

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 5101 (PCB EDAS 13-01) Education Funding

SPONSOR(S): Appropriations Committee; Education Appropriations Subcommittee; Fresen

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Education Appropriations Subcommittee	11 Y, 0 N	Heflin	Heflin
1) Appropriations Committee	16 Y, 5 N, As CS	Heflin	Leznoff

SUMMARY ANALYSIS

The bill conforms statutes to the funding decisions included in the proposed House General Appropriations Act (GAA) for the 2013-2014 fiscal year. Specifically the bill:

- Modifies the requirements for reporting and calculating full-time equivalent student membership in K-12 programs for funding in the Florida Education Finance Program (FEFP).
- Modifies the performance funding related to student passage of the must pass End of Course (EOC) assessments until 2016-17 school year.
- Modifies the provider qualifications necessary for providers to be approved to offer virtual instruction programs.
- Provides requirements for the coding of blended learning courses by the department to ensure efficient reporting of such courses and requires public school districts and the Florida Virtual School to use common student identifiers to ensure accurate reporting of full-time equivalent student membership in K-12 programs.
- Clarifies the role and responsibility of the Florida Virtual Campus to provide online academic support services and resources and access to distance learning courses offered by the state's public postsecondary education institutions.
- Creates the Board of Governors oversight authority to oversee the performance of university boards of trustees in the compliance with laws, rules and regulations.
- Provides funding requirements for dual enrollment program articulation agreements between colleges or universities and school districts.
- Provides additional flexibility for state universities to expand student fees to include the tuition differential within the percentage of tuition limitations.
- Extends the limitation on the amount of state funds that may be used for salaries of Florida College System and State University presidents and administrative employees indefinitely.
- Requires specific action by the Florida College System and State University System upon the occurrence of a financial emergency situation at a college or university institution.
- Establishes academic and research excellence standards for universities to be designated as a preeminent state research university.
- Provides eligibility and funding requirements for participation in the School Readiness program.
- Adopts by reference the alternate compliance calculation amounts for the class size reduction operating categorical.
- Terminates the Sophomore Level Test Trust Fund and renames the Knott Data Center Working Capital Trust Fund within the Department of Education (DOE).

See Fiscal Comments section for explanation of the fiscal impact of the bill.

Except as specifically provided, the bill takes effect July 1, 2013.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Financial Emergency Requirements for Colleges and Universities

Present Situation

Chapter 218, F.S., relating to Financial Matters Pertaining to Political Subdivisions implements the Local Governmental Entity, Charter School, Charter Technical Center, and District School Board Financial Emergencies Act. The provisions of this act promote the fiscal responsibility of local governmental entities (counties, municipalities, and special districts), charter schools, charter technical centers, and school districts, assisting them in providing essential operations and services without interruption and in meeting their financial obligations. Section 218.503, F.S., addresses the determination of a financial emergency for these entities.

The Florida College System (FCS) is established in s. 1001.60, F.S. FCS institutions are designated as locally based and governed entities with statutory and funding ties to state government,¹ and constitute as political subdivisions of the state.² The State University System (SUS) is established in Article IX, Section 7 of the Florida Constitution. State universities are designated as agencies of the state which belong to and are part of the executive branch of state government.³ FCS and SUS institutions are defined in s. 1000.21, F.S. There are currently no provisions in statute related to the establishment of a state of financial emergency for any SUS or FCS institution. Existing provisions in statute,⁴ State Board of Education Administrative Rule, and Board of Governors Regulation and the Florida Constitution require colleges and universities respectively to operate in a financially sound and prudent manner.

Effect of Proposed Changes

The bill incorporates SUS and FCS institutions and their respective boards of trustees into the provisions of s. 218.503, F.S., related to the determination of a financial emergency. The bill assigns specific reporting responsibilities to the institutions as well as specific review and oversight authority and responsibility to the respective chancellors of the SUS and FCS related to the prevention of or resolution of any declared state of financial emergency. The bill:

- Incorporates the SUS and the FCS into s. 218.503, F.S., of the Local Governmental Entity, Charter School, Charter Technical Center, and District School Board Financial Emergencies Act;
- Requires that state universities and colleges notify, by specified deadlines, and then be subject to review and oversight by the Chancellor of the SUS or the Chancellor of the FCS respectively, when the institution is unable to meet certain financial obligations defined in statute, including the payment of uncontested claims from creditors, debt services, wages, payroll taxes, and other employee benefits;
- Requires the institutions to take action to resolve or prevent the negative financial condition;
- Establishes the condition under which the Chancellor of the SUS or the Chancellor of the FCS determines that state assistance is needed and the state of financial emergency is declared;
- Authorizes the respective chancellors of the FCS and SUS to implement a variety of measures and remedies described in ss. 218.50-218.504, F.S., to resolve the financial emergency including technical support and financial oversight;
- Provides for the appointment of a financial emergency board as deemed appropriate by the appropriate chancellor;

¹ Section 104.65(3), F.S.

² Section 1004.67, F.S.

³ Section 1001.705(1)(d), F.S.

⁴ Section 1001.84(3)(e), F.S. for FCS and Section 1011.40(2), F.S., for SUS

- Provides for the determination of malfeasance, misfeasance, and neglect of duty if the institution's board of trustees fails to resolve a state of financial emergency;
- Requires state universities and colleges to maintain a fund balance sufficient to address normal contingencies;
- Requires state universities and colleges to provide written notification to the Chancellor of the SUS or the Chancellor of the FCS respectively at any time the portion of institution's unrestricted general fund is projected to fall below 3 percent, and
- Requires state universities and colleges to also provide written notification to the Chancellor of the SUS or the Chancellor of the FCS respectively at any time the portion of institution's unrestricted general fund is projected to fall below 2 percent and, within 14 days of notification if the respective Chancellor determines the institution does not have a plan that is reasonably anticipated to avoid a financial emergency the Chancellor shall appoint a financial emergency board that shall operate under the requirements of s. 218.503(3)(g), F.S.

State Satellite Network

Present Situation

The Department of Education leases satellite transponder capacity for the statewide delivery of governmental and educational broadcast services. These services include The Florida Channel, televised drawings of the Florida Lottery, and emergency management information. The department has executed a separate agreement with a Florida public broadcasting station for the management of the satellite transponder capacity. The current satellite lease agreement terminates on September 30, 2012. Public Education Capital Outlay funds were used to fund the agreement and all net revenue realized through the leasing of available transponder time, after deducting the costs of performing the management function, are required to be recycled to support the public education distance learning in the state based upon an allocation formula of one-third to the Department of Education, one-third to Florida College System institutions, and one-third to state universities. Based on the last four years of leasing records, no public educational institution has utilized the satellite transponder. Due to the lack of use of the state satellite network by public educational institutions, the Department of Education will not renew the lease of the satellite transponder.

Effect of Proposed Changes

The bill repeals the section of law creating a state satellite network and authorizing the Department of Education to coordinate the implementation and management of the network and transponder in order that the Florida public broadcasting station that currently manages the satellite transponder for the DOE will continue to manage the satellite transponder for the continued operations and broadcast of The Florida Channel.

Florida Preeminent Universities

Present Situation

In 2012, the Legislature passed the State Universities of Academic and Research and National Preeminence Act (Act),⁵ a collaborative partnership between the Board of Governors (BOG) and the Legislature to raise the academic and research excellence and national preeminence of the highest performing state research universities in Florida. The partnership was based on the March 24, 2010 State University System (SUS) Governance Agreement that affirmed the commitment of the BOG and the Legislature to continue collaboration on accountability measures, the use of data, and recommendations derived from such data. On April 27, 2012, the Governor vetoed the Act,⁶ which had passed the House of Representatives by an 85 to 28 vote and the Senate by a 36 to 3 vote.

⁵ House Bill 7129, 2012 (vetoed by the Governor on April 27, 2012).

⁶ Letter from Gov. Rick Scott to Secretary of State Ken Detzner. Apr. 27, 2012.

Under the Act, a state research university that met specific eligibility requirements was authorized to raise tuition and fees at differentiated and market rates once each academic year. The authority to raise student tuition and fees was contingent upon the BOG verifying that the SUS institution substantially met at least 11 of 14 academic and research excellence standards.

Several nationally recognized entities collect data relating to various aspects of postsecondary education across the United States, including:

Integrated Postsecondary Education Data System (IPEDS)

IPEDS is a “system of interrelated surveys conducted annually by the U.S. Department of Education’s National Center for Education Statistics (NCES). IPEDS gathers information from every college, university, and technical and vocational institution that participates in the federal student financial aid programs.⁷ The Higher Education Act of 1965⁸, as amended, requires institutions that participate in federal student aid programs [to] report data on enrollments, program completions, graduation rates, faculty and staff, finances, institutional prices, and student financial aid. Data from IPEDS are commonly used as the foundation of state and national reports.

