

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HB 3 Higher Education  
**SPONSOR(S):** Post-Secondary Education Subcommittee and Avila  
**TIED BILLS:** None **IDEN./SIM. BILLS:** CS/CS/SB 2

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Post-Secondary Education Subcommittee	11 Y, 3 N, As CS	Bishop	Bishop
2) Higher Education Appropriations Subcommittee			
3) Education Committee			

### SUMMARY ANALYSIS

The bill establishes the "Florida Excellence in Higher Education Act of 2017" to expand financial aid provisions and modify programmatic mechanisms thereby increasing student access to higher education and incentivizing postsecondary institutions to emphasize on-time graduation. Specifically, the bill:

- revises the Florida College System Performance-Based Incentive to emphasize on-time program completion, job placement, and affordability;
- modifies the Distinguished Florida College System Institution Program to increase focus on timely program completion and wages that reflect the added value of a degree or certificate;
- revises the State University System Performance-Based Incentive to include both 4-year and 6-year graduation rates as well as access metrics that include graduation rates of low-income students;
- revises the metrics, benchmarks, and funding distribution for the Preeminent State Research Universities Program;
- expands the Florida Bright Futures Academic Scholars (FAS) award to cover the full cost of tuition and fees plus a stipend for textbooks;
- specifies that any summer funding provided for the Bright Futures Scholarship Program must be distributed equitably among all award levels;
- increases state-to-private match requirements for contributions to the First Generation Matching Grant Program from 1:1 to 2:1, providing more financial assistance for students who are first in their family to go to college;
- requires all degree-seeking students to take the common placement test for diagnostic purposes;
- authorizes the Board of Governors (BOG) to enter into an agreement with the Department of Economic Opportunity to allow secure access to reemployment assistance wage data for purposes of conducting longitudinal analyses;
- requires each state university board of trustees to adopt a block tuition policy that allows resident undergraduate students to enroll in credit hours beyond 15 per semester at no additional cost;
- strengthens "2+2" articulation by requiring each Florida College System institution to establish a "2+2" targeted pathway program;
- requires school districts to provide notification to students about applying acceleration mechanism credit to a postsecondary degree;
- renames the William L. Boyd, IV, Florida Resident Access Grant (FRAG) Program as the William L. Boyd, IV, Effective Access to Student Education (EASE) Program;
- establishes the World Class Faculty and Scholar Program to fund and support the efforts of state universities to recruit and retain exemplary faculty and research scholars. Funding for the program will be as provided in the General Appropriations Act (GAA);
- links education to job opportunities by modifying requirements of the strategic plan, developed by the BOG to require state universities to use data-driven gap analyses to identify internship opportunities for students in high-demand fields; and
- removes references to specific ACT and SAT examination scores required for Bright Futures eligibility while preserving the existing percentile ranks to eliminate discrepancies.

For a discussion on the fiscal impact of the bill, see FISCAL COMMENTS, *infra*.

The bill takes effect July, 1 2017.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

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DATE: 3/21/2017

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### **Present Situation**

Under the leadership of the Legislature, the Board of Governors of the State University System (BOG), and the State Board of Education (SBE), Florida's public universities and colleges continue to maintain focus on improving institutional and student performance outcomes.

Additionally, the Legislature has established performance-based funding models in recent years to evaluate the performance of Florida's state universities and Florida College System (FCS) institutions based on identified metrics and standards.

##### State University System Performance-Based Incentive

The State University System (SUS) Performance-Based Incentive is awarded to state universities using performance-based metrics<sup>1</sup> adopted by the BOG. The metrics include, but are not limited to, employment and wages for graduates with a baccalaureate degree, average cost per baccalaureate degree, a 6-year graduation rate, academic progress rates, and baccalaureate and graduate degrees in areas of strategic emphasis.

The BOG is required to adopt benchmarks to evaluate each state university's performance on the metrics.<sup>2</sup> The evaluation measures a state university's achievement of institutional excellence or need for improvement, which determines the university's eligibility to receive performance funding.

