

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Higher Education Appropriations Committee

BILL: PCS/SB 1344 (732374)
INTRODUCER: Higher Education Appropriations Committee
SUBJECT: Higher Education
DATE: March 19, 2010 **REVISED:** _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|---------|----------------|-----------|--------------------|
| 1. | Bryant | Hamon | HI | Pre-meeting |
| 2. | | | WPSC | |
| 3. | | | | |
| 4. | | | | |
| 5. | | | | |
| 6. | | | | |

I. Summary:

The bill makes the following changes to higher education funding statutes:

- Bright Futures –
 - Increases test score eligibility requirements.
 - Removes the provision allowing the restoration of a Bright Futures scholarship after a student academically loses it.
 - Reduces the number of credits covered by Bright Futures from 110% of program requirements to 100%.
 - Reduces the time to utilize the award to 4 years from 7 years.
 - Encourages use of acceleration credit.
 - Specifies that payment rates will be specified in the General Appropriations Act, allowing the flat award amounts established in the current year.
 - Requires the FAFSA (Free Application for Federal Student Aid) for applicants to the program.
- Authorizes a block differential tuition at the University of Florida.
- Requires state residency confirmation for Workforce Education Programs.
- Limits community college president salaries to \$225,000 from appropriated state funds.
- Requires full fee support for Continuing Workforce Education (CWE).
- Encourages the adoption of open access textbooks.
- Requires the study of a possible merger of adult public school workforce into community or state colleges by the Office of Program Policy Analysis and Governmental Accounting (OPPAGA).

- Clarifies statutory bonding authority regarding direct support organizations and auxiliary enterprises.
- Provides a process for the coordinated licensing of electronic library resources for use by secondary and postsecondary students in Florida.
- Encourages continued implementation of online registration for online learning.
- Clarifies statutory provisions relating to the Children and Spouses of Deceased or Disabled Veterans (CSDDV) Program. The bill clarifies the use of funds; specifies the award amounts; and defines the eligible institutions at which a recipient may use an award.
- Clarifies statutory provisions relating to the Jose Marti and Mary McLeod Bethune scholarship programs. Obsolete language requiring the deposit of appropriated funds into the State Student Financial Assistance Trust Fund is repealed.
- Amends the university design professional services continuing contract statute to provide for consistency with the governmental entity statute as recommended by the Auditor General.
- Establishes a reversion schedule for any unencumbered and/or undisbursed funds that were transferred from the Department of Financial Services Workers' Compensation Administration Trust Fund.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes: 295.02, 1000.04, 1001.74, 1004.085, 1004.091, 1009.21-22, 1006.72, 1009.24, 1009.53, 1009.531-2, 1009.534-6, 1009.5385, 1009.72-3, 1010.62, 1010.87, 1011.80, and 1012.885.

II. Present Situation:

The Florida Bright Futures Scholarship Program

The Florida Bright Futures Scholarship Program is a lottery and slot machine revenue-funded program that rewards Florida high school graduates whose academic achievement merits the award. The Bright Futures Scholarship Program consists of the Florida Academic Scholars Award, the Florida Medallion Scholars Award, and the Florida Gold Seal Vocational Scholars Award. Each award has its own academic eligibility requirements, award amounts, and funding length. The Florida Academic Scholars award pays a fixed amount towards tuition and fees as set in the General Appropriations Act. The Florida Medallion Scholars award and the Florida Gold Seal Vocational Scholars award pay a smaller fixed amount at roughly 75% of the academic scholar's award, except for those AA students at community colleges.

A student may use a Bright Futures Scholarship award to enroll in a degree program, certificate program, or applied technology program at an eligible Florida public or private postsecondary education institution within three years of graduation from high school.¹

The Florida Gold Seal Vocational Scholars award within the Florida Bright Futures Scholarship Program awards academic achievement and career preparation by high school students who wish to continue their education. Gold Seal Vocational Scholars are not subject to the standardized

¹ s. 1009.53(1), F.S.

testing score requirements that Academic and Medallion Scholars must achieve for eligibility for awards.

Some criticism of the Bright Futures program has occurred over the years as a merit scholarship program, due to its relatively low qualifying scores. A student may qualify for an award as an Academic Scholar with an 87th percentile ranking on an SAT exam, or a 44th percentile ranking as a Medallion Scholar. The program has grown rapidly in recent years with an appropriation of \$418.9 million in the current (2009-10) fiscal year. This is over three times the amount state has allocated to its primary need-based financial aid program, the Florida Student Assistance Grant.