The Center for Measuring University Performance

The Center for Measuring University Performance (Center) is a research enterprise focused on comparative performance of major research universities.⁹ The Center publishes an annual report, *The Top American Research Universities* (TARU), which provides analysis and data to assess the performance of research universities based on nine research-specific measures.¹⁰ The TARU report includes institutions with a certain level of federal research expenditures.¹¹ These data are the same or similar to data used by nationally recognized ranking systems.

The National Science Foundation (NSF)

NSF is an independent federal agency created by Congress in 1950 “to promote the progress of science; to advance the national health, prosperity, and welfare; to secure the national defense; and for other purposes.”¹² NSF ranks institutions based on research and development expenditures in science and engineering fields.¹³

⁷ Integrated Postsecondary Education Data System, About IPEDS, available at <http://nces.ed.gov/ipeds/about/> (last visited Feb. 21, 2013).

⁸ The Higher Education Opportunity Act (HEOA) was enacted on August 14, 2008, and reauthorizes the Higher Education Act (HEA) of 1965, as amended. U.S. Department of Education, *Higher Education Opportunity Act-2008*, available at <http://www2.ed.gov/policy/highered/leg/hea08/index.html#ipeds> (last visited Feb. 21, 2013).

⁹ The Center for Measuring University Performance, *The Center for Measuring University Performance*, available at <http://mup.asu.edu/index.html> (last visited Feb. 21, 2013).

¹⁰ The Top American Research Universities, *2010 Annual Report*, available at <http://mup.asu.edu/research.html>, (last visited Feb. 21, 2013).

¹¹ The 2011 report used \$40 million as the cutoff for federal research expenditures in fiscal year 2009. The same dollar cutoff was used for fiscal year 2008 federal research expenditures. The Top American Research Universities, *2011 Annual Report*, available at <http://mup.asu.edu/research.html>, (last visited Feb. 21, 2013).

¹² 42 U.S.C.A. s. 1861; see also National Science Foundation, *About the National Science Foundation*, available at <http://www.nsf.gov/about/> (last visited Feb. 21, 2013).

¹³ National Science Foundation, *Academic Research and Development Expenditures: Fiscal Year 2009*, available at http://www.nsf.gov/statistics/nsf11313/content.cfm?pub_id=4065&id=2 (last visited Feb. 21, 2013).

Effect of Proposed Changes

The bill grants the BOG authority to designate a qualifying institution as a preeminent state research university.

The academic and research excellence standards established by the bill are as follows:

1. An average weighted grade point average of 4.0 or higher on a 4.0 scale and an average SAT score of 1800 or higher for fall semester incoming freshman, as reported annually.
2. A top 50 ranking on at least two well-known and highly respected national public university rankings, reflecting national preeminence, using most recent rankings.
3. A freshman retention rate of 90 percent or higher for full-time first-time-in-college students, as reported annually to the IPEDS.
4. A 6-year graduation rate of 70 percent or higher for full-time first-time-in-college students, as reported annually to the IPEDS.
5. Six or more faculty members at the state university who are members of a national academy, as reported annually by TARU annual report.
6. Total annual research expenditures, including federal research expenditures, of \$200 million or more, as reported annually by the NSF.
7. Total annual research expenditures in diversified nonmedical sciences of \$150 million or more, as reported annually by the NSF.
8. A top 100 university national ranking for research expenditures in five or more science, technology, engineering, or mathematics fields of study, as reported annually by the NSF.
9. One hundred or more total patents awarded by the United States Patent and Trademark Office for the most recent 3-year period.
10. Four hundred or more doctoral degrees awarded annually, as reported in the BOG Annual Accountability Report.
11. Two hundred or more post-doctoral appointees annually, as reported in the TARU annual report.
12. An endowment of \$500 million or more, as reported annually by the BOG Annual Accountability Report.

Of the 14 academic and research excellence standards proposed in HB 7129 in 2012, the bill includes 12 identical measures, four of which have increased benchmarks. The BOG must verify that a university has met benchmarks associated with 11 of the 12 measures before it can designate the university as a preeminent state research university.

The state research university that attains the highest level on the academic and research excellence standards, as verified by the BOG must establish an institute for online learning, subject to funds appropriated by the Legislature. The state research university that attains the second highest level must recruit National Academy Members, expedite provision of a master's degree in cloud virtualization, and institute an entrepreneurs-in-residence program throughout its campus, subject to funds appropriated by the Legislature.

The bill also establishes the Preeminent State University Special Course Requirements Authority, under which any preeminent state research university may require its incoming first-time-in-college students to take a 9-to-12 credit set of courses specifically determined by the university. The university may stipulate that credit for such courses may not be earned through any acceleration mechanism pursuant to ss. 1007.27 or 1007.271, F.S. or other transfer credit. Any accelerated credits earned up to the limits specified in ss. 1007.27 and 1007.271, F.S. must be applied toward graduation at the student's request.

The BOG is encouraged to identify and grant all reasonable feasible authority and flexibility to keep designated preeminent universities free from unnecessary restrictions. The bill also encourages the BOG to identify individual programs within state universities that objectively reflect national excellence. The BOG is encouraged to make recommendations to the Legislature as to how any such programs could be enhanced and promoted.

State University System Online Education

Present Situation

Currently, 10 of Florida's 12 state universities offer online courses and online degree programs.¹⁴ Each institution has its own, independent online strategy, with its own marketing, course design, instruction, support services, and IT capabilities. Systemwide, state universities offer a total of 389 online programs for undergraduate and graduate certificates, bachelor's degrees, master's degrees, and doctorate degrees.¹⁵ Of the 389 online programs currently offered by state universities, only 46 are baccalaureate programs.¹⁶ The majority of these consist of only upper-division courses.

In 2012, the Parthenon Group conducted a survey of online postsecondary education in Florida and identified four primary objectives for postsecondary online learning:¹⁷

- Expanding access;
- Reducing system and student costs;
- Strengthening the link between the labor market and postsecondary education; and
- Enhancing the student experience.

Effect of Proposed Changes

The bill provides that the state university that has attained the highest level on the academic and research standards for preeminence ("university" for purposes of this segment of the bill analysis) must establish an institute for online learning, subject to funds appropriated by the Legislature. It also creates an advisory board, which must advise the university in the development and implementation of a business plan; authorize the release of funds to the university; and monitor, evaluate, and report on the status of the implementation of the plan. The advisory board for the online institute is comprised of the following:

- The chair of the Board of Governors or the chair's permanent designee;
- A member with expertise in online learning, appointed by the Board of Governors;
- A member with expertise in global marketing, appointed by the Governor;
- A member with expertise in cloud virtualization, appointed by the President of the Senate; and
- A member with expertise in disruptive innovation, appointed by the Speaker of the House of Representatives.

The bill requires the university to submit a comprehensive plan to the advisory board detailing the expansion strategy for online education. This plan will include the university's approach to develop:

- General education and new course offerings online;
- Applicable support services for online students;
- A tuition and fee structure for courses, programs, and student support;
- A timeline for offering, marketing, and enrolling students;
- A budget for development and marketing; and
- Strategies for ensuing success of students and sustainability of programs.

The university is required to offer high-quality, fully online bachelor's degree programs starting in January 2014. The programs must:

- Accept full-time, first-in-time-in-college students;

¹⁴ The Parthenon Group, *Summary: Post-Secondary Online Expansion in Florida*, at 5 (Nov. 7, 2012). SUS institutions that do not offer online courses or degree programs include Florida Polytechnic University and New College of Florida. The figures presented within the Parthenon Group's Summary are based on a 2010-2011 headcount.

¹⁵ The Parthenon Group, *Summary: Post-Secondary Online Expansion in Florida*, at 68 (Nov. 7, 2012).

¹⁶ *Id.*

¹⁷ The Parthenon Group, *Summary: Post-Secondary Online Expansion in Florida*, at 6 (Nov. 7, 2012).

- Have the same rigorous admissions criteria as an equivalent on-campus degree program;
- Offer a curriculum of equivalent rigor to on-campus degree programs;
- Offer rolling enrollment or multiple windows of enrollment throughout the year;
- Not require any on-campus courses;¹⁸ and
- Apply the university's existing policy for accepting credits for both freshman applicants and transfer applicants.

The bill authorizes the institute to offer master's degree programs, including a fully online Masters in Business Administration, and must periodically expand its offerings for online bachelor degree programs. The university may also offer degree programs and courses that are competency based.