Currently, the graduation rate metric is calculated as a 6-year graduation rate. The 6-year graduation rate for first-time-in-college (FTIC) students within the SUS is approximately 71 percent<sup>3</sup>. During the 2015-16 academic year, the 6-year graduation rate ranged from approximately 39 percent at Florida Agricultural and Mechanical University (FAMU) to 87 percent at the University of Florida (UF).<sup>4</sup>

##### Preeminent State Research Universities Program

The Preeminent State Research Universities Program is a collaborative partnership between the BOG and the Legislature to raise the academic and research preeminence of the highest performing state research universities in Florida.<sup>5</sup> A state university that meets 11 of the 12 academic and research excellent standards specified in law<sup>6</sup> is designated as a "preeminent state research university."<sup>7</sup>

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<sup>1</sup> Board of Governors, Performance Funding Model Overview, *available at* [http://www.flbog.edu/about/budget/docs/performance\\_funding/Overview-Doc-Performance-Funding-10-Metric-Model-Condensed-Version.pdf](http://www.flbog.edu/about/budget/docs/performance_funding/Overview-Doc-Performance-Funding-10-Metric-Model-Condensed-Version.pdf).

<sup>2</sup> Section 1001.92(1), F.S.

<sup>3</sup> State University System of Florida, 2014-2015 System Accountability Report, (2016) at.7, *available at* [http://www.flbog.edu/about/doc/budget/ar\\_2014-15/2014\\_15\\_System\\_Accountability\\_Report\\_Summary\\_FINAL\\_2016-04-28.pdf](http://www.flbog.edu/about/doc/budget/ar_2014-15/2014_15_System_Accountability_Report_Summary_FINAL_2016-04-28.pdf).

<sup>4</sup> *Id.*

<sup>5</sup> Section 1001.7065(1), F.S.

<sup>6</sup> Section 1001.7065(2), F.S. The standards include: incoming freshman academic characteristics (average weighted GPA and average SAT score); national institutional ranking; freshman retention rate; six-year graduation rate; national academy membership of institution faculty; research expenditures (2 measures); research expenditure national ranking; patents awarded annually; doctoral degrees awarded annually; postdoctoral appointees annually; and institutional endowment.

<sup>7</sup> Section 1001.7065(3)(a), F.S.

Currently, the University of Florida and the Florida State University are designated as preeminent state research universities.<sup>8</sup>

### *Emerging Preeminent State Research Universities*

A state research university that meets at least 6 of the 12 standards is designated as an “emerging preeminent state research university.”<sup>9</sup> Currently, the University of Central Florida and the University of South Florida-Tampa are designated as emerging preeminent state research universities. Each designated emerging preeminent state research university receives an amount of funding that is equal to one-half of the total increased amount awarded to each designated preeminent state research university.

### *Programs of National Excellence*

The BOG is encouraged to establish standards and measures to identify individual programs in state universities that objectively reflect national excellence and make recommendations to the Legislature for ways to enhance and promote such programs.<sup>10</sup>

### Florida College System Performance-Based Incentive

The FCS Performance-Based Incentive is awarded to FCS institutions using metrics adopted by the SBE. The metrics must include retention rates; program completion and graduation rates; postgraduation employment, salaries, and continuing education for workforce education and baccalaureate programs, with wage thresholds that reflect the added value of the certificate or degree; and outcome measures appropriate for associate of arts degree recipients.<sup>11</sup> The SBE is required to adopt benchmarks to evaluate each institution’s performance on the metrics for eligibility to receive performance funding.<sup>12</sup>

### Distinguished Florida College System Institution Program

The Distinguished FCS Institution Program is a collaborative partnership between the SBE and the Legislature to recognize the excellence of Florida’s highest-performing FCS institutions.<sup>13</sup> The excellence standards include:

