill provides for the allocation of funds to charter schools from the Charter Schools Capital Outlay Trust Fund. The trust fund would be created by SB 1184. To be eligible for an allocation from the trust fund, a charter school must have received final approval from its sponsor pursuant to s. 228.056, F.S. for operation during that fiscal year and must serve students in facilities that are not provided by the charter school's sponsor. A conversion charter school is not eligible for an allocation if it operates in facilities provided by its sponsor for a nominal fee or at no charge.

Each eligible charter school's allocation will be determined by multiplying the school's projected student enrollment by one-thirtieth of the maximum cost per student station specified in s. 235.435(6)(b), for an elementary, middle, or high school, as appropriate. The referenced costs per student station are \$11,600 for an elementary school, \$13,300 for a middle school, and \$17,600 for a high school, subject to annual inflationary adjustments. Using one-thirtieth of the prescribed

values would generate \$387 per student for a charter elementary school, \$443 per student for a charter middle school, and \$587 per student for a charter high school.

The Commissioner of Education will allocate funds among eligible charter schools and distribute funds on a pro rata basis if appropriations from the trust fund are insufficient. In the first quarter of the fiscal year, distributions will be based on each charter school's projected enrollment; subsequent distributions will be adjusted to reflect actual enrollments. The Commissioner must establish procedures for submitting and approving funding requests, procedures for documenting expenditures, as well as, intervals and procedures for determining the projected and actual enrollment of eligible charter schools.

Each charter school's governing body may use allocations from the Charter Schools Capital Outlay Trust Fund for any capital outlay purpose that is directly related to the functioning of the charter school, including:

- Purchase of real property;
- Construction, renovation, repair, and maintenance of school facilities;
- Purchase, lease-purchase, or lease of permanent or relocatable school facilities; and
- Purchase of vehicles to transport students to and from the charter school.

The annual legislative budget request of the Department of Education must include a request for funding from the Charter Schools Capital Outlay Trust Fund. The request must be based on the projected student enrollment of charter schools that meet the bill's eligibility requirements.

The enactment of this bill is contingent upon adoption of SB 1184 or similar legislation creating a Charter School Capital Outlay Trust Fund. If such a bill is enacted this session by a three-fifths vote of both houses, this bill will take effect July 1, 1998.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

The effective date of the bill is contingent upon passage of separate legislation creating the Charter Schools Capital Outlay Trust Fund by a three-fifths vote of both houses of the Legislature during this session or an extension thereof. This provision is consistent with s. 19(f)(1), Art. III of the State Constitution.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The bill does not authorize any additional taxes or fees.

B. Private Sector Impact:

If funds are appropriated from the Charter Schools Capital Outlay Trust Fund, individuals and groups that operate charter schools will receive state funds for facilities and other capital outlay purposes.

C. Government Sector Impact:

This bill does not appropriate funds. If funds are appropriated from the proposed Charter Schools Capital Outlay Trust Fund, allocations will be based on the maximum costs per student station set by s. 235.435(6), F.S., which are subject to annual inflationary adjustments (i.e., for 1997: \$11,600 for an elementary school, \$13,300 for a middle school, and \$17,600 for a high school). The bill allocates one-thirtieth of those values for each charter school student enrolled in facilities that are not provided by the school's sponsor. At the 1997 maximum values, allocations would be \$387 per student for a charter elementary school, \$443 per student for a charter middle school, and \$587 per student for a charter high school. An appropriation of \$3,358,100 would be needed to provide this level of funding for the projected enrollment of 3,350 elementary, 2,600 middle, and 1,550 high school students in the approximately 70 charter schools anticipated for the 1998-99 school year. These estimates do not include enrollment in conversion charter schools operating in the converted public school's facilities which would be ineligible for funding from the Charter Schools Capital Outlay Trust Fund.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The 1998-99 legislative budget request of the Department of Education requests approximately \$3.75 million to provide a minimum of \$500 per charter school student for facilities and equipment needs.

Specific Appropriation 58E of SB 2500 (the FY 1998-99 General Appropriations Bill) would appropriate \$5 million from the Public Education Capital Outlay Trust Fund (PECO) for charter school construction.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
