The Florida Senate

PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Prepared By: Finance and Tax Committee

BILL: CS/SB 680

INTRODUCER: Finance and Tax Committee and Senators Dockery, Baker, and others

SUBJECT: Growth Management

DATE: April 13, 2007 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Brown	Matthews	ED	**Favorable**
2.		Yeatman	CA	**Withdrawn**
3.	Keating	Johansen	FT	**Fav/CS**
4.			EF	
5.				
6.				

I. Summary:

This bill amends criteria for participation in the High Growth District Capital Outlay Assistance Grant Program. This bill eliminates the 15,000 capital outlay FTE student membership; instead, a district must have equaled or exceeded three times the statewide average of growth in capital outlay FTE students to qualify.

The allocation formula is revised, and a stipulation included that prohibits a change, correction, or re-computation of data authorized for two years following the initial annual allocation.

The bill appropriates $30 million from nonrecurring funds in 2007-08 to the Public Education Capital Outlay and Debt Service Trust Fund for the High Growth County District Capital Outlay Assistance Grant Program.

This bill substantially amends sections 1013.738 of the Florida Statutes.

II. Present Situation:

Educational Facilities Funding

Part IV of chapter 1013, F.S., addresses funding for educational facilities. Each district school board is required to adopt a capital outlay budget for the upcoming year, as part of its annual budget.[1]

[1] s. 1013.61, F.S.

Section 1013.64, F.S., addresses funds for comprehensive educational plant needs, and provides for specific allocations from the Public Education Capital Outlay and Debt Service Trust Fund (PECO). The Legislature is required to prioritize funds for remodeling, renovation, maintenance, repairs, and site improvement for existing satisfactory facilities for appropriations allocated to district school boards from the total PECO amount.[2]

High Growth District Capital Outlay Assistance Growth Program

The Legislature established the High Growth District Capital Outlay Assistance Grant Program in 2005. The purpose of the program is to provide additional money to high growth districts for the construction of student stations needed due to the rapid increase in the student population, where a district has insufficient capital outlay revenue.[3] The program is funded through moneys provided annually in the General Appropriations Act. Program eligibility is contingent on meeting criteria provided pursuant to s. 1013.738(2), F.S. To qualify for the program, the school district must meet the following criteria:

- Must have levied the full two mills of nonvoted discretionary capital outlay millage authorized in s. 1011.71(2) for each of the past four fiscal years.
- Fifty percent of the revenue derived from the two mills of nonvoted discretionary capital outlay millage for the past four years, when divided by the district's growth in capital outlay FTE students over this period, must produce a value that is less than the average cost per student station calculated pursuant to s. 1013.72(2), and weighted by statewide growth in capital outlay FTE students in k-12 schools for the past four fiscal years.
- The district must have equaled or exceed twice the statewide average of growth in capital outlay FTE students over this same four year period.
- The Commissioner of Education must have released all funds allocated to the district from the Classrooms First Program and such funds must be fully expanded by the district by a date certain.
- The total capital outlay FTE students of the district must be greater than 15,000 students.

The funds provided in the General Appropriations Act must be allocated as follows:

- For each eligible district, the Department of Education (DOE) must calculate the value of fifty percent of the revenue derived from the two mill nonvoted discretionary capital outlay millage for the past four years divided by the increase in capital outlay FTE students for the same period.
- The DOE shall determine, for each eligible districts, the amount that must be added to the value calculated to produce the weighted average value per student station.
- The value calculated for each eligible district shall be multiplied by the average increase in capital outlay FTE students for the past four fiscal years to determine the maximum amount of a grant that may be awarded to a district.
- If the funds provided in the General Appropriations Act are insufficient to fully fund the maximum grant amount, the DOE shall allocate the funds based on each district's prorated share of the total maximum award amount.

[2] s. 1013.64(1)(a), F.S.
[3] ch. 2005-290, L.O.F.