With respect to tuition, the university must establish a structure for its online institute in accordance with the following provisions:

- For Florida residents, tuition for any online baccalaureate degree program may not exceed 75 percent of the combined tuition and tuition differential for the equivalent on-campus baccalaureate degree program. The institution is also authorized to assess the technology, financial aid, and Capital Improvement Trust Fund (CITF) fees, whereby requiring the revenues from the CITF fee to be dedicated to the institute.
- For non-Florida residents, tuition may be set at market rates.
- Tuition for the online program must include all costs associated with instruction, materials, and enrollment, except costs relating to laboratory supplies and textbooks.
- Tuition may be differentiated by degree program as appropriate to the instructional and other costs of the program. In doing so pricing must incorporate innovative approaches that incentivize persistence and completion, including but not limited to fees for assessment, bundled or all-inclusive rates, and sliding scale features.
- The online institute of the university must accept advance payment contracts and student financial aid.
- Fifty percent of the net revenues generated from the online institute are used to enhance and enrich the online program offerings, and the other 50 percent of the net revenues are used to enhance and enrich the university's state-of-the-art research programs and facilities.
- The institute is authorized to charge user fees with the approval of the BOG¹⁹.
- The university may submit a proposal to charge fees in association with additional voluntary student services.

Transition to Electronic and Digital Instructional Materials

Present Situation

As authorized in s. 1006.29(3), Florida Statutes, beginning the 2015-2016 academic year, all adopted instructional materials for students in kindergarten through grade 12 must be provided in an electronic or digital format. For purposes of implementing this law, "electronic format" means text-based or image-based content in a form that is produced on, published by, and readable on computers or other digital devices and is an electronic version of a printed book, whether or not any printed equivalent exists. "Digital format" means text-based or image-based content in a form that provides the students with various interactive functions; that can be searched, tagged, distributed, and used for individualized content; and that has the ability to be accessed at anytime and anywhere.

Effect of Proposed Changes

¹⁸ For courses or programs that require clinical training or laboratories that cannot be delivered online, the university shall offer convenient locational options to the student, which may include but not be limited to the option to complete such requirements at a summer-in-residence on the university campus; additionally, for purposes of proctored assessments or testing, the university may provide a network of sites at convenient locations and may contract with commercial testing centers or identify other secure testing services.

¹⁹ Section 1009.24(14), F.S.

The bill requires the Department of Education to publish minimum and recommended technology requirements that include specifications for hardware, software, networking, and security, and guidelines on the number of students per device necessary to ensure that students can access all electronic and digital instructional materials by the beginning of the 2015-2016 academic year.

Florida Virtual Campus

Present Situation

Section 1006.73, F.S., establishes the Florida Virtual Campus (FLVC) to provide access to online student and library support services and to serve as a statewide resource and clearinghouse for public postsecondary education distance learning courses and degree programs, and to facilitate collaboration among public postsecondary education institutions in their use of these resources to increase student access and completion of associate and baccalaureate degrees. The FLVC consolidates the services and resources formerly provided by the Florida Distance Learning Consortium, FACTS.org, the Florida Center for Library Automation, and the College Center for Library Automation. The FLVC now provides a single point of access for students interested in utilizing these services and resources. The chancellors of the Florida College System and the State University System exercise joint oversight of the FLVC and are responsible for establishing its governance and reporting structure, administrative and operational guidelines and processes, staffing requirements and operational budget.

Effect of Proposed Changes

The bill clarifies the primary purposes of the FLVC to include providing information and access to distance learning courses and degree programs offered by the public postsecondary education institutions and to coordinate with the Florida College System and State University System to identify and provide additional online academic support services and resources when the multi-institutional provision of such services and resources is more cost or operationally effective. The bill also expands the functionality of the statewide, Internet-based distance learning catalog and it authorizes the chancellors of the Florida College System and State University System to delegate the authority and responsibility granted in the subsection pertaining to the oversight of the FLVC.

Complete Florida Degree Program

Present Situation

In 2012, the Legislature created the Degree Completion Pilot Project (Pilot).²⁰ The purpose of the Pilot is to recruit, recover, and retain the state's adult learners²¹ and assist them in completing an associate or baccalaureate degree that is aligned to high-wage, high-skill workforce needs.

Currently, 26.6% of adults (between the ages of 25-64) in Florida have a baccalaureate degree or higher, compared to 29.8% in the United States.²² Approximately 2 million Florida adults (23% of the workforce) have earned some college credit; however, many have been unable to continue (or "stopped out") their pursuit of a college degree for various reasons: financial, family, and health are reasons often cited.²³

Military students and veterans living in Florida represent a significant portion of these students who have "stopped out" of college, with over 56,000 veterans receiving benefits last year for going back to college in Florida and 14,000 active duty students taking courses from Florida public postsecondary education institutions. The Pilot gives priority to adult learners who are veterans or active duty members of the United States Armed Forces.

²⁰ HB 5201, s. 15, ch. 2012-134; s. 1006.735, F.S.

²¹ Section 1006.735(1), F.S., defines "adult learner" as a student who has successfully completed college-level coursework but has left an institution in good standing prior to the completion of his or her associate or baccalaureate degree.

²² U.S. Census Bureau, 2009 American Community Survey Public Use Microdata Sample File.

²³ *Degree Completion Florida Pilot*, Program Guidelines, University of West Florida.

The Pilot is led by the University of West Florida, in collaboration with other FCS and SUS institutions statewide. However, the \$2.5 million appropriated in the Fiscal Year 2012-2013 General Appropriations Act was vetoed by the Governor.²⁴

The chancellors of the FCS and SUS are required to submit a report to the chairs of the legislative appropriations committees by December 31, 2013, on the need for a differentiated tuition and fee structure for the development and delivery of distance learning courses.²⁵

On June 30, 2012, the University of West Florida published an Operational Work Plan that details specific degree completion efforts by various postsecondary education institutions²⁶ and provides an overview of the overall project plan, identifying key tangible outputs of the Pilot.²⁷

Effect of Proposed Changes

The bill renames the Pilot as the “Complete Florida Degree Program.” It clarifies that the University of West Florida, while acting as the lead institution, will collaborate with Florida College System institutions, state universities, and private postsecondary institutions to implement the program. Further, as part of its advising and student support system, the program must identify proposed changes to the statewide computer-assisted student advising system made available through the Florida Virtual Campus²⁸ to assist the adult learner in using the system.

The bill extends the deadline by which the chancellors of the FCS and SUS must submit a report on the need for a differentiated tuition and fee structure for the development and delivery of distance learning courses to December 31, 2014. It also extends the deadline by which the University of West Florida, in collaboration with its partners, must submit to the chairs of the legislative appropriations committees its detailed project plan to September 1, 2013.

Dual Enrollment Funding

Present Situation

Dual Enrollment (DE) is a successful acceleration mechanism that allows students to simultaneously earn credit toward high school completion, and a career certificate, or an associate or baccalaureate degree. Section 1002.271, F.S., authorizes the program and provides that dually enrolled students are exempt from paying registration, tuition, and laboratory fees for DE courses taken at public postsecondary institutions such as school district technical centers, Florida College System (FCS) institutions, or State University System (SUS) institutions.²⁹

In addition, DE students from Florida public high schools are provided instructional materials such as books, free of charge. Private school and home education students are responsible for the costs of their instructional materials and transportation; however, postsecondary institutions are not prohibited from providing instructional materials at no cost to these students.³⁰ Additional funds are provided within the Florida Education Finance Program (FEFP) to cover school districts’ costs for DE instructional materials.³¹

²⁴ Section 2, ch. 2012-118, line 139A, L.O.F.

²⁵ Section 1006.735(6), F.S.

²⁶ Institutions include Florida State College at Jacksonville, St. Petersburg College, University of South Florida, University of West Florida, and the Florida Virtual Campus. The Florida Virtual Campus is a non-degree-conferring entity.

²⁷ Dr. Pam Northrup, *Operational Work Plan for Degree Completion Pilot Program*, (June 30, 2012). Key tangible outputs of the Pilot include partnership plans among institutions, programs to provide for competency-based instructional and evaluation tools, advising and student support system development, web presence on Florida Virtual Campus with self-serve features, a statewide marketing and advertising plan, an evaluation model, an annual report, and a differentiated costing model supporting a reduced cost of education.

²⁸ Section 1006.735, F.S.; The Florida Virtual Campus is accessed online at www.flvc.org.

²⁹ Section 1007.721(16), F.S.

³⁰ Section 1011.62(1)(i), F.S.