- A 150 percent-of-normal-time completion rate<sup>14</sup> of 50 percent or higher, as calculated by the Division of Florida Colleges;
- A 150 percent-of-normal-time completion rate for Pell Grant recipients of 40 percent or higher, as calculated by the Division of Florida Colleges;
- A retention rate of 70 percent or higher, as calculated by the Division of Florida Colleges;
- A continuing education, or transfer, rate of 72 percent or higher for students graduating with an associate of arts degree, as reported by the Florida Education and Training Placement Information Program (FETPIP);
- A licensure passage rate on the National Council Licensure Examination for Registered Nurses (NCLEX-RN) of 90 percent or higher for first-time exam takers, as reported by the Board of Nursing;

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<sup>8</sup> Board of Governors, State University System of Florida, System Summary of University Work Plans (2016) at 10, *available at* [http://www.flbog.edu/about/doc/budget/workplan\\_2016/2016\\_SYSTEM\\_WORK\\_PLAN\\_2016-09-09.pdf](http://www.flbog.edu/about/doc/budget/workplan_2016/2016_SYSTEM_WORK_PLAN_2016-09-09.pdf).

<sup>9</sup> Section 1001.7065(3)(b), F.S.

<sup>10</sup> Section 1001.7065(8), F.S.

<sup>11</sup> Section 1001.66(1), F.S.

<sup>12</sup> *Id.* Rule 6A-14.07621, F.A.C., provides a description of the metrics and benchmarks, and calculations for performance funding.

<sup>13</sup> Section 1001.67, F.S.

<sup>14</sup> Rule 6A-14.07621(3)(b), F.A.C. The normal-time-completion rate captures the outcomes of a cohort of full-time, FTIC students who graduate within the amount of time is dependent on the catalogue time for the academic program.

- A job placement or continuing education rate of 88 percent or higher for workforce programs, as reported by FETPIP; and
- A time-to-degree for students graduating with an associate of arts degree of 2.25 years or less for first-time-in-college students with accelerated college credits, as reported by the Southern Regional Education Board.

An FCS institution that meets 5 of the 7 excellence standards is designated as a distinguished college.<sup>15</sup>

### Developmental Education

Developmental education is instruction through which a high school graduate who applies for any college credit program may attain the communication and computation skills necessary to successfully complete college credit instruction.<sup>16</sup> Developmental education may be delivered through a variety of delivery strategies described in law.<sup>17</sup>

Each FCS institution board of trustees is required to develop a plan to implement the developmental education strategies defined in law<sup>18</sup> and rules<sup>19</sup> of the SBE.<sup>20</sup> A university board of trustees may contract with an FCS institution to provide developmental education services for their students in need of developmental education.<sup>21</sup> FAMU is also authorized to offer developmental education.<sup>22</sup>

### Reemployment Assistance Wage Reports

The BOG uses reemployment assistance wage reports maintained by the Department of Economic Opportunity (DEO) to calculate and report on post-graduation employment for use in the performance-based funding program, the Annual Accountability Report, the University Work Plans. The reports are used in other important studies that document outcomes of SUS graduates that are required by statute and BOG regulations, such as the Graduate Follow-up studies One, Five and Nine Years after Baccalaureate Graduation.<sup>23</sup>

Currently, in order to receive this wage data, the BOG must request the data from the Florida Education and Training Placement Information Program (FETPIP) which subsequently receives data from DEO via a data sharing agreement authorized in law.<sup>24</sup> FETPIP then sends the data back to BOG fulfilling the original request. However, because BOG is not included in the statute, FETPIP is allowed to provide only high level summary data to BOG staff regarding university students. Therefore, FETPIP staff must conduct the analyses and, due to limited staff resources, requests are placed in a queue that often results in significant delays.

In the past, BOG made only one annual request through FETPIP for wage data so the process was not overly cumbersome, but the implementation of performance-based funding has significantly increased the frequency of data requests.

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<sup>15</sup>Section 1001.67(1),(2), F.S.

<sup>16</sup> Section 1008.02(1), F.S.

<sup>17</sup>*Id.* Strategies include modularized instruction that is customized and targeted to address specific skills gaps, compressed course structures that accelerate student progression from developmental instruction to college level coursework, contextualized developmental instruction that is related to meta-majors, and corequisite developmental instruction or tutoring that supplements credit instruction while a student is concurrently enrolled in a credit-bearing course.