Section 26 of ch. 2005-290, Laws of Florida, created paragraph (d) of s. 201.15(1), F.S., to provide for the following annual distributions of documentary stamp tax revenues:

- $541.75 million to the State Transportation Trust Fund.
- $100 million to the Water Protection and Sustainability Program Trust Fund.
- $105 million to the Public Education Capital Outlay and Debt Service Trust Fund to be transferred as follows:
  - $75 million used to fund the Classrooms for Kids Program; and
  - $30 million to be used to fund the High Growth County District Capital Outlay Assistance Grant Program.
- $3.25 million to the Grants and Donations Trust Fund

In 2005, the Governor vetoed the $30 million in annual appropriations for the High Growth County District Capital Outlay Assistance Grant Program.[4] In FY 2005-2006, the following school districts were eligible for funding and received non-recurring grant dollars, at a total of $30 million under the High Growth District Capital Outlay Assistance Grant Program:

- Clay County ($3,184,671);
- Hernando County ($2,179,867);
- Hillsborough County ($9,006,801);
- Lake County ($4,040,060);
- Osceola County ($7,366,592);
- St. Johns County ($1,435,418); and
- St. Lucie County ($2,786,591).

The 2006 Legislature did not provide funding in FY 2006-2007.

III. Effect of Proposed Changes:

Section 1 amends s. 1013.738(2) and (3), to revise the qualifying formula for school district eligibility for High Growth District Capital Outlay Assistance Grants. Under the new criteria, a school district must demonstrate:

- A levy of the full two mills for three fiscal years, rather than the current four fiscal years requirement, and provides an alternate method of receipt of an amount from the authorized school capital outlay surtax, which, in addition to the nonvoted discretionary capital outlay millage collected, equals the amount that would be generated if the full two mills had been collected over the past three fiscal years;
- Receipt of revenue in the prior fiscal year from the collection of an impact fee for schools and revenue from the collection of one of the following: a local government infrastructure sales surtax of which a portion is dedicated to school construction or debt service satisfaction for school construction; a school capital outlay surtax of a specified threshold amount; or a local bond referendum;
- Equaled or exceeded three times, rather than the current two times required, the statewide average of growth in capital outlay FTE students; limits the time frame to the prior three

[4] ch. 2005-290, L.O.F.

fiscal years; and specifies that growth in any one year must be determined by calculating the increase in students over the prior year; and
- Did not receive an appropriation from the special facilities construction program in the current fiscal year or any of the two fiscal years prior.

In deleting a provision which limited grants to districts that exceeded a capital outlay FTE student membership of 15,000, the criteria regarding FTEs will now require that a district must have equaled or exceeded three times the statewide average of growth in capital outlay FTE students to qualify.

The allocation formula is additionally revised so that each eligible district school board receives a PECO amount to be calculated by computing the capital outlay FTE membership as determined by the Department of Education, subject to certain guidelines. Kindergarten through 12th grade students, except hospital and homebound part-time students; career education students; and adult-disabled students enrolled in public career centers qualify for membership. If a change, correction, or recomputation of data results in an increase or decrease of the calculated amount, the additional or reduced amount shall be added to or reduced from the school district's future appropriations. Under no circumstances is a change, correction, or recomputation of data authorized for two years following the initial annual allocation.

According to the Department of Education, early projections estimate that this new formula will have the impact of limiting eligibility for grants to the following ten school districts: Clay, Flagler, Hernando, Hillsborough, Lake, Manatee, Orange, Osceola, Polk, and St. Lucie counties. These school districts reflect the combination of high student growth, but a relatively low property tax base.

Section 2 appropriates the sum of $30 million for the 2007-2008 fiscal year, from nonrecurring funds and transferred pursuant to s. 201.15(d)3., F.S., to the Public Education Capital Outlay and Debt Service Trust Fund for the High Growth County District Capital Outlay Assistance Grant Program.

Section 3 provides that the bill shall take effect upon becoming a law.

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:

The bill appropriates from nonrecurring funds, $30 million to the Public Education Capital Outlay and Debt Service Trust Fund for the High Growth District Capital Outlay Assistance Grant Program.

Chapter 2005-290, L.O.F., appropriated a total of $1.5 billion dollars to numerous state agencies and programs for growth management purposes. The growth management legislation appropriated $105 million of recurring documentary stamp revenues to PECO, with $75 million earmarked to the Classroom for Kids Program and $30 million designated for the High Growth District Capital Outlay Assistance Grant Program. Although the Legislature appropriated the $105 million in 2005-2006, the Governor vetoed the $30 million designation for the High Growth Program, leaving $30 million in PECO without an appropriation.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.