³¹ Specific Appropriation 84 proviso, Chapter 2012-118, Laws of Florida, FY 2012-2013 GAA

Types of Dual Enrollment	
Academic	Offers college credit courses that can be completed and applied toward an AA, AS, or BS
Career Education	Offers vocational education courses that can be completed and applied towards a certificate or workforce-related program
Early Admission	Offers high school students enrolled at a postsecondary institution on a full-time basis in courses creditable toward the HS diploma and the Associate or Baccalaureate Degree
Collegiate Academies/High School	Offers a high school program in which students take secondary courses and dual enrollment courses full-time. The intent is for a student to receive an AA or AS when they graduate

All 67 school districts participate in DE which may be coordinated between a public or private college or university or a school district technical center. In Academic Year 2011-2012, approximately 62,500 students (19.326.4 FTE students) participated in DE.³²

Funding for Dual Enrollment

School Districts

Funding is provided to school districts through the Florida Education Finance Program (FEFP), a complex formula used to determine appropriations for public school funding. The Legislature annual appropriates funds in the FEFP based on enrollment estimates adopted by the statutorily required Education Estimating Conference for Public Schools.³³ The FEFP is calculated five times throughout the year to arrive at each year's final appropriation. Each calculation uses the latest information available regarding the number of students reported by districts. The FEFP uses a measurement for each student called a full-time-equivalent (FTE). One FTE equals one school year of instruction, at least 720 hours of instruction in grades K-3, or 900 hours of instruction for students in grades 4-12.³⁴

Students in DE programs are allowed to be included in calculations of FTE student memberships for basic programs for grades 9 through 12 used in determining funding in the FEFP.³⁵ Instructional time for DE may vary from 900 hours; however the school district may only report the student for a maximum of 1.0 FTE. High school students typically take DE courses as part of their traditional six- or seven-period high school day, and districts reported that it is very uncommon for students to take DE courses at night or outside school hours.³⁶ Arguably, a school district is receiving funding for one full FTE for students who may be taking 1/6th of their coursework at a college as DE coursework.

³² Florida College System

³³ Section 216.136, F.S.

³⁴ Section 1011.61(1)(a)(1), F.S.

³⁵ Section 1011.62(1)(i), F.S.

³⁶ OPPAGA research memorandum, Dual Enrollment: Instructional and Funding Arrangements, December 2011

Postsecondary Institutions

Students in DE courses may also be calculated as the proportional shares of FTE enrollments generated for a FCS institution or university conducting the DE instruction.³⁷ The Education Estimating Conference is required to develop official information relating to the state and private educational systems, including forecasts of student enrollment. The FCS provides estimated FTE counts to the Legislature through the Education Estimating Conference on Florida College System Enrollment.³⁸ The estimated FTE provided by colleges includes the number of dually enrolled FTE. Typically, FCS legislative budget requests include workload adjustments based on adopted enrollment conference FTE estimates. Unlike school districts, funds appropriated to colleges are not appropriated based on adopted enrollment estimates. The Legislature may or may not fund the enrollment growth issue. While colleges may not necessarily be funded based on the number of FTE, the funds per FTE can be determined by dividing the total funding appropriated by the total FTE.

As indicated the tables below, per FTE funding has declined over the past several years for both public school districts and colleges. Colleges' overall FTE enrollment has increased by 15.1 percent; total funding has decreased by 1.6 percent. School districts' overall enrollment has increased by 2.4%; total funding has decreased by 10.5%.

FLORIDA COLLEGE SYSTEM FUNDING CHANGES - FY 2007-08 THROUGH FY 2012-13									
Fiscal Year	FTE	Percent Increase/Decrease FTE	State Funds Per FTE	Percent Increase/Decrease State Funds Per FTE	Student Fees Per FTE	Percent Increase/Decrease Student Fees Per FTE	Total Funds Per FTE	Tuition Percent of Total Funds	Percent Increase/Decrease Total Funds Per FTE
2007-08	306,238		\$3,741		\$1,802		\$5,543	32.5%	
2008-09	330,556	7.9%	\$3,196	-14.6%	\$1,941	7.7%	\$5,137	37.8%	-7.3%
2009-10 ^A	362,630	9.7%	\$2,668	-16.5%	\$2,194	13.0%	\$5,092	43.1%	-0.9%
2010-11 ^B	375,292	3.5%	\$2,747	3.0%	\$2,278	3.8%	\$5,246	43.4%	3.0%
2011-12	372,050	-0.9%	\$2,751	0.1%	\$2,401	5.4%	\$5,152	46.6%	-1.8%
2012-13 Estimated	352,613	-5.2%	\$2,983	8.4%	\$2,474	3.0%	\$5,457	45.3%	5.9%
2012-13 Over/(Under) 2007-08	46,375	15.1%	(758)	-20.3%	672	37.3%	(86)	12.8%	-1.6%

Source: Operating Budget FCS

^AIn FY 2009-10 Federal Stimulus funds provided an additional \$230 per FTE

^BIn FY 2010-11 Federal Stimulus funds provided an additional \$221 per FTE

PUBLIC SCHOOL SYSTEM FUNDING CHANGES - FY 2007-08 THROUGH FY 2012-13									
Fiscal Year	FTE	Percent Increase/Decrease FTE	State Funds Per FTE	Percent Increase/Decrease State Funds Per FTE	Local Funds Per FTE	Percent Increase/Decrease Local Funds Per FTE	Total Funds Per FTE	Percent Increase/Decrease Total Funds Per FTE	
2007-08	2,631,277		\$3,690		\$3,436		\$7,126		
2008-09	2,617,372	-0.5%	\$3,269	-11.4%	\$3,577	4.1%	\$6,847	-3.9%	
2009-10 ^C	2,629,327	0.5%	\$3,077	-5.9%	\$3,424	-4.3%	\$6,847	0.0%	
2010-11 ^D	2,642,511	0.5%	\$3,371	9.5%	\$3,196	-6.7%	\$6,897	0.7%	
2011-12	2,667,924	1.0%	\$3,264	-3.2%	\$2,951	-7.7%	\$6,215	-9.9%	
2012-13 Estimated	2,694,617	1.0%	\$3,545	8.6%	\$2,830	-4.1%	\$6,375	2.6%	
2012-13 Over/(Under) 2007-08	63,340	2.4%	(145)	-3.9%	(606)	-17.6%	(751)	-10.5%	

Source: House PreK-12 Appropriations Committee staff

^CIn FY 2009-10 Federal Stimulus Funds provided an additional \$346 per FTE

^DIn FY 2010-11 Federal Stimulus Funds provided an additional \$330 per FTE

As shown below, the ratio of state funding to tuition and as well as the number of students enrolled in DE coursework has changed dramatically since Fiscal Year 2007-2008, with the greatest adverse impact demonstrated at the colleges.

The FCS reported a 61% increase in enrollment in DE courses between academic years 2007-2008 and 2011-2012. In Fiscal Year 2007-2008, tuition and fees made up 32.9 percent of total funds. Currently, tuition and fees are 45.3 percent of colleges' total operational funds.

³⁷ Section 1011.62(i), F.S.

³⁸ Section 216.136, F.S.

Student Participation in Dual Enrollment 2007-2008 through 2011-2012						
System	2007-08	2008-09	2009-2010 FTE	2010-2011 FTE	2011-2012 FTE	Percent Change 2011-2012 over 2007-2008
Florida College System	11,989.8	13,140.2	15,758.7	17,473.6	19,326.4	61%

Source: Florida College System

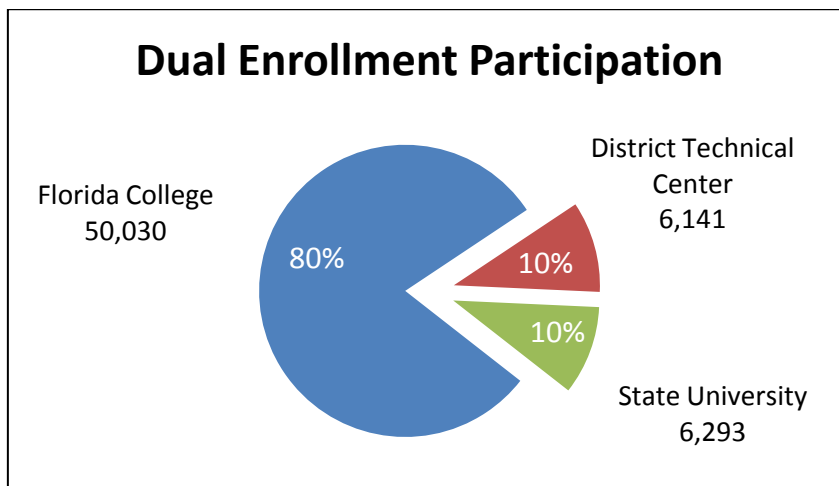
Florida College System Ratio - State Funding to Tuition and Fees					
Fiscal Year	State Funds Per FTE	State Funds Percent of Total Funds	Student Fees Per FTE	Total Funds Per FTE	Tuition Percent of Total Funds
2007-08	\$3,741	67.5%	\$1,802	\$5,543	32.5%
2008-09	\$3,196	62.2%	\$1,941	\$5,137	37.8%
2009-10 ^A	\$2,898	56.9%	\$2,194	\$5,092	43.1%
2010-11 ^B	\$2,968	56.6%	\$2,278	\$5,246	43.4%
2011-12	\$2,751	53.4%	\$2,401	\$5,152	46.6%
2012-13 Estimated	\$2,983	54.7%	\$2,474	\$5,457	45.3%

Source: Operating Budget FCS (updated for 3/2013 estimating conference)

^A In FY 2009-10 Federal Stimulus funds provided an additional \$230 per FTE

^B In FY 2010-11 Federal Stimulus funds provided an additional \$221 per FTE

To address these concerns, the Legislature requested the Office of Program Policy and Analysis and Government Accountability (OPPAGA) research and review DE practices and financial arrangements between school districts, Florida colleges, district technical centers and state universities. Since 80 percent of DE courses are provided through arrangements with Florida colleges, OPPAGA focused on the instructional and funding arrangements with college institutions.