<sup>18</sup> *Id.*

<sup>19</sup> Rule 6A-14.030(12), F.A.C.

<sup>20</sup> Section 1008.30(5)(a), F.S.

<sup>21</sup> Section 1008.30(5)(c), F.S.

<sup>22</sup> Board of Governors Regulation 6.008(1).

<sup>23</sup> State University System Board of Governors, Legislative Briefing Document (2017).

<sup>24</sup> Section 1008.39, F.S.

## Florida Bright Futures Scholarship Program

The Florida Bright Futures Scholarship Program (Bright Futures) was established in 1997<sup>25</sup> as a lottery-funded scholarship program to reward a Florida high school graduate who merits recognition for high academic achievement. The student must enroll in a degree program, certificate program, or applied technology program at an eligible public or private postsecondary education institution<sup>26</sup> in Florida after graduating from high school.<sup>27</sup> Bright Futures consists of three types of awards:<sup>28</sup>

- Florida Academic Scholars (FAS);<sup>29</sup>
- Florida Medallion Scholars (FMS);<sup>30</sup> and
- Florida Gold Seal Vocational Scholars (FGSV) and Florida Gold Seal CAPE Scholars.<sup>31</sup>

To be eligible for either a FAS or FMS award, students must meet the minimum examination score requirements specified in statute. Minimum SAT scores and percentile rank as well as ACT concordant scores are identified for each award level.<sup>32</sup> The SAT percentile ranks and corresponding SAT scores are based on the SAT percentile ranks for 2010 college-bound seniors in critical reading and mathematics as reported by the College Board.<sup>33</sup> In March of 2016, the College Board began administering the redesigned SAT.<sup>34</sup> In May of 2016, the College Board published concordance tables for the old SAT to the redesigned SAT as well as the ACT to the redesigned SAT. This created a discrepancy between the raw scores and the percentile scores listed in statute.

Bright Futures award amounts are specified annually in the General Appropriations Act (GAA).<sup>35</sup> A student may use a Bright Futures award for summer term enrollment if funds are available.<sup>36</sup> However, funds have not been appropriated for Bright Futures summer term awards since the 2000-2001 fiscal year.<sup>37</sup>

## First Generation Matching Grant Program

The First Generation Matching Grant Program was established in 2006<sup>38</sup> to enable each state university to provide donors with a matching grant incentive for contributions to create grant-based student financial aid for undergraduate students who demonstrate financial need and whose parents have not earned a baccalaureate degree.<sup>39</sup> Funds appropriated for the program must be allocated by the Office of Student Financial Assistance (within the Florida Department of Education) to match private contributions on a dollar-for-dollar basis.<sup>40</sup>

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<sup>25</sup> Section 2, ch. 1997-77, L.O.F.

<sup>26</sup> A student who receives any award under the Florida Bright Futures Scholarship Program, who is enrolled in a nonpublic postsecondary education institution, and who is assessed tuition and fees that are the same as those of a full-time student at that institution, receives a fixed award calculated by using the average tuition and fee calculation as prescribed by the Department of Education for full-time attendance at a public postsecondary education institution at the comparable level. Section 1009.538, F.S.

<sup>27</sup> Sections 1009.53(1) and 1009.531(2)(a)-(c), F.S. Starting with 2012-2013 graduates, a student graduating from high school is able to accept an initial award for 2 years following high school and to accept a renewal award for 5 years following high school graduation.

<sup>28</sup> Section 1009.53(2), F.S.

<sup>29</sup> Section 1009.534, F.S.

<sup>30</sup> Section 1009.535, F.S.

<sup>31</sup> Section 1009.536, F.S.

<sup>32</sup> Section 1009.531(6), F.S.

<sup>33</sup> Section 1009.531(6)(c), F.S.

<sup>34</sup> College Board. SAT Suite of Assessments. Available at <https://collegereadiness.collegeboard.org/about> (last visited March, 2017)

<sup>35</sup> Sections 1009.534 (2), 1009.535 (2), and 1009.536(3), F.S.

