



Council of Business Affairs Division Report

Fixed Capital Outlay

May 17, 2018



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PECO/Fixed Capital Outlay (FCO) for FCS 2018-19

	<u>Actual</u>	<u>Projected</u>
Total PECO/FCO K-20	\$482.7M	\$372.3M
=====		
FCS Sum of Digits PECO (Maintenance)	\$ 35.4M	\$ 36.2M
FCS Projects PECO	\$ 11.9M	<u>\$ 49.2M</u>
General Revenue	19.0M	
Cont on FEMA Reimb	<u>12.2M</u>	
Subtotal Projects	<u>\$ 43.1M</u>	
Total FCS FCO	\$ 78.5M	\$ 85.4M

PECO/Fixed Capital Outlay (FCO) for FCS 2018-19

	<u># Projects</u>		<u>\$ to Finish</u>
FCS Division List	58		\$657.5M
Already funded	19		\$302.8M
=====			
		<u>\$ Funded</u>	
2018-19 Approps	13	\$ 43.1M	\$112.2M
Completed	2	\$ 4.5M	\$ -0-
Added New	4	\$ 26.0M	\$ 14.1M
Prev funded	10	\$ -0-	\$173.5M
=====			
Previously Funded	21		\$285.7M

PECO (K-20)

January 2018 ESTIMATES (in millions)

	<u>Cash only</u>	<u>Cash+Bond</u>
• 2018-19	\$372.3	\$3,034.3
• 2019-20	\$396.0	\$652.1
• 2020-21	\$403.9	\$646.1
• 2021-22	\$426.5	\$595.1
• 2022-23	\$496.4	\$1,115.7

Source: Office of Economic & Demographic Research
<http://edr.state.fl.us/content/conferences/peco/index.cfm>

FCO Budget Timeline

- Colleges submit CIP to DFC by July 2nd.
- DOE's LBR is submitted to Governor's office, House and Senate by October 15 each year.
- DFC 3-yr list delivered to Legislature 90 days prior to session start
- 2019 Session starts March 5th.

CIP/LBR Components

- Capital Improvement Plan (CIP)
- Operating Costs for New Facilities (OCNF).
- Authorization requests for new facilities/property not funded by state (back-of-bill).
- Authorization request to reappropriate funds (back-of-bill).

FCO Budget Process

Colleges submit an annual Capital Improvement Plan (CIP)

- Projects are survey-recommended
- CIP and projects are approved by the institution's board of trustees
- CIP includes initial OCNF request and legislative back-of-bill authorization requests.
- CIP addresses all fund sources.

Florida Statute 1013.40

- (1) The need for FCS institution facilities shall be established by a survey
- (2) No FCS institution may expend public funds for the acquisition of additional property without the specific approval of the Legislature.
- (3) No facility may be acquired or constructed by a FCS institution or its direct-support organization if such facility requires general revenue funds for operation or maintenance ... unless prior approval is received from the Legislature.

Educational Plant Surveys due June 30, 2018

- Florida SouthWestern State College
- Florida Keys Community College
- North Florida Community College
- South Florida State College

Educational Plant Surveys due June 30, 2019

- Broward College
- Lake-Sumter State College
- Pasco-Hernando State College

- Note: COFTE Projections window opens around 6/4/18.

Fixed Capital Outlay Fund Sources

- Public Education Capital Outlay (PECO)
- Capital Improvement Fees (CIF or SCIF)
- Capital Outlay & Debt Service (CO&DS)
- Other
 - Donations
 - Grants
 - Auxiliary

Public Education Capital Outlay (PECO)

- Legal authority: Article XII, Section 9(a) of the Constitution of the State of Florida
- Fund source: Gross Receipts Tax Revenue
- Established in 1963 for higher education institutions. School districts were added in 1974. Public Broadcasting, School for the Deaf & Blind and others were added in late 1970s.
- General revenue is oftentimes used to supplement
- Funds are strictly available for annual appropriations by the Legislature and **are subject to reversion after 31 months.**

Capital Improvement Fees (CIF)