Of these arrangements, approximately 75% of the DE coursework is provided on college campuses, while 25% is provided at high schools. School districts described barriers to offering DE courses on high school sites. One barrier for high schools is providing staff with credentials required to teach dual enrollment. Generally, dual enrollment teachers must have a master's degree and at least 18 hours of graduate coursework in the subject taught to comply with colleges' SACS accreditation requirements.³⁹ Another barrier is that the high schools may not have the lab or other facilities required by the college to offer DE courses.⁴⁰

³⁹ 6A-14.064, F.A.C.

⁴⁰ OPPAGA research memorandum, Dual Enrollment: Instructional and Funding Arrangements, December 2011

OPPAGA's research detailed that in FY 2011-12, 16 of the 28 colleges have funding arrangements with school districts for DE courses. However, in most of these arrangements (11 of the 16), colleges paid the school districts for DE instruction provided at high schools. Typically, this compensation is based on the salary rate that the college would pay an adjunct faculty member to teach the course or the school district's current rate of pay for the teacher. The remaining five colleges received compensation from the school districts, either for sending college faculty to high school sites (Miami Dade College, Northwest Florida State College, and Valencia College) or for providing DE courses at the college campus (Santa Fe College and Lake-Sumter State College). Two colleges (Santa Fe and Valencia) had reciprocal agreements for which they paid school districts and received funding from districts for DE courses. Santa Fe received the most funding from a school district, approximately \$1.3 million. Alachua County School District provided the college 95% of the funding generated by DE students through the FEFP. Santa Fe College also supported the high school instruction for these students.⁴¹

FY 2011-12 Funding Arrangements Between Colleges and School Districts							
College	Amount Colleges Paid Districts	Amount Districts Paid Colleges	Headcount	Dually Enrolled FTE	Percent of Dual Enrollment Taught At the HS	Percent of Dual Enrollment Taught At the College	
1 Brevard Community College	\$93,934	\$0	3,618	1,843.0	9%	91%	
2 Daytona State College	\$11,843	\$0	1,724	883.0	3%	97%	
3 Florida Gateway College	\$83,521	\$0	895	396.0	25%	75%	
4 Florida State College at Jacksonville	\$0	\$2,019	4,511	1,158.0	44%	56%	
5 Gulf Coast State College	\$272,109	\$0	1,653	520.0	82%	18%	
6 Hillsborough Community College	\$118,800	\$0	1,782	416.0	45%	55%	
7 Lake-Sumter State College	\$0	\$67,348	999	476.0	5%	95%	
8 Miami Dade College	\$0	\$54,396	2,478	940.0	5%	95%	
9 Northwest Florida State College	\$0	\$5,646	818	271.0	10%	90%	
10 Pensacola State College	\$0	\$0	1,945	905.0	32%	68%	
11 Santa Fe College	\$2,001	\$1,321,983	870	496.0	0%	99%	
12 Seminole State College	\$16,866	\$0	729	198.0	40%	60%	
13 St. Johns River State College	\$12,250	\$0	1,375	477.0	57%	43%	
14 St. Petersburg College	\$163,377	\$0	2,651	1,170.0	19%	81%	
15 Tallahassee Community College	\$37,046	\$0	1,145	306.0	49%	51%	
16 Valencia College	\$64,463	\$72,408	2,479	1,297.0	18%	82%	
17 Totals	\$876,210	\$1,523,800	29,672	11,752.0	25%	75%	

The Florida College System estimated the loss in tuition and fees in 2011-2012 to be \$58.2 million. OPPAGA estimated the loss on only those courses taught on college campuses to be \$43.1 million.

Colleges' Loss in Tuition and Fees for Academic Dual Enrollment Courses in 2011-2012						
	2011-12 Dual Enrollment FTE	% of Dual Enrollment Taught at the High Schools	% of Dual Enrollment Taught at the Colleges	Avg Tuition/ Fees Per Credit Hour FCS	Colleges Estimate of Loss in Tuition and Fees (All FTE)	OPPAGA Estimate of Loss in Tuition and Fees (FTE at Colleges)
Dually Enrolled / FCS	19,326.4	25%	75%	\$103	(\$58,211,799)	(\$43,060,048)

OPPAGA: 2013 Research Memorandum - Dual Enrollment: Instructional and Funding Arrangements

Effect of Proposed Changes

The bill requires articulation agreements between the colleges or universities and school districts to include a funding provision that requires the school district to pay the standard tuition rate per credit hour when a student is enrolled in a course if the instruction takes place on the college or university campus. If the student is provided the instruction on the high school campus by a college or university faculty member, the school districts are required to reimburse the institution for costs associated with the proportion of salary and benefits and other actual costs to provide the instruction. Finally, when the instruction is provided at the high school by school district faculty, the school district must fund the college or university's costs associated with offering the program. The bill also allows the college or university to enter into an agreement with the school district to authorize teachers who will teach dual enrollment courses. The bill specifically prohibits the school district from denying a student access to dual enrollment unless the student is ineligible.

The base tuition rate at a college for the 2012-2013 academic year is established in s. 1009.23, F.S., and set in the GAA at \$71.98 per credit hour.⁴² The base tuition rate at a university for the 2012-2013 academic year is established in s. 1009.24, F.S., and set in the GAA at \$103.32 per credit hour.⁴³

State University Tuition and Fee Flexibility

Present Situation

State universities are financially supported through the provision of state funds and the ability to generate local revenues in the form of tuition and fees. The base tuition rate for the 2012-2013 academic year is established in s. 1009.24, F.S. and set in the GAA at \$103.32 per credit hour. In addition to the base tuition, universities are authorized to charge students fees for the purpose of raising revenues to support specified expenditures detailed in law. Limitations are established in law to ensure fees may not increase above a specified level.

The sum of the activity and service, health, and athletic fees are currently restricted to charge up to 40 percent of tuition. The average sum of these fees is \$33.84 per credit hour for the 2012-2013 academic year which represents 33 percent of tuition. The financial aid fee and technology fee each cannot exceed 5 percent of tuition and are established at the maximum amount authorized of \$5.16 per credit hour for the 2012-2013 academic year. The Capital Improvement Trust Fund (CITF) fee cannot exceed 10 percent of tuition. The average is established at \$6.56 per credit hour for the 2012-2013 academic year which represents 6 percent of tuition.

Effect of Proposed Changes

The bill modifies the aforementioned state university student fees to include the tuition differential within the proportion of tuition limitation, thus allowing the fee caps to increase. The cap for the sum of the activity and service, health, and athletic fees to is authorized to increase by an additional \$16.52 per credit hour for a total fee amount of \$57.85 per credit hour. These fees are limited to increase no more than five percent annually; therefore the increase from the current fee is spread over the course of 14 years at \$1.69 per credit hour per year. The financial aid fee and technology fee is authorized to charge an additional \$2.07 each per credit hour for a total of \$7.23 per credit hour for each fee. The CITF fee is authorized to charge an additional \$18.59 per credit hour at 20% of the base tuition and tuition differential for a total of \$28.92, and change the annual increase from \$2 to \$3. Implementing the \$3 increase per year, the total increase for the CITF fee would take place over the course of seven years. The total impact of the amended fee limitations would increase student fees by a total of \$39.25 per credit hour when fully implemented. In order to increase the CITF, health, activity and service, and athletic fee an appointed fee committee at each university must recommend the increase; the university board of trustees must then seek the approval from the Board of Governors.