<sup>36</sup> Section 1009.53 (9), F.S.

<sup>37</sup> Florida Office of Economic and Demographic Research, Student Financial Aid Impact Conference (March 2015), available at <http://edr.state.fl.us/Content/conferences/financialaidimpact/archives/150303financialaidimpact.pdf>.

<sup>38</sup> Section 1, ch. 2006-73, L.O.F.

<sup>39</sup> Section 1009.701(1), F.S.

<sup>40</sup> Section 1009.701 (2), F.S.

## William L. Boyd, IV, Florida Resident Access Grant (FRAG)

The William L. Boyd, IV, FRAG is a tuition assistance program that is available to full-time degree-seeking undergraduate students registered at an independent nonprofit college or university which is:

- located in and chartered by the state;
- accredited by the Commission on Colleges of the Southern Association of Colleges and Schools;
- grants baccalaureate degrees;
- is not a state university or FCS institution; and
- has a secular purpose.<sup>41</sup>

## Block Tuition

The BOG is authorized to approve a proposal from a university board of trustees to implement flexible tuition policies including, but not limited to, block tuition.<sup>42</sup> The block tuition policy for resident undergraduate students or undergraduate-level courses must be based on the established per-credit-hour undergraduate tuition.<sup>43</sup> The block tuition policy for nonresident undergraduate students must be based on the established per-credit-hour undergraduate tuition and out-of-state fee.<sup>44</sup> To date, the BOG has not received a request for approval of a block tuition policy proposal from any state university.<sup>45</sup>

## 2+2 Articulation

The SBE and the BOG are required to enter into a statewide articulation agreement to preserve Florida's "2+2" system of articulation, facilitate the seamless articulation of student credit across and among Florida's education entities, and reinforce the articulation and admission policies specified in law.<sup>46</sup>

The articulation agreement must provide that every associate in arts graduate of an FCS institution has met all general education requirements, has indicated a baccalaureate institution and program of interest by the time the student earns 30 semester hours, and must be granted admission to the upper division, with certain exceptions,<sup>47</sup> of a state university or an FCS institution that offers a baccalaureate degree.<sup>48</sup> However, eligibility for admission to a state university does not provide to a transfer student guaranteed admission to the specific university or degree program that the student chooses.<sup>49</sup>

## Academic Notification

Articulated acceleration mechanisms include, but are not limited to, Advanced Placement (AP), Advanced International Certificate of Education (AICE), International Baccalaureate (IB), credit by examination, and dual enrollment.<sup>50</sup> The Department of Education is required to annually identify and publish the minimum scores, maximum credit, and course or courses for which credit must be awarded for specified examinations.<sup>51</sup> The Articulation Coordinating Committee (ACC)<sup>52</sup> has established passing

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<sup>41</sup> Section 1009.89(1) and (3), F.S.

<sup>42</sup>Section 1009.24(15)(a), F.S.

<sup>43</sup> Section 1009.24(15)(a)3., F.S.

<sup>44</sup> *Id.*

<sup>45</sup> Board of Governors, 2017 Legislative Bill Analysis for SB 2 (Jan. 18, 2017), at 4.

<sup>46</sup> Section 1007.23(1), F.S.

<sup>47</sup> Section 1007.23(2)(a), F.S. Exceptions include limited access programs, teacher certification programs, and those requiring an audition.

<sup>48</sup>Section 1007.23(2)(a), F.S.

<sup>49</sup> Board of Governors Regulation 6.004(2)(b)

<sup>50</sup> Section 1007.27(1), F.S.

<sup>51</sup> Section 1007.27(2), F.S.