A Bright Futures student has the one time ability to restore a scholarship after losing it academically. An awardee may earn academic credits up to 110% of a degree requirement and may utilize the award for up to 7 years after beginning a postsecondary academic career.

Block Differential Tuition

Each university board of trustees may establish a tuition differential for undergraduate courses upon receipt of approval from the Board of Governors. The tuition differential shall promote improvements in the quality of undergraduate education and shall provide financial aid to undergraduate students who exhibit financial need. The tuition differential is authorized to be charged based on the credit hours of each student. Although current state policy defines a full-time equivalent student as one that takes 15 credit hours per term during the academic year, undergraduate students at the University of Florida current average less than that amount. As a consequence of this fact, students take longer than four years to graduate.

State Residency Confirmation for Workforce Education Programs

Florida Statutes require that student tuition and fees charged to nonresidents must offset the full cost of their instruction. However, while Florida statutes list criteria state colleges and universities are to use to classify students as residents or nonresidents for the purpose of assessing tuition, the statutes do not require school districts to use these criteria for adult education programs. Variations in district residency tuition policies can increase the state's funding burden for career and adult education programs, and are inconsistent with the general intent that out-of-state students pay the full cost of the programs they attend.

Community College President Salaries

Current law prohibits a state university president from receiving more than \$225,000 in remuneration annually from public funds. Current law also prohibits school district superintendents from receiving more than \$225,000 in remuneration annually from state funds. Community or state college presidents are not subject to these restrictions.

Fee Support for Continuing Workforce Education (CWE)

Currently fees for continuing workforce education are required to cover at least 50 percent of the cost of the program.

Adoption of Open Access Textbooks

Section 1004.085, Florida Statutes, was enacted by the Florida Legislature in 2008 and requires the State Board of Education and the Board of Governors to adopt policies, procedures, and guidelines for implementation by community colleges and state universities that further efforts to

minimize the cost of textbooks for their students while maintaining the quality of education and academic freedom. In 2009, the Legislature created s. 1004.091, Florida Statutes, which established the Florida Distance Learning Consortium and assigned it several duties and responsibilities; to include, in consultation with the Florida College System and the State University System, the development of a plan, submitted no later than March 1, 2010, that identifies strategies for promoting and increasing the use of open access textbooks as a method for reducing textbook costs. The consortium's report, *Open Access Textbook Task Force Final Report*, identified 11 recommendations necessary to meet critical, identified needs for a successful implementation of open access textbooks in Florida.

Adult Public School Workforce and the Florida College System

Currently adult basic education and postsecondary vocational certificate education is done by both the school district vocational and technical centers and the Florida college system.

Bonding Authority Regarding Direct Support Organizations and Auxiliary Enterprises

A state university or university direct-support organization may not issue revenue bonds and other debt without the approval of the Board of Governors. The Board of Governors may approve the issuance of debt by a state university or a direct-support organization only when such debt is used to finance or refinance capital outlay projects. The revenue from an authorized debt issuance may be used for capital outlay projects to acquire, construct, improve, or change the functional use of land, buildings, and other facilities, including furniture, equipment or software necessary to operate a new or improved building or facility.

Revenue bonds and other debt may be secured by or payable only from those revenues authorized for such purpose. Revenues from one auxiliary enterprise may not be used to secure revenue bonds of another unless the Board of Governors, after review and analysis, determines that the facilities being financed are functionally related to the auxiliary enterprise revenues being used to secure such revenue bonds.

Coordinated Licensing of Electronic Library Resources

There are currently four automated library systems and services in Florida that provide centralized automated library services for different constituents as follows:

- Florida Center for Library Automation (FCLA) – State University System
- College Center for Library Automation (CCLA) – Florida College System
- SUNLINK – K-12 public schools
- Florida Electronic Library (FEL) – Florida public libraries

Each automated library system provides, in part, access to commercial electronic resources through subscription contracts with publishers and providers. Currently there is ad hoc coordination among the automated library systems; however, there is no standardized process to ensure there is not duplication in the licensing of electronic library materials.