⁴² Specific Appropriation 108, Chapter 2012-118, Laws of Florida, FY 2012-13 GAA

⁴³ Specific Appropriation 129, Chapter 2012-118, Laws of Florida, FY 2012-13 GAA

Working Capital Trust Fund

Present Situation

Section 216.272, Florida Statutes, creates Working Capital Trust Funds for the purpose of providing sufficient funds for the operation of data processing centers. These trust funds are created for the moneys budgeted by an agency for the provision of data center services and related equipment and each agency utilizing the services of the data processing center shall pay such moneys into the appropriate Working Capital Trust Fund. Section 1010.81, Florida Statutes, creates the Knott Data Center Working Capital Trust Fund to receive the revenue from fees paid for services provided by the department's data center and disbursements to pay the costs of operating the data center as authorized in s. 216.272, Florida Statutes. As required by s. 282.201, Florida Statutes, the Department of Education's Knott Data Center was consolidated into the Northwest Regional Data Center (NWRDC) by the statutorily-required deadline of December 31, 2011. The department receives all of its data center services, excluding applications management support, from the NWRDC.

Effect of Proposed Changes

The bill renames the Knott Data Center Working Capital Trust Fund to the Education Working Capital Trust Fund and authorizes it as a depository for the funds received by the Department of Education's technology office, interest earnings, and cash advances from its customers. Moneys deposited in the trust fund shall be used to fund the services provided by the department's technology office which operates as a cost-recovery office.

Performance Funding

Legislation enacted in 2012 established performance-based funding for courses requiring must pass, statewide, standardized EOC assessments, i.e., Algebra I, Geometry, and Biology I.⁴⁴ Beginning in the fourth year of administering the EOC assessment, a school district's receipt of FTE funding for the course is contingent upon the student passing the EOC assessment. Therefore, if a student fails the EOC assessment, the school will not receive FTE funding for that course. This requirement becomes effective in the 2013-14 school year, the fourth year of administration for the Algebra I EOC.⁴⁵ Additionally, funding of school district virtual program and Florida Virtual School students enrolled in courses requiring passage of an EOC assessment is contingent upon whether or not the student passes the EOC assessment.⁴⁶ The bill delays the implementation date until 2016-17.

Full-time Equivalent (FTE) Student Membership Reporting

Present Situation

The Florida Education Finance Program (FEFP) provides funding for a 180-day or 900-hour regular school year, with certain specific exceptions. Generally the 180-day or 900-hour equivalent FTE in the FEFP is 6 courses. Students attending juvenile justice facilities are funded for a 230- to 250-day school year. With the exception of Department of Juvenile Justice (DJJ) programs, Juveniles Incompetent to Proceed (JITP) programs, and part-time grades 6-12 Florida Virtual School courses, Prekindergarten through Grade 12 (PK-12) courses offered beyond the regular 180-day school year are not eligible for funding on a full-time equivalent student (FTE) basis through the FEFP. Even if no associated funding is provided, districts are required to report summer school FTE, including the FTE associated with extended school year programs and summer reading programs, and FTE for courses beyond the allowable 6, for use by the Department of Education in preparing statistical reports, reviewing participation in selected summer programs, and planning for student growth.

⁴⁴ Section 27, ch. 2012-191, L.O.F., *codified as* s. 1011.61(1)(c)1.b.VII., F.S.

⁴⁵ *See* s. 1008.22(3)(c), F.S.

⁴⁶ Sections 1002.37(3)(a)3., 1002, 45(7)(e), 1008.22(3)(g), and 1011.61(1)(c)1.b.(V), F.S. Funding must not be adjusted for home education program students who choose to not take an end-of-course assessment. Section 1002.37(3)(a)3., F.S.

Courses offered by the Florida Virtual School, franchises of the Florida Virtual School (FLVS), district virtual instruction programs, district virtual course offerings, and virtual charter schools will be funded on the basis of successful completion.⁴⁷ An FTE for FLVS is one student who has successfully completed six courses or credits or the prescribed level of content that counts toward promotion to the next grade. A student who completes fewer than six credits shall earn a fraction of an FTE. The FLVS may also report credits completed during the summer for FLVS part-time supplemental program students in grades 6-12 and these students may earn more than one FTE. Elementary students enrolled in the FLVS part-time grades K-5 school cannot earn more than 1.0 FTE and must meet one of the eligibility criteria in Section 1002.455, F.S.⁴⁸

Prior to FY 2012-2013, the Department of Education (DOE) did not have the ability to match student identification numbers to verify where the education instruction of the student was being provided. DOE was able to match records for FY 2011-2012 and the results estimated over 445,000 FTE in the school districts were not funded due to excess hours above the 1.0 FTE cap for funding. DOE was also able to match over 15,000 FTE above the 1.0 FTE cap for funding for students receiving instruction from both the school districts and FLVS for funding, resulting in an estimated \$63 million of additional funding paid for FTE instruction in FY 2011-2012.

Section 1011.61(4), F.S., defines the maximum value for funding a student in kindergarten through grade 12 is one full-time equivalent student membership for a school year or equivalent.

Effect of Proposed Changes

In an effort to expand options for students, yet contain the costs of additional FTE students in the FEFP, the bill allows all courses reported for a student to be equally shared among providers to limit each student to 1.0 FTE, thus allowing all courses to earn funding in the FEFP. The bill also requires school districts and the FLVS to ensure the correct student identification number is reported for each student so the funding earned can be distributed based on the equal share of the 1.0 FTE to the entity providing the instruction of the student.

Co-Enrollment in Adult General Education

Present Situation

Prior to Fiscal Year 2011-2012, Florida statutes permitted school districts to report, without restriction, high school students enrolled in high school courses and adult education programs for funding in both the FEFP and in the Workforce Education budget.⁴⁹

At the request of the Legislature, the Office of Program Policy Analysis and Government Accountability (OPPAGA) conducted research on school districts' 2008-2009 co-enrollment practices. OPPAGA's research indicated 33 of the 56 districts that provided adult education programs offered the co-enrollment option to high school students. The proportion of high school students who were co-enrolled ranged from 0.1% in the Alachua County School District to 22% in the Miami-Dade County School District. The 33 school districts providing Adult High School co-enrollment spent approximately \$29 million on those programs in FY 2008-2009.⁵⁰

In addition, the Office of Career and Adult Education within the Florida Department of Education (DOE) conducted a survey among the districts to determine school districts' policies on program participation. Reasons for providing the co-enrollment option varied among districts. School districts reported that co-enrollment was offered as a dropout prevention measure, providing credit recovery to meet graduation requirements, as well as grade replacement, which could also provide assistance to students in meeting Bright Futures eligibility requirements. Some districts limited the total number and type of

⁴⁷ <http://www.fldoe.org/fefp/fteinstr.asp>

⁴⁸ <http://www.fldoe.org/fefp/>

⁴⁹ Chapter 2011-55, Section 34, amending s. 1011.61(c)I, Florida Statutes

⁵⁰ OPPAGA Research Memorandum, School District Co-Enrollment for 2008-09, February 14, 2011

courses; others limited participation by grade level. 52 percent of the districts who responded allowed coursework hours beyond standard diploma requirements.⁵¹

In Fiscal Year 2011-2012, a budget reduction totaling \$11.8 million related to co-enrollment was included in the Workforce Education budget in the General Appropriations Act. Florida statute was also amended to prohibit a student co-enrolled in a K-12 education program and an adult education from being reported for funding in the adult education program. Temporary authority was provided to allow reporting of certain co-enrolled students for Fiscal Year 2011-2012.⁵² Students who were co-enrolled in core curricula courses for credit recovery or dropout prevention purpose were allowed to be reported for funding for up to two courses per student. This policy was continued in Fiscal Year 2012-2013, with an additional limitation that funding was only allowed for students who did not have a pattern of excessive absenteeism, habitual truancy or a history of disruptive behavior.⁵³

Effect of Proposed Changes

The bill makes permanent a provision from Fiscal Years 2011-2012 and 2012-2013 that allows school districts to report co-enrolled students for funding in up to two core curricular courses for the purposes of credit recovery or dropout prevention. Students may not have a pattern of excessive absenteeism, habitual truancy or a history of disruptive school behavior.

College and University Limits on Salaries Paid from Appropriated Funds

Present Situation

Sections 1012.885 and 1012.975, F.S., provide a limitation on state funds used for compensation for college and university presidents at \$200,000. Sections 1012.886 and 1012.976, F.S., provide a statutory cap of \$200,000 of appropriated state funds that can be used for administrative salaries of university and college employees, excluding medical school faculty and staff.

Effect of Proposed Changes

The bill removes the section of law which provides the expiration for the limitation pertaining to administrative employees and removes the section of law which specifies the applicable fiscal year for the limitation on presidents. The intent of removing this language is to extend the \$200,000 salary cap amount in the aforementioned statutes indefinitely.

