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### FISCAL IMPACT REPORT

SPONSOR:	HAFC	DATE TYPED:	02/17/00	HB	CS/86/HAFCS
SHORT TITLE:	Capital Outlay Priority Factors			SB	
				ANALYST:	Fernandez

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
\$ 400.0				Non-Recurring	G/F

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB151/SECS

### SOURCES OF INFORMATION

LFC Files

State Department of Public Education

## **SUMMARY**

### Synopsis of HAFC Substitute

This bill amends the Public School Capital Outlay Act to allow all school districts to apply for funding from the Public School Capital Outlay Fund, sets priorities for capital projects and provides a project based sliding scale formula to determine the state's share and local share for capital outlay projects. This bill also appropriates \$400.0 from the general fund to SDE for an assessment of school districts' capital improvement needs and to complete a database.

### Significant Issues

The purpose of the Public School Capital Outlay Act is to meet critical school district capital outlay needs which cannot be met by the school district after it has exhausted all available sources. Applications for assistance by local school districts to the Public School Capital Outlay Council are made in accordance with requirements of the council.

Currently, several requirements must be met in order to qualify for assistance, one of which is that a school district be indebted at not less than seventy-five percent of the total debt authorized by law. According to SDE, approximately thirty-five school districts qualify under current requirements. This bill will allow all 89 school districts to apply for funding provided that a constitutional amendment has been adopted or legislation has been enacted that provides additional revenue sources for capital outlay funding.

This bill also sets specific priorities for funding capital outlay projects from the Public School Capital Outlay Fund when the council has certified that a constitutional amendment has been adopted or additional revenue for capital outlay is available. The bill requires the council consult with the staff architect of the General Services Department, Property Control Division.

The bill requires the council to establish criteria and standards to be used for public school capital outlay

projects receiving funding from the Public School Capital Outlay Fund. The bill outlines specific items to be considered by the council in establishing the criteria and standards.

The formula proposed in this bill considers local bonding effort and ratio of relative property tax base to the number of children served in the district. SDE indicates that poor districts would receive a higher state percentage for their projects while relatively wealthy districts could potentially receive a state portion no less than ten percent. The bill also includes a provision that would allow the state to fund the total amount of a school district's approved project if the district has exerted all its local resources.

### **FISCAL IMPLICATIONS**

This bill appropriates \$400.0 from the general fund to SDE for expenditure in fiscal years 2000 and 2001 for an assessment of school capital improvement needs and to complete a database. Any unexpended or unencumbered balances remaining at the end of fiscal year 2001 shall revert.

MGT of America, the independent contractor chosen to conduct the capital outlay study gathered data from 170 schools located in 35 districts and through an extrapolation process applied to the other districts, MGT of America estimated the total capital outlay needs for public schools to be \$1.486 billion. With the formula proposed in this bill, the state would fund 48.5 percent or approximately \$750 million of the total estimated need over a ten or fifteen year period. Once the study is complete and total needs are known, the \$750 million could increase or decrease.

Based on \$750.0 million, using the proposed formula, the state's annual share over a ten year period would be \$75.0 million.

**Included in Senate Finance Committee Substitute for SB2 Section 10, Data Processing Equipment, is \$440.0 from SDE cash balances for completion of an assessment of school district capital outlay needs and to complete the database.**

### **ADMINISTRATIVE IMPLICATIONS**

SDE will provide maintenance and oversight of the database. In FY00, SDE received two additional FTE's to maintain and operate the capital outlay database.

**RELATIONSHIP**

This bill relates to SB151/SECS.

CTF/njw:gm