Council For Lifelong Learning

Educational Facilities Resources (K-12)

Fact Sheet

September 2001

1. What role does the state play in the provision of K-12 educational facilities?	Traditionally, the construction of new public school facilities or the expansion of existing facilities has been a local school board responsibility, with the state contributing approximately 20 percent of the funds for school construction. However, beginning with the 1997 Special Session on School Construction, the Florida Legislature increased the state's contribution through the provision of almost $3 billion in additional funds. **(See the SMART Schools Act of 1997 Fact Sheet.)**
2. What types of capital outlay funds are available to school districts?	School districts derive capital outlay funds from several sources, including: • Public Education Capital Outlay and Debt Service Trust Fund (PECO); • Capital Outlay and Debt Service Fund (CO&DS); • Special Facility Construction Account; • Classrooms First Lottery Bond Program; • Effort Index Grant Program; • School Infrastructure Thrift (SIT) Program; • two mill money (nonvoted); • voted millage; • School Capital Outlay Tax -- "½ cent sales surtax" (voted); • local government infrastructure tax (voted); • bond referendum (voted); • impact fees; and • other private sources.
3. How much revenue have school districts received from various sources since the 1997 Special Session?	As of August 2001, school districts have received **more than $8.5 billion** in revenue from PECO, CO&DS, Classrooms First Program, Effort Index Grants, impact fees, nonobligated two mill money, sales tax revenue, and voted millage since the 1997 Special Session on School Construction. This amount does not include SIT awards, revenue from certificates of participation, or private sources.
4. What is PECO?	PECO is a state program that provides funds to school districts from revenue derived from the gross receipts tax - a tax collected from the sale of utility services. PECO funds are appropriated for the maintenance, repair, and renovation of existing public school facilities and for the construction of new public school facilities.

	In the 2001-2002 *GAA*, districts received $145.9 million as PECO maintenance funds and $203.5 million as PECO new construction funds. **(See the PECO Fact Sheet for more information on distribution formulas.)**
5. What is the Capital Outlay and Debt Service Fund?	The Capital Outlay and Debt Service (CO&DS) is another major state source of capital outlay revenue available to local school districts. This revenue is derived from the first sale of motor vehicle license tags. CO&DS funds are provided to school districts in two ways: (1) as net bond proceeds, or (2) as direct cash payments. Districts may choose to receive their CO&DS funds by either method; however, they must bond their CO&DS funds if they wish to receive revenue from the Classrooms First Program. In the 2001-2002 fiscal year, the Legislature appropriated approximately $81.5 million to school districts as net bond proceeds and $12.2 million as direct cash payments. **(See the CO&DS Fact Sheet.)**
6. What is the Special Facility Construction Account?	The Special Facility Construction Account is funded with PECO dollars and provides construction funds to school districts that have urgent construction needs but lack sufficient resources <u>and</u> cannot reasonably anticipate sufficient resources within three years in order to fund these construction needs. Typically, small, rural school districts are the only ones that qualify for this Account because their property tax values are too low to fund a single, new construction project. **(See the Special Facility Construction Account Fact Sheet.)**
7. What is the Classrooms First Lottery Bond Program?	As part of the SMART Schools Act of 1997, the Legislature established a 20-year lottery-bonding program (Classrooms First) designed to provide more than $2 billion in bonded lottery funds to school districts for the construction of classrooms. All 67 school districts receive a portion of these funds based upon a modified PECO distribution formula. As the name indicates, school districts must build classrooms first. *After* a school district has met its need for new classroom space, these funds may be used for major repairs or maintenance of existing facilities or the replacement of unsatisfactory relocatables. These funds are *not* to be used to purchase more relocatables. **(See the SMART Schools Act**