- Refer to section 1009.23(11), Florida Statutes.
 - Each FCS institution board of trustees may establish a separate fee for capital improvements, technology enhancements, equipping student buildings, or the acquisition of improved real property....”
 - The fee shall be “... expended only to acquire improved real property, or construct and equip, maintain, improve, or enhance the educational facilities of the FCS institution.”
 - Projects and acquisitions of improved real property funded through the use of the CIF **shall meet the survey and construction requirements of chapter 1013.**

Capital Improvement Fees (CIF)

- Refer to section 1009.23(11), Florida Statutes cont.
 - Pursuant to s. 216.0158, each FCS institution shall identify each project, **including maintenance projects**, proposed to be funded in whole or in part by such fee. (Note: College CIP process = s. 216.0158 requirement.)
 - CIF “revenues may be pledged by a board of trustees as a dedicated revenue source to the repayment of debt, including lease-purchase agreements, **with an overall term of not more than 7 years**, including renewals, extensions, and refundings”
 - A max of 15% may be allocated from the CIF for child care centers conducted by the FCS institution (after any CIF bond debt is paid).

Capital Outlay & Debt Service (CO&DS)

- Legal authority: Article XII, Section 9(d) of the Constitution of the State of Florida
- Fund source: Motor Vehicle License Tax Revenue
- One of the oldest (1953-54) **and most restrictive** sources of fixed capital outlay funds, available to K-12 and colleges only.
- The CO&DS distribution amount for K-12 and colleges totals approximately \$98 million each year, with colleges receiving approximately \$21 million.
- CO&DS funds **don't revert**.

Capital Outlay & Debt Service (CO&DS)

- Funds may be used “in the acquiring, building, constructing, altering, remodeling, improving, enlarging, furnishing, equipping, maintaining, renovating, or repairing of capital outlay projects”
- Funds should be spent in order of priority of need per the college’s approved Project Priority List (PPL). This list is developed from projects and/or recommendations in the educational plant survey, and approved by the State Board of Education.
- The PPL is a **separate, online document** to be completed with the survey (or at least every 5 years).

CIP 1

Current Status of Funded & Budgeted Projects

- Show all projects from all fund sources
 - Smaller projects can be grouped, i.e. roof repairs, interior painting, etc.
- Include FECGP projects
 - Note how any matching funds will be used if project is complete.

CIP 2

Project Summary

Summarizes requested state funding for projects

Two Sections:

- Maintenance/Repair & Renovation
- Remodeling, New Construction, Replacement & Acquisition

Selection/Prioritization Process

- Projects will be prioritized using the following five metrics:
 - Return on Investment
 - Benefit/cost
 - Life-cycle cost
 - Space Utilization
 - Program
 - College Priority Order
 - Age
 - Percentage of Funding Available

Operating Costs for New Facilities

- Facilities must be owned or contracted for use through a lease with a term of five (5) years or more.
- Square footage must be survey-recommended.
- Leases must be cost-effective alternatives to new construction. Such space shall be included in the facility inventory.

Operating Costs for New Facilities

- The funding request shall not include space or facilities used primarily for recreation, intercollegiate athletics, auxiliary enterprises, self-supporting activities, and other specialized purposes which are not used as a component of the general education process.

Operating Costs for New Facilities

Disposal of a Facility

- If a college is disposing of a facility – either through demolition, termination of a lease, etc. – for which operating funds have been receiving, the Division has to delete the square footage of that facility and subtract the operating funds from the college’s operating base.

Operating Costs for New Facilities

- Submit with Capital Improvement Plan on the designated form
- Due date is July 2nd
- Request will be reviewed and included in DOE's Legislative Budget Request
- Division will request updates in November before legislative session begins

Back-of-bill Requests

Sec. 1013.40(2) and (3), F.S. (Legislative authorization for property acquisition)

Sec. 1013.66(3), F.S. states: “No transfers between appropriations shall be made without prior approval under the provisions of Ch. 216.”

Include with CIP Submission July 2nd:

- Reappropriation requests
- Property acquisition and/or new construction using other fund sources besides PECO (CIF, etc.)

Back-of-Bill Process

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QUESTIONS?

Please call or email!

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