

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HB 889 Educational Facilities  
**SPONSOR(S):** PreK-12 Appropriations Subcommittee, Buchanan  
**TIED BILLS:** IDEN./SIM. **BILLS:** SB 294

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) PreK-12 Appropriations Subcommittee	10 Y, 0 N, As CS	Potvin	Potvin
2) Education Committee			
3) Appropriations Committee			

### SUMMARY ANALYSIS

Chapter 2016-237, Laws of Florida, required the Office of Economic and Demographic Research (EDR), in consultation with the Department of Education, to conduct a study of the cost per student station amounts using the most recent available information on construction costs. The law further stated that for purposes of the study, the costs per student station should represent the costs of classroom construction and administrative offices as well as the supplemental costs of core facilities, including required media centers, gymnasiums, music rooms, cafeterias and their associated kitchens and food service areas, vocational areas, and other defined specialty areas, including exceptional student education areas. The EDR submitted the results of its study to the Legislature and the Office of the Governor by the January 31, 2107 deadline.

The bill requires the EDR to update the *Review of Florida's Cost per Student Station* report completed in January 2017. The updated report shall be provided to the Governor, the President of the Senate, and the Speaker of the House of Representatives by October 1, 2019.

The bill does not have a state fiscal impact. See Fiscal Comments.

The bill establishes an effective date upon becoming law.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### Current Situation

In Florida, construction costs for K-12 facilities are reported based on the cost per student station.<sup>1</sup> The statutory cost per student station baseline was initially set in 1997 and was amended in 2003 and in 2006.<sup>2</sup> 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.<sup>3</sup> 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 Office of Economic and Demographic Research (EDR)<sup>4</sup> work together to calculate and disseminate the new statutory caps.<sup>5</sup>

The table below summarizes the current cost per student station caps:<sup>6</sup>

Type of School	Cost Per Student Station
Elementary School	\$22,996
Middle School	\$24,833
High School	\$32,256

The law states that cost per student station includes contract costs, legal and administrative costs, fees of architects and engineers, furniture and equipment, and site improvement costs. The cost per student station does not include the cost of purchasing or leasing the site for the construction or the cost of related offsite improvements. Cost per student station also does not include the cost for securing entries, checkpoint security, security cameras, automatic locks and locking devices, electronic security systems, fencing designed to prevent intruder entry into a building, bullet-proof glass, or other capital construction items approved by the school safety specialist to ensure building security for new educational, auxiliary, or ancillary facilities; costs for these items must be below 2 percent per student station.<sup>7</sup>

Current law prohibits a district school board from using funds from specified sources, including the nonvoted 1.5-mill levy of ad valorem property taxes, for any new construction of educational plant space with a total cost per student station exceeding the cost identified in the above table.<sup>8</sup>

A district school board may not use funds from any source for the new construction of educational plant space with a total cost per student station exceeding the cost per student station limits unless a contract for architectural and design services or for construction management services was executed

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<sup>1</sup> Section 1013.64(6), F.S.

<sup>2</sup> Office of Economic and Demographic Research, *Special Research Projects*, <http://edr.state.fl.us/Content/special-research-projects/education/CostPerStudentStation.pdf>.

<sup>3</sup> Section 1013.64(6)(b)1., F.S.

<sup>4</sup> 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 March 29, 2019).

<sup>5</sup> Office of Economic and Demographic Research, *Special Research Projects*, <http://edr.state.fl.us/Content/special-research-projects/education/CostPerStudentStation.pdf>

<sup>6</sup> Florida Department of Education, *Cost Per Student Station (Feb. 2019)*, available at <http://edr.state.fl.us/Content/conferences/peco/studentstation.pdf>.

<sup>7</sup> Section 1013.64(6)(d), F.S.