	of 1997 Fact Sheet or Classrooms First Program Fact Sheet.)
8. What is the Effort Index Grant Program?	The Effort Index Grant (EIG) Fund is a $300 million program designed to provide *select* districts with funding for *new construction only* after a certain level of *local effort* is met. Districts may use these EIG funds for construction, renovation, repair, maintenance, or payment of debt service for said activities. As of March 2001, $184.9 million of the $300 million in Effort Index Grants has been encumbered for school projects. **(See the SMART Schools Act of 1997 Fact Sheet.)**
9. What is the School Infrastructure Thrift (SIT) Program?	The SIT (School Infrastructure Thrift) Program is an incentive fund created to encourage functional, frugal school construction. A school district can receive a SIT award for savings realized through functional, frugal construction. These awards are 50 percent of the savings on the statutorily defined cost-per-student station. As of June 2001, SIT awards totaling $109.4 million have been distributed to school districts for functional, frugal school construction. **(See the SMART Schools Act of 1997 Fact Sheet.)**
10. What is "two mill" money?	"Two mill" money is a statutorily authorized levy of ad valorem property tax that districts may levy <u>without</u> voter approval. Districts may bond up to 75 percent of their two mill money to purchase certificates of participation (COPS) – a type of construction debt instrument used for school construction. In the 2000-2001 fiscal year, the statewide levy of two mill money provided $1.36 billion in local capital outlay revenues to school districts. The amount of funds would have been higher had all districts levied their full two mills authorized by the Legislature. **(See the Two Mill Money Fact Sheet.)**
11. What is voted millage?	Section 236.31, F.S., provides for district millage elections. Voted millage is voter-approved millage levied on taxable property by school boards above and beyond the non-voted two-mill money. The millage must only be levied for a maximum period of two years. According to the SMART Schools Clearinghouse, no school districts currently levy voted millage.

12. What is the $\frac{1}{2}$ cent sales surtax?	Section 212.055(6), F.S., provides for the School Capital Outlay Surtax - more commonly known as the $\frac{1}{2}$ cent sales tax. This tax may be levied by a school board after a favorable vote of the electorate through a local referendum and may not exceed .5 percent. In the 2000-2001 fiscal year, seven districts (Bay, Monroe, Jackson, Gulf, Santa Rosa, Escambia, & Hernando) levied $\frac{1}{2}$ cent sales taxes that generated $71.5 million in revenue. **(See the School Capital Outlay Surtax Fact Sheet.)**
13. What is the local government infrastructure tax?	Section 212.055(2), F.S., provides for the Local Government Infrastructure Surtax. The governing authority in each county may levy this .5 percent or 1 percent tax after a favorable vote of the electorate through a local referendum. Section 212.055(2)(c), F.S., provides that school districts with the consent of the county governing authority may participate in the tax. In the 2000-2001 fiscal year, five counties (Hillsborough, Pinellas, Clay, Osceola, & Sarasota) levied a local government infrastructure surtax that provided $36.9 million in revenue to local school districts. **(See the Local Government Infrastructure Surtax Fact Sheet.)**
14. What is a bond referendum?	A bond referendum is a school district election that allows the voters to decide whether or not the school district should issue bonds for the purpose of generating school capital outlay funds. Since the 1985-1986 fiscal year, 19 school districts have approved local bond referendums in order to fund school district capital outlay needs. Statewide, the bonds issued by school boards for school construction have generated or will generate over the life of the bonds $2.68 billion. **(See the Bond Referendum Fact Sheet.)**
15. What are school impact fees?	School impact fees are fees levied on residential development to provide revenue to offset the "impact" of that development on educational facilities needs. Only 15 school districts receive revenues from the collection of impact fees that are assessed by their respective counties.

	During the 1999-2000 fiscal year, the collection of impact fees generated an aggregate amount of $81.9 million for the purpose of school construction. **(See the School Impact Fees Fact Sheet.)**
16. What are the applicable statutes and rules?	Section 9(a)(2), Art. XII of the State Constitution -- PECO Section 9(d), Art. XII of the State Constitution -- CO&DS Section 235.42, F.S. -- Allocation of PECO Funds Section 235.435(1), F.S. -- PECO (maintenance, repair, renovation) Section 235.435(2)(a), F.S. -- Special Facility Construction Account Section 24.1219(2), F.S. -- Allocation for Classrooms First Section 235.187, F.S. -- Classrooms First Program Section 236.25(2), F.S. -- Two Mill Money Sections 236.31 & 236.32, F.S. -- Voted Millage Section 212.055(6), F.S. -- School Capital Outlay Surtax Section 212.055(2), F.S. -- Local Government Infrastructure Surtax Sections 236.35-236.68, F.S. -- School District Bonds
17. Where can I get additional information?	Florida Department of Education Office of Educational Facilities (850) 487-1130 www.firn.edu/doe SMART Schools Clearinghouse (850) 921-8699 http://smartschools.state.fl.us The Florida House of Representatives Fiscal Responsibility Council (850) 488-6204 The Florida House of Representatives Committee on Education Appropriations (850) 488-6204 The Florida House of Representatives Council for Lifelong Learning (850) 414-6694 The Florida House of Representatives Committee on Education Innovation (850) 488-7451