School Readiness Program - Eligibility

Present Situation

Established in 1999, the School Readiness Program provides subsidies for early childhood education and child care services to children of low-income families; children in protective services who are at risk of abuse, neglect, or abandonment; and children with disabilities. The School Readiness Program is a state-federal partnership between Florida's Office of Early Learning (OEL) and the Office of Child Care of the United States Department of Health and Human Services.

The School Readiness Program receives funding from a mixture of state and federal sources, including the federal Child Care and Development Fund (CCDF) block grant, the federal Temporary Assistance for Needy Families (TANF) block grant, and general revenue and other state funds.

The program is administered by early learning coalitions (ELC) at the county or regional level. OEL administers the program at the state level, including statewide coordination of the ELCs.

⁵¹ School district survey by Career and Adult Education, Department of Education

⁵² Chapter 2011-55, Section 35, amending s. 1011.80(10), Florida Statutes

⁵³ Chapter 2012-134, Section 36, amending s. 1011.80(10), Florida Statutes

Each ELC administers the School Readiness Program, the VPK Program, and the state's child care resource and referral network in its county or multi-county region. There are currently 31 ELCs. Each ELC is governed by a board of directors comprised of various stakeholders and community representatives. Three board members, including the chair, are appointed by the Governor.

Each ELC must serve a minimum of 2,000 children based upon the monthly average number of children served by the coalition's school readiness program during the previous 12 months. If the number of children served by an ELC falls below this level, it must merge with another ELC to form a multicounty coalition. OEL must waive this merger requirement if certain criteria are met.

Florida law requires each ELC to include a "choice of settings and locations in licensed, registered, religious-exempt, or school-based programs." A wide range of public and private providers of early childhood education and child care services participate in the School Readiness Program, including:

- Public and private schools;
- Licensed child care facilities and large family child care homes;
- Licensed and registered family day care homes;
- Faith-based child care facilities and after-school programs, which are both exempt from licensure; and
- Informal providers (e.g., in-home and relative care).

In FY 2011-12, a total of 10,248 child care providers participated in the School Readiness Program, including 977 public schools; 6,423 private providers; and 2,690 family day care homes. Of these providers, 788 were faith-based.

Each ELC must also follow the procurement and expenditures procedures adopted by the OEL, including, but not limited to, applying the procurement and expenditure procedures required by federal law for the expenditure of federal funds.

Effect of Proposed Changes

The bill revises the eligibility priorities for the school readiness program to create seven eligibility categories, each identifying age eligibility, to include:

1. Priority shall be given first to a child younger than 13 years of age from a working family that includes an adult receiving temporary cash assistance who is subject to federal work requirements under chapter 414.
2. Priority shall be given next to an at-risk child younger than 9 years of age
3. Priority shall be given next to a child younger than 6 years of age from a working family that is economically disadvantaged. However, the child ceases to be eligible if his or her family income exceeds 200 percent of the federal poverty level.
4. Priority shall be given next to an at-risk child who is at least 9 years of age, but younger than 13 years of age. An at-risk child whose sibling is enrolled in the school readiness program within an eligibility priority category listed in categories 1-3 shall be given priority over other children who are eligible under this category.
5. Priority shall be given next to a child who has special needs, is at least 3 but younger than 6 years of age, has been determined eligible as a student with disabilities, and has a current individual education plan.
6. Priority shall be given next to a child who is younger than 13 years of age from a working family that is economically disadvantaged, except that a sibling of a child enrolled in the school readiness program within the eligibility priority category listed in the third category shall be given priority over other children eligible under this category.
7. Final priority shall be given to a child who otherwise meets one of the eligibility criteria in categories 1-6 but is also enrolled concurrently in the federal Head Start Program and the Voluntary Prekindergarten Education Program.

Additionally, the bill:

- Codifies that early learning coalitions shall serve children on its waitlist in priority eligibility order and in the event of having to disenroll children, disenroll them in reverse eligibility order according to highest income level;
- Requires parents be provided at least 2 weeks' notice before disenrollment for parents to arrange alternate care;
- Requires the eligibility of a child for the school readiness program be reevaluated annually;
- Requires parents to report changes in employment, income, or family size within 10 days which triggers an immediate reevaluation; and
- Requires school readiness providers to notify the Department of Children and Family Services based on specific absentee criteria for at-risk children.

School Readiness Program – Funding

Present Situation

Funding for the School Readiness program is provided annually in the GAA.⁵⁴ For the 2012-2013 fiscal year, a total of \$581.5 million was appropriated for the School Readiness Program from state and federal funds, including \$341.7 million from the CCDF block grant, \$98 million from the TANF block grant, \$141.3 million from the state's General Revenue Fund, and \$500,000 from other federal fund sources. Florida statute provides that the Office of Early Learning shall establish a formula for the allocation of all state and federal school readiness funds provided for children participating in the school readiness program. The formula is required to be based on equity and must be submitted to the Governor and the Legislature by January 1 of each year.⁵⁵ Funding allocated for the 2012-2013 fiscal year was based on the formula submitted to the Governor and Legislature as of January 1, 2012.

Effect of Proposed Changes

The bill provides that funding shall be allocated to early learning coalitions as provided in the GAA. The bill also removes the requirement for the annual submission of a funding formula by OEL. Beginning in 2014-2015 all funding appropriated in the GAA shall be allocated using the average prior year enrollment and the uniform waiting list, as adopted by the School Readiness Estimating conference, and the average market rate.⁵⁶

The bill requires the OEL and each ELC to limit its expenditures to no more than 18 percent of funds for any combination of administrative costs, nondirect services, and quality activities. Of the 18 percent, no more than 5 percent may be used for administrative costs. Coalitions shall place the highest priority for the expenditure of funds on the provision of direct services for eligible children in the school readiness program.

⁵⁴ Specific Appropriation 75, ch. 2012-118, Laws of Florida.

⁵⁵ Section 411.01(9), Florida Statutes.

⁵⁶ Section 216.136(8)(a), Florida Statutes.

School Readiness Program – Market Rate

Present Situation

Florida's OEL is responsible for annually calculating a market rate schedule as a provision of the Child Care and Development Block Grant that must include county by county rates by provider type including licensed child care facilities; religious exempt facilities, public and non-public schools, large family day care homes, family day care homes and those who hold a Gold Seal quality Care Designation under section 402.281, Florida Statutes. It must also differentiate rates by care level to include infants, toddlers, pre-school age, and school-age children. The market rate schedule is required to be set at the 75th percentile of a reasonable frequency distribution based exclusively on the prices charged for child care services. Each ELC then must utilize the prevailing market rate schedule to set its school readiness provider payment rates.

Effect of Proposed Changes

The bill revises the methodology for calculating the market rate schedule to require that the OEL biennially calculate the market rate at the average of the market rate by program care level and provider type in a predetermined geographic market. The average market rate will be used to allocate funding to early learning coalitions annually in the General Appropriations Act.

Class Size Operating Categorical

Adopts by reference the alternative compliance calculation amounts for the class size operating categorical allocation that were submitted to the Legislative Budget Commission on March 1, 2013. Adopting the alternative compliance calculation amounts by reference expedites the provisions of section 1003.03 (4) (c), F.S., for implementation during the 2012-2013 fiscal year.

B. SECTION DIRECTORY:

Section 1. Amends s. 11.45, F.S., requiring the Legislative Auditing Committee to refer certain financial matters to the State Board of Education or the Board of Governors; conforming provisions.

Section 2. Amends s. 218.50, F.S., including Florida College System institutions and State University System institutions as entities in the Financial Emergencies Act.

Section 3. Amends s. 218.501, F.S., including Florida College System institutions and State University System institutions for the promotion and assistance of fiscal obligations.

Section 4. Amends s. 218.503, including Florida College System institutions and State University System institutions in determinations of financial emergency.

Section 5. Amends s. 218.504, F.S., including Florida College System institutions and State University System institutions in cessation of state action upon resolution of financial emergency conditions.

Section 6. Repeals s. 1001.27, F.S., relating to a state satellite network.

Section 7. Amends s. 1001.28, F.S., removing the duty of the Department of Education to manage the state's satellite transponder resources.

Section 8. Amends s. 1001.281, F.S., revising funds deposited in the Operating Trust Fund.

Section 9. Amends s. 1001.42, F.S., clarifying district school board duties relating to virtual instruction.

Section 10. Creates s. 1001.7065, F.S., creating the preeminent state research universities program; establishing a collaborative partnership between the Board of Governors and the Legislature to elevate the academic and research preeminence of the highest-performing state research universities; establishing academic and research excellence standards for a university to be designated a preeminent state research university; providing for a preeminent state research university to establish an institute for online learning; providing duties and responsibilities of an advisory board, the university, and the Board of Governors to provide high-quality, fully online baccalaureate degree programs, including the establishment of a tuition structure for the institute; providing for the award of funding to preeminent state research universities based upon performance; authorizing a preeminent state research university to establish special course requirements; providing for preeminent state research university flexibility; encouraging the Board of Governors to promote additional programs of excellence.