<sup>8</sup> Section 1013.64(6)(b)1., F.S.

before July 1, 2017.<sup>9</sup> A district school board in violation of the cost per student station limits is ineligible for Public Education Capital Outlay (PECO) funds for 3 years and subject to supervision by an oversight committee, whose members are specified by law.<sup>10</sup>

In 2016, the Legislature enacted chapter 2016-237, Laws of Florida, which required the EDR, in consultation with the DOE, to conduct a study of the cost per student station amounts using the most recent available information on construction costs. The law further stated that for purposes of the study, the costs per student station should represent the costs of classroom construction and administrative offices as well as the supplemental costs of core facilities, including required media centers, gymnasiums, music rooms, cafeterias and their associated kitchens and food service areas, vocational areas, and other defined specialty areas, including exceptional student education areas. The EDR was required to submit the results of its study to the Legislature and the Office of the Governor no later than January 31, 2107.

The EDR study concluded that the current cost per student station included many costs that are actually incidental to construction. Additionally other problems with the cost per student station were cited to include:<sup>11</sup>

- Initial dollar value and the school model it is based on are not specified, transparent, and replicable.
- Comparisons and monitoring for compliance is difficult.
- Current cost limits are applied statewide and do not reflect any regional differences within Florida.
- National CPI used for growth does not reflect changes in construction costs or Florida specific conditions.
- Cost per student station cannot be effectively and accurately forecast over time because there is a lack of clarity on what is included in the current value of the cost limit and because the cost of different components in the current structure of the cost per student station change at different rates over time. It would be coincidental if the blended and weighted component growth happened to equal the change in the CPI in any given year.

The EDR study recommended two options for applying a new square foot method for determining the cost limits: (1) a single statewide Florida- specific construction cost per square foot method for each type of school or (2) six regional Florida-specific construction costs per square foot for each type of school.<sup>12</sup>

### **Effect of Proposed Changes**

The bill requires the Office of Economic and Demographic Research (EDR), in conjunction with local school districts, to review and revise the *Review of Florida's Cost per Student Station* report<sup>13</sup> issued in January 2017. The updated report by the EDR shall be provided to the Governor, the President of the Senate, and the Speaker of the House of Representatives by October 1, 2019.

#### **B. SECTION DIRECTORY:**

Section 1: Amends section 1013.32, Florida Statutes, clarifying language.

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<sup>9</sup> Section 1013.64(6)(b)3., F.S.

<sup>10</sup> Section 1013.64(6)(c), F.S.

<sup>11</sup> Office of Economic and Demographic Research, *Special Research Projects*, <http://edr.state.fl.us/Content/special-research-projects/education/CostPerStudentStation.pdf>.

<sup>12</sup> *Id.*,

<sup>13</sup> Office of Economic and Demographic Research, *Special Research Projects*, <http://edr.state.fl.us/Content/special-research-projects/education/CostPerStudentStation.pdf>.

Section 2: Amends section 1013.64, Florida Statutes, deleting an obsolete date.

Section 3: Requires the Office of Economic and Demographic Research to update the *Review of Florida's Cost per Student Station* and requires the office to provide the updated report to the Governor and the Legislature by a certain date.

Section 4: Provides the bill shall take effect upon becoming law.

## 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 bill does not have a fiscal impact as the Office of Economic and Demographic Research can complete the required report within existing EDR resources.

## 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**

HB 889 as originally filed contained the following issues that are not part of the proposed committee substitute:

- The Commissioner of Education is required to annually adjust the cost per student station maximums for any unforeseen economic increases above the Consumer Price Index without any limits.
- The removal of the following costs from the cost per student station:
  - legal and administrative costs,
  - fees for architects and engineers,
  - furniture and equipment costs, and
  - site improvement costs.
- The removal of the 2 percent maximum for security related costs that may be excluded from the cost per student station.

The original filed bill also allowed local capital outlay funds, including the district school tax levied pursuant to s. 1001.71(2), F.S., to be used for new construction of educational facilities without a survey approval by the Department of Education. Additionally, new construction expenditures from local fund sources would not be subject to current limits on the cost per student station for new construction.