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scores and course and credit equivalents for examinations specified in law.<sup>53</sup> The credit-by-exam equivalencies have been adopted in rule by the SBE.<sup>54</sup>

Each FCS institution and state university must award credit for specific courses for which competency has been demonstrated by successful passage of one of the examinations associated with the identified acceleration mechanisms.<sup>55</sup>

The law also requires the Commissioner of Education to appoint faculty committees representing secondary and public postsecondary education institutions to identify postsecondary courses that meet high school graduation requirements and equivalent high school credits earned through dual enrollment.<sup>56</sup> Additionally, the commissioner must recommend such courses to the SBE. The dual enrollment course-to-high school subject area equivalency list specifies postsecondary courses that, when completed, earn both high school and college credit.<sup>57</sup> All high schools must accept these dual enrollment courses toward meeting the standard high school diploma requirements.<sup>58</sup>

### State University Research and Development

According to the Board of Governors of the State University System of Florida (BOG), for Florida to “secure its place as a national leader in the 21st century, it must prove competitive in discovery and innovation.”<sup>59</sup> The stronger the universities and the State of Florida are in research and development (R&D) performance and reputation, the more competitive Florida becomes in attracting and retaining the best and most promising faculty, students, staff, and companies.<sup>60</sup>

In a 2014-15 National Science Foundation survey of R&D spending across the United States, the State of Florida ranked 4th on total research and development expenditures among public universities, behind California, Texas, and Michigan. States with strong and competitive research enterprises support the research infrastructure within their state with a wide range of statewide grant programs to make their state universities more competitive for federal grant opportunities.<sup>61</sup>

In Florida, the state universities have identified the need for funding to support university efforts to:

- Increase research capacity, output, and impact through targeted cluster hiring of talented faculty and strategic investments in research infrastructure;
- Increase and enhance undergraduate student participation in research through undergraduate research programs; and
- Connect university research to Florida’s industry and economic development through industry-sponsored research at state universities and research commercialization activities.

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<sup>52</sup> The Articulation Coordinating Committee (ACC) is established by the Commissioner of Education in consultation with the Chancellor of the SUS, to make recommendations related to statewide articulation policies regarding access, quality, and data reporting. The ACC serves as an advisory body to the Higher Education Coordinating Council, the SBE, and BOG.

<sup>53</sup> Florida Department of Education, Articulation Coordinating Committee Credit by Exam Equivalencies (Initially adopted Nov. 14, 2001), available at <http://www.fldoe.org/core/fileparse.php/5421/urlt/0078391-acc-cbe.pdf>.

<sup>54</sup> Rule 6A-10.024, F.A.C.

<sup>55</sup> *Id.*

<sup>56</sup> Section 1007.271(9), F.S.

<sup>57</sup> Florida Department of Education, 2016-2017 Dual Enrollment Course—High School Subject Area Equivalency List (2016), available at <http://www.fldoe.org/core/fileparse.php/5421/urlt/0078394-delist.pdf>.

<sup>58</sup> Section 1007.271(9), F.S.

<sup>59</sup> Board of Governors, Draft of Advancing Research and Innovation Legislative Budget Request, Presentation to the Board of Governors Task Force on University Research (Sept. 22, 2016), available at [http://www.flbog.edu/documents\\_meetings/0201\\_1017\\_7616\\_10.3.2%20TF-RSRCH%2003b%20LBR%20Request%20VPRs%20\\_2017\\_18%201aug2016%20Form%201%20\(002\)\\_JMI.pdf](http://www.flbog.edu/documents_meetings/0201_1017_7616_10.3.2%20TF-RSRCH%2003b%20LBR%20Request%20VPRs%20_2017_18%201aug2016%20Form%201%20(002)_JMI.pdf).

<sup>60</sup> *Id.*

<sup>61</sup> *Id.*

## Effect of Proposed Changes

This bill establishes the “Florida Excellence in Higher Education Act of 2017” to expand financial aid provisions and modify programmatic mechanisms, thereby assisting students access to higher education and incentivizing postsecondary institutions to emphasize on-time graduation.

### State University System Performance-Based Incentive

The bill specifies that SUS Performance-Based Incentive benchmarks or metrics that are in place for any given year may not be adjusted after university performance data has been received by the Board of Governors.

The bill revises the access rate metric to include both enrollment and graduation rates for low-income students. This will ensure that state universities not only maintain access for low-income students, but focus on the successful graduation of those students as well.

