

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 4, 1998 Revised: _____

Subject: Community Colleges/Instruction Units

	<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:

The bill revises the formula for calculating community college instruction units for purposes of increasing the colleges' share of the proceeds from the annual first sale of motor vehicle license tags. The revised formula will increase capital outlay funding for community colleges, by doubling the colleges' allocation from the School District and Community College District Capital Outlay Trust Fund (CO&DS). Increasing the colleges' allocation of motor vehicle license tag fees reduces the amount available for use by the Department of Transportation. The bill is scheduled to take effect July 1, provided the 105th Congress reauthorizes the Intermodal Surface Transportation Act, or passes similar legislation, and Florida receives at least 95 percent of its federal transportation tax contribution.

This bill substantially amends section 240.353 of the Florida Statutes.

II. Present Situation:

The School District and Community College District Capital Outlay and Debt Service Fund (CO&DS) is financed from the first sale of motor vehicle license tags as provided by s. 9(d) of Art. XII of the Florida Constitution. The dollars are distributed to the school districts and colleges using an allocation formula based on instructional units that is set forth in the Constitution. School districts receive \$600 per base instructional unit and \$800 per growth unit. Community colleges receive \$400 per instructional unit, they are not awarded growth units. The Constitution further provides that the number of units is to be computed according to a general law formula that is approved by the State Board of Education. That statutory formula for community colleges is as follows:

- one instructional unit for 12 FTE for the first 420 students in degree programs

- one instructional unit for each 15 FTE over 420 units in degree programs
- one instructional unit for each 10 FTE in vocational and compensatory programs
- one instructional unit for administrative and instructional services for each 8 instructional units
- one instructional unit for student personnel services for each 20 instructional units.

This formula generated about \$9.5 million in CO&DS funds for the community colleges for the current school year. The colleges and school districts receive about one-third of the total revenue produced by motor vehicle license tag sales, the remaining money goes to the Department of Transportation.

The Florida Constitution authorizes the state to bond up to 90 per cent of the CO&DS proceeds on behalf of school districts and community colleges. Funds realized from the bonds may be used to “acquire, build, construct, alter, remodel, improve, enlarge, furnish, equip, maintain, renovate, or repair facilities.” An individual college has the option of not participating in the state bonding program, or committing less than 90 per cent of its CO&DS revenue to the bond issue. Funds not pledged to the bonding activity are allocated to the college and may be used for facilities related purposes. Once a college commits CO&DS funds to bonding, that amount is obligated annually for debt service for the life of the bonds.

III. Effect of Proposed Changes:

The measure being considered would reduce by one-half the number of full-time equivalent community college students in degree, vocational, and compensatory programs that constitute an instructional unit for purposes of calculating the annual CO&DS allocation. The effect of this would be to double the number of instruction units, thereby, doubling the colleges’ CO&DS allocation. According to the Division of Community Colleges, the current number of CO&DS instructional units, exclusive of lifelong learning FTEs, is 24,014. Recomputing using the changes proposed in the legislation would increase the number of units to 48,029. The revised formula generates additional funds for community college capital outlay needs and reduces the amount of motor vehicle license tag fees available for use by the Department of Transportation.

The conditional effective date in the bill means that the provisions of the act won’t take effect unless the 105th Congress reauthorizes the Intermodal Surface Transportation Efficiency Act, or similar legislation, that will result in Florida realizing a return of at least 95 percent of its federal transportation tax contribution. Under the current federal act the state receives about 72 percent of its transportation tax contribution. This change would more than offset the loss in tag fee revenue the Department of Transportation would experience as a result of the proposed change in the community college CO&DS allocation.

The bill also makes some changes in the terms used to identify instructional unit programs. Programs for degree seeking students would be called advanced and professional, and the compensatory program term would be changed to preparatory and adult.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Doubling the number of CO&DS instruction units for community colleges would increase the allocation from the trust fund by an estimated \$9.5 million. Bonding the funds at the 90 percent limit at a 10-1 ratio for 20 year obligations would raise about \$80.6 million for the colleges collectively.

The additional \$9.5 million in CO&DS funds that would be realized by the colleges under the provisions of the bill, would come from the Department of Transportation's share of the proceeds from the first sale of motor vehicle license tags.

Data are not available to determine the exact amount of additional funding that Florida would realize if it received a return of 95 percent of its federal transportation tax contribution. The state's contribution to this federal tax currently exceeds \$1 billion.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

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