Online Registration for Online Learning

Section 1004.091, Florida Statutes, establishes the Florida Distance Learning Consortium and assigns it specific duties and responsibilities, to include the development of a plan, to be submitted to the Legislature no later than March 1, 2010, to streamline and automate an online registration process for undergraduate students who have been admitted to a public

postsecondary educational institution and who wish to enroll in a course listed in the consortium's online higher education distance learning catalog. To develop this plan, the consortium, with the assistance of the Board of Governors and the Division of Florida Colleges, assembled a 13 member workgroup consisting of college and university staff members with expertise in academic affairs, admissions and registration, student services and distance learning. The plan, *Online Registration Workgroup Final Report*, identified a range of policy and infrastructure "gap" issues and where possible, provided recommended strategies for addressing them. However, there were several key policy issues that the workgroup identified that required additional study.

Children and Spouses of Deceased or Disabled Veterans (CSDDV) Program

Payment levels for this program have historically been tied to payment levels in the Bright Futures scholarship program. Standards for award payments under the CSDDV program need clarification due to recent statutory changes to the Bright Futures program.

Jose Marti and Mary McLeod Bethune Scholarship Programs

The authorizing statute for both programs requires transfer of state appropriations for these programs into the State Student Financial Assistance Trust Fund. This requirement for other scholarship programs was removed from statute during the 2009 regular session.

University design professional services continuing contracts

The Auditor General has pointed out that the statute for the procurement of university design professional services on a continuing contract basis is inconsistent with the statutory provisions for governmental entities.

Workers' Compensation Administration Trust Fund

The Department of Education - Division of Vocational Rehabilitation currently receives a non-operating transfer from the Workers' Compensation Trust Fund at the Department of Financial Services (DFS) to the Workers' Compensation Trust Fund at the Department of Education (DOE). These funds are for the sole purpose of administering the Injured Workers Program at the Division of Vocational Rehabilitation.² Any funds that are not used during the fiscal year remain in the Workers' Compensation Trust Fund at the DOE for future use in administering the program.

III. Effect of Proposed Changes:

Bright Futures Scholarship Program

To increase the academic rigor required for the scholarship the test score requirements are increased pursuant to the following schedule:

Raise the Academic SAT score from 1270 (87th percentile) to 1290 (89th percentile)

Phase in for awards for high school students graduating in:

2012-2013 – SAT 1280 (88th percentile)

2013-2014 – SAT 1290 (89th percentile)

² Section 1010.87(1), F.S.

Raise the Medallion SAT score from 970 (41st percentile) to 1050 (56% percentile)

Phase in for awards for high school students graduating in:

2011-2012 – SAT 980 (44th percentile)

2012-2013 – SAT 1020 (50th percentile)

2013-2014 – SAT 1050 (56th percentile)

The scores are phased in gradually so that current high school students will have time to prepare academically.

The bill removes the restoration of a Bright Futures scholarship after a student academically loses it. It reduces the number of credits covered by Bright Futures from 110% of program requirements to 100% and reduces the time to utilize the award to 4 years from 7 years.

The bill incentivizes early graduation by allowing students, who utilize acceleration hours to graduate in less than 4 years, to use up to 15 of those saved credit hours (in one semester) for graduate courses (paid at Academic or Medallion rates) in targeted graduate programs.

The Bright Futures per credit hour payment rates shall be as specified in the General Appropriations Act, continuing the use of a flat award approach established in the current year. In an effort to better develop demographic information about the Bright Futures student population, the bill requires the FAFSA (Free Application for Federal Student Aid) for application to the program.

Block Differential Tuition

The bill specifies that students at the University of Florida, a largely residential institution, may implement the differential fee on a block basis, with students registering for between 11 and 19 hours paying for 15.

State Residency Confirmation for Workforce Education Programs

The bill requires charter technical centers and career centers operated by school districts to follow the same residency criteria as state universities and colleges.

Community College President Salaries

The bill prohibits a community college president from receiving more than \$225,000 in remuneration annually from appropriated state funds.

Continuing Workforce Education

The bill requires full fee support for Continuing Workforce Education (CWE) programs which are typically prepared and taught by an institution at the request of local business. Student enrollment in such programs shall not to be reported for state funding.