The bill also specifies that the SUS performance-based metric for graduation rate must include both a 4-year and a 6-year graduation rate. Weighting is provided for 4-year rates. During the 2015-16 academic year, the 4-year graduation rate for first-time-in-college (FTIC) students within the SUS was approximately 44 percent,<sup>62</sup> ranging from approximately 14 percent at FAMU to 68 percent at UF.<sup>63</sup>

#### 2011-15 4-YEAR GRADUATION RATES

	cohort	graduated	%grad
FAMU	2,013	270	13.4%
FAU	3,340	769	23.0%
FGCU	2,569	537	20.9%
FIU	4,477	1,146	25.6%
FSU	6,175	3,826	62.0%
NCF	237	135	57.0%
UCF	6,334	2,548	40.2%
UF	6,448	4,338	67.3%
UNF	1,778		29.5%
USF	4,066	1,957	48.1%
UWF	1,497	291	19.4%
<b>/SUS (from same univ.)</b>	<b>38,934</b>	<b>16,342</b>	<b>42.0%</b>
<b>SUS (from any state univ.)</b>	<b>38,934</b>	<b>17,167</b>	<b>44.1%</b>

Notes: these university graduation rates report those that graduated from their institution. Please note that 4yr graduation rate methodology does not account for: (1) differences in program length - 18% of SUS programs require more than 120 credits hrs; (2) the university differences of students with dual majors; (3) university differences of students who pursue advanced graduated degrees (e.g., 3+2 programs).

<sup>62</sup> State University System of Florida, 2014-15 System Accountability Report (2016) at13, available at: [http://www.flbog.edu/resources/doc/accountability/ar\\_2014-15/2014-15\\_System\\_Accountability\\_Report\\_APPENDIX\\_2016-03-18.pdf](http://www.flbog.edu/resources/doc/accountability/ar_2014-15/2014-15_System_Accountability_Report_APPENDIX_2016-03-18.pdf)

<sup>63</sup> *Id.*



## Preeminent State Research Universities Program

Consistent with the emphasis on a 4-year graduation rate metric for the SUS Performance-Based Incentive program, the bill revises the full-time FTIC student graduation rate metric for the preeminent state research university program from a 6-year to a 4-year rate, and modifies the benchmark for the graduation rate metric from 70 percent to 50 percent. Additionally, this section requires the BOG to calculate the graduation rate. Currently, the graduation rate is based on data reported annually to the Integrated Postsecondary Education Data System.<sup>64</sup>

### *Emerging Preeminent State Research Universities*

The bill reduces the amount of funding provided to emerging preeminent state research universities from one-half to one-quarter of the total additional funding awarded to preeminent state research universities.

### *Programs of Excellence*

The bill requires, rather than recommends, that the BOG establish standards and measures for programs of excellence throughout the SUS and specifies that the programs include undergraduate, graduate, and professional degrees. Additionally, this section requires the BOG to make recommendations to the Legislature for enhancing and promoting such programs by September 1, 2017.

## Florida College System Performance-Based Incentive

The bill revises the existing FCS performance metrics for awarding performance-based incentives to FCS institutions and adds new metrics that emphasize on-time program completion. Specifically, the bill:

- specifies a 150 percent-of-normal-time program completion and graduation rate for full-time, first-time-in-college students and defines the cohort for this metric as “full-time” based on a student’s majority enrollment in full-time terms;
- provides weighting for students who graduate within 100 percent-of-normal-time program completion in an amount equal to two times that of students who graduate within 150 percent-of-normal-time program completion;
- adds a continuing education or postgraduation job placement rate metric for workforce education programs, including workforce baccalaureate degree programs, with wage thresholds that reflect the added value of the applicable degree;
- adds a new graduation rate metric for FTIC students in associate in arts (AA) programs that are part of a 2+2 Targeted Pathway articulation agreement who graduate with a baccalaureate degree in 4 years after initially enrolling in the AA programs; and
- adds a new college affordability metric, adopted by the SBE.