Section 11. Amends s. 1002.37, F.S., revising and clarifying requirements for reporting and funding a full-time equivalent student in the Florida Virtual School; providing requirements for funding a home education student enrolled in the Florida Virtual School; providing reporting requirements relating to the Florida Virtual School Global.

Section 12. Amends s. 1002.45, F.S., authorizing a school district to provide part-time virtual instruction for K-12 students in all courses; revising requirements for the use of virtual instruction in core-curricula courses for the purpose of meeting class size requirements; revising requirements for the approval as a provider of virtual instruction programs; providing requirements for conditional approval; revising and clarifying the requirements for reporting and funding a full-time equivalent student enrolled in a virtual instruction program.

Section 13. Amends s. 1003.498, F.S., requiring the Department of Education to provide identifiers for courses to designate their use for blended learning courses; removing restrictions on students taking online courses across district lines; clarifying the requirements for reporting a full-time equivalent student; prohibiting a school district from requiring a public school student to take an online course at certain times or places.

Section 14. Amends s. 1006.29, F.S., requiring the department to publish technology requirements related to instructional materials.

Section 15. Amends s. 1006.73, F.S., revising purposes, duties, and responsibilities of the Florida Virtual Campus.

Section 16. Amends s. 1006.735, F.S., establishing the Complete Florida Degree Program and providing requirements for its implementation.

Section 17. Amends s. 1007.271, F.S., revising provisions relating to the full-time equivalent student membership value for dual enrolled students; revising dual enrollment articulation agreement requirements; revising funding provisions delineating costs incurred by the institution providing instruction.

Section 18. Creates s. 1008.322, F.S., creating the Board of Governors oversight authority; requiring oversight of the state universities compliance with laws, rules, and regulations; authorizing certain actions for noncompliance.

Section 19. Amends s. 1009.24, F.S., revising certain state university student fees.

Section 20. Repeals s. 1010.79, F.S., relating to the Sophomore Level Test Trust Fund.

Section 21. Terminates the Sophomore Level Test Trust Fund and providing for the transfer of funds and payment of outstanding obligations.

Section 22. Amends s. 1010.81, F.S., renaming the Knott Data Center Working Trust Fund and revising the deposit and use of funds.

Section 23. Amends s. 1011.40, F.S., providing requirements for maintaining fund balances in the education and general fund of state universities.

Section 24. Amends s. 1011.61, F.S., revising and clarifying the definition of a full-time equivalent student; revising provisions relating to funding based on students completion of end-of-course examinations; revising provisions relating to the maximum value for funding a student; extends the implementation of performance funding.

Section 25. Amends s. 1011.62, F.S., revising provisions relating to the full-time equivalent student membership value for dual enrolled students.

Section 26. Creates s. 1011.622, F.S., providing for funding adjustments for students without a common student identifier.

Section 27. Amends s. 1011.80, F.S., revising provisions relating to funding for coenrolled students in workforce education programs.

Section 28. Creates s. 1011.815, F.S., providing requirements for maintaining fund balances in the general fund of Florida College System institutions.

Section 29. Amends s. 1012.885, F.S., eliminating the sunset on provisions relating to remuneration of Florida College System institution presidents.

Section 30. Amends s. 1012.886, F.S., eliminating the sunset on provisions relating to remuneration of Florida College System institution administrative employees.

Section 31. Amends s. 1012.975, F.S., eliminating the sunset on provisions relating to remuneration of state university presidents.

Section 32. Amends s. 1012.976, F.S., eliminating the sunset on provisions relating to remuneration of state university administrative employees.

Section 33. Notwithstanding certain provisions of law, revising eligibility requirements for the school readiness program, notwithstanding certain provisions of law.

Section 34. Notwithstanding certain provisions of law, revising the funding requirements for the school readiness program.

Section 35. Notwithstanding certain provisions of law, revising the requirements for the school readiness market rate schedule.

Section 36. Notwithstanding certain provisions of law, specifying the formula to be used for the 2012-2013 fiscal year in calculating the alternate compliance calculation amounts to the class size operating categorical fund.

Section 37. Providing effective dates.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The bill does not appear to have a fiscal impact on state revenues.

2. Expenditures:

See FISCAL COMMENTS section.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The amount of revenues a university will be able to generate do to the fee increases in the bill is indeterminate.

2. Expenditures:

See FISCAL COMMENTS section.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Implementing the fee increases authorized in this bill has the ability of impacting a university student an additional \$265 for the cost of attendance for fiscal year 2013-2014.

D. FISCAL COMMENTS:

The bill conforms the statutes to the proposed House General Appropriations Act.

The bill provides flexibility to school districts by modifying the definition and reporting of FTE for funding in the FEFP. The bill requires the correct student identification number to be reported so funding earned can be distributed based on the equal share of the 1.0 FTE to the entity providing the instruction of the student which results in funding for all courses taught. Using the FY 2011-2012 data match analysis to distribute the impact of the equal share of the 15,000 FTE identified above the 1.0 cap, 2,500 FTE would be the attributable portion to the FLVS. The requirement for virtual instruction FTE taught on a school campus be reported by the district has an effective shift of an additional 1,200 FTE from FLVS to the district. Therefore, the net effect of 3,700 FTE would have had an estimated \$18 million impact to FLVS's overall funding. There is no change in the amount of per student funding. It should be noted these estimates are based on prior year funding information which has already been paid so there is no prior year funding reduction to districts or FLVS based on this analysis.

The bill provides for the allocation of the School Readiness funds as specified in the General Appropriations Act. The bill also provides for eligibility and expenditure requirements for the administration of the School Readiness program. Total funding for the School Readiness program remains unchanged at \$547.5 million. Due to the changes in the bill, there will be a change in the by district funding based upon the prior year eligible children served.

The bill adopts by reference the alternative compliance calculation amounts for the class size operating categorical allocation that were presented to the committee March 12, 2013. The alternate calculation, along with the estimated redistribution of funds based on districts providing a compliance plan, revises the original calculation from \$27 million to \$5.7 million for traditional schools and from \$1.6 million to \$108,000 for charter schools.

In Academic Year 2011-2012, approximately 62,500 students (19,326.4 FTE students and 574,102.5 total credit hours in the college system and 42,386 credit hours in the university system) participated in

DE.⁵⁷ The Florida College System estimated the loss in tuition and fees associated with the students enrolled in DE in 2011-2012 to be \$58.2 million. OPPAGA estimated the loss on only those courses taught on college campuses to be \$43.1 million. The bill requires the school district to pay the standard tuition rate per credit hour when a student is enrolled in a course if the instruction takes place on the college or university campus. The base tuition rate at a college is set in the GAA at \$71.98 per credit hour and the base tuition rate at a university is set in the GAA at \$103.32 per credit hour for the 2012-2013 academic year. Using the 2011-2012 number of credit hours, school districts will be required to pay approximately \$31.2 million and \$1.6 million in standard tuition to colleges and universities, respectively, for courses taken on the postsecondary campus.

Requiring school districts to pay public postsecondary institutions the standard tuition rate from funds allocated through the FEFP for dually enrolled students will reduce the amount of funding districts can spend on other programs.

The cost to allow school districts to co-enroll students in a K-12 education program and an adult education program is approximately \$16 million; however, funding is already provided in the current General Appropriations Act for Fiscal Year 2012-2013.

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

On March 27, 2013, the Education Appropriations Subcommittee adopted five amendments and reported the bill favorably. The amendments make the following changes to the bill:

- The first three amendments restored the performance funding related to student passage of the must pass EOC assessments for the Florida Virtual School, school district virtual instruction programs, and brick and mortar schools; but delays implementation until 2016-17 school year. The amendment also provides that performance funding is inapplicable to students who enroll in a segmented remedial course delivered online.
- The fourth amendment clarified the expansion of the FRAG eligibility requirements to include students who are currently eligible in the ABLÉ program.
- The final amendment removed the requirement for students to complete a Free Application for Federal Student Aid in order to be eligible for a FRAG grant award.

⁵⁷ Florida College System
STORAGE NAME: h5101a.APC
DATE: 4/3/2013

- On April 3, 2013, the Appropriations Committee adopted an amendment and reported the bill favorably. The amendment removed the expansion of the Florida Resident Access Grant (FRAG) program eligibility to include the Access to Better Learning and Education (ABLE) Grant program as eligible institutions, and removed the subsequent deletion of the ABLE program. The amendment also removed the deletion of the FAFSA requirement for FRAG eligibility.