Adoption of Open Access Textbooks

As a result of the recommendations identified by the consortium in its March 1, 2010, report, the bill amends s. 1004.085, Florida Statutes, to accomplish the following:

- Prior to the adoption of a textbook, consideration should be given to the extent to which an open access textbook may exist and be used.
- Encourages policies addressing the availability of required textbooks to include consideration of open access textbooks.

- Encourages postsecondary instructors and academic departments to participate in the development, adaptation, and review of open access textbooks.

Adult Public School Workforce and the Florida College System

The bill requires OPPAGA to conduct a review of the public school adult workforce education programs and the community college and state college workforce programs to identify the positive and negative aspects of merging the school district workforce programs with the community college and state programs. The results of this review are due to the Legislature by December 2, 2010.

Bonding Authority Regarding Direct Support Organizations and Auxiliary Enterprises

The bill clarifies that the current revenue bond and debt restriction apply to all state university auxiliary enterprises including activities performed by direct-support organizations. This will ensure uniformity and consistency in the process to request, evaluate, approve, and issue debt related to state universities.

Coordinated Licensing Of Electronic Library Resources

The bill creates a new process for the coordinated licensing of electronic library resources for use by secondary and postsecondary students in Florida. The bill requires the FCLA, CCLA, and FEL to identify on an annual basis the electronic library resources that will be licensed and made available to K-12 students and teachers and to postsecondary students enrolled in the Florida College System or the State University System. Additionally, the bill expands access to these electronic library resources by ensuring their 4-year degree seeking students in both the State University System and the Florida College System and secondary students enrolled in accelerated secondary programs have access to the appropriate resources.

Online Registration for Online Learning

As a result of the recommendations identified by the Distance Learning Consortium in its March 1, 2010, report, the bill amends s. 1004.091, Florida Statutes, to accomplish the following:

- Continue the workgroup's efforts by requiring a subsequent plan.
- Require that the streamlined, automated online registration process be implemented by the 2011-2012 academic year.
- Identify the key policy issues requiring additional study.

Children and Spouses of Deceased or Disabled Veterans (CSDDV) Program

The bill clarifies statutory provisions relating to the Children and Spouses of Deceased or Disabled Veterans (CSDDV) Program regarding: the use of funds, the award amounts, and the eligible institutions at which a recipient may use an award.

Jose Marti and Mary McLeod Bethune Scholarship Programs

The obsolete language requiring the deposit to the State Student Financial Assistance Trust Fund is repealed. The scholarship programs are unchanged.

University Design Professional Services Continuing Contracts

Statutory changes are made in the university design professional services continuing contract statute to make it consistent with the governmental services statute for similar procurements, as recommended by the Auditor General.

Workers' Compensation Administration Trust Fund

The bill requires unspent and unencumbered funds in the Workers' Compensation Trust Fund at the Department of Education to revert back to the Workers' Compensation Trust Fund at the Department of Financial Services. The bill stipulates that funds unencumbered as of June 30 and unspent as of September 30 shall revert to DFS for reappropriation.

Other Potential Implications:**IV. Constitutional Issues:****A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

None.

B. Private Sector Impact:**Continuing Workforce Education**

Depending on previous local arrangement, businesses may see a higher cost for customized continuing training performed by public institutions.

Open Access Textbooks

This issue has the potential to significantly reduce the cost of textbooks to students in the long term.

Coordinated Licensing of Electronic Library Resources

This issue has the potential to lower the acquisition costs of electronic content for the libraries in the state.

C. Government Sector Impact:**The Florida Bright Futures Scholarship Program**

The full fiscal impact of the changes in the Bright Futures program will be phased in over a number of years:

- Increase in test score eligibility requirements – Program cost reduction estimated at \$8 million in 2012-13, increasing to an estimated \$100 million in 2017-18.
- Loss of scholarship academic restoration – Program cost reduction estimated at \$4 million for each semester the scholarship is not restored.
- Reduce the number of credits from 110% of program requirements to 100% – Program cost reduction estimated at approximately \$9 million annually.
- Limit use the award to four years – Program cost reduction estimated at \$14.8 million in 2014-15 increasing to an estimated \$27 million in 2015-16.

The fiscal impact of each program change has been estimated individually. Certain program changes will have an impact on the other program cost reduction estimates over time.

Block Differential Tuition

The University of Florida estimates a revenue increase of over \$2 million in the first year of implementation.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.