## Distinguished Florida College System Institution Program

The bill emphasizes on-time graduation by revising the excellence standards for the Distinguished FCS Institution Program. Specifically, the bill:

- changes the normal-time completion rate metric from 150 percent to 100 percent;
- changes the normal-time completion rate metric for Pell Grant recipients from 150 percent to 100 percent;

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<sup>64</sup> The Integrated Postsecondary Education Data System (IPEDS) calculates the graduation rate as the total number of completers within 150% of normal time divided by the revised adjusted cohort. National Center for Education Statistics 2016-17 Glossary, available at <https://surveys.nces.ed.gov/ipeds/VisGlossaryAll.aspx>.

- specifies that the job placement metric must be based on the wage thresholds that reflect the added value of the applicable certificate or degree; and specifying that the continuing education and job placement metric does not apply to AA degrees; and
- replaces the time-to-degree metric with an excess-hours rate metric of 40 percent or lower of AA degree recipients who graduate with 72 or more credit hours.

### Developmental Education

Currently, each FCS institution board of trustees is required to develop a plan to implement the developmental education strategies defined in law.<sup>65</sup> The bill requires state universities to implement the same strategies, thereby strengthening developmental education instruction offered by those institutions. FAMU, as the only state university within the SUS that provides developmental education,<sup>66</sup> may need to revise its developmental education program to incorporate these developmental education strategies.

The bill also requires all degree-seeking students to take the common placement test for diagnostic purposes. Regardless of a student's performance on the common placement test, a student will be advised of any deficiencies and still be allowed to choose whether or not to enroll in a developmental education option or enroll directly in a college credit course.

This will provide students with a more accurate assessment of their skills at the time of entry into postsecondary education, so that they may make more informed decisions about whether to choose a developmental education option or enroll in a gateway course. Individual institutions have created student profile assessments based on GPA and other relevant factors to show students the likelihood of success in a gateway course, but assessment data would make those profiles more robust and lead to better predictive validity. This data will also assist colleges in determining which developmental strategies work best for various readiness levels.

### Reemployment Assistance Wage Reports

The bill authorizes the BOG to enter into an agreement with the DEO to allow secure access to the reemployment assistance wage reports maintained by the DEO. This data is necessary for BOG to conduct longitudinal analyses and would dramatically reduce the time (from months and weeks to days) required to respond to policymaker questions related to postgraduation employment data.

### Florida Bright Futures Scholarship Program – Florida Academic Scholars

The bill increases the FAS award amount to cover 100 percent of public postsecondary education institution tuition and certain tuition-indexed fees<sup>67</sup> plus \$300 for textbooks and college-related expenses during fall and spring terms, beginning in the fall 2017 semester.

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<sup>65</sup> Section 1008.02, F.S.

<sup>66</sup> BOG Regulation 6.008(1).

<sup>67</sup> The tuition-indexed fees specified in the bill include financial aid, capital improvements, technology enhancements, equipping buildings, or the acquisition of improved real property, and technology (s. 1009.22, F.S.); activity and service, financial aid, technology, capital improvements, technology enhancements, and equipping student buildings or the acquisition of improved real property (s. 1009.23, F.S.); and financial aid, Capital Improvement Trust Fund, activity and service, health, athletic, technology, transportation access, including the tuition differential (s. 1009.24, F.S.).

The table below shows the current and projected FAS award per credit hour:

Current 2016-17 FAS Per-Credit-Hour Award <sup>68</sup>	Projected 2017-18 FAS Average Per-Credit-Hour Award
\$103 at 4-year institutions	\$198.11 at 4-year institutions <sup>69</sup>
\$63 at two-year institutions	\$106.74 at two-year institutions <sup>70</sup>

Increasing the FAS award should make postsecondary education more affordable for eligible students. The bill may also help with retaining Florida's talented students in the state because the bill provides these students a greater financial incentive to attend a Florida institution.

For 2017-18, the estimated appropriation for Bright Futures is \$208.4 million. Of the \$208.4 million, \$195.5 million is the estimated cost for FAS awards. The change in the FAS award to 100 percent of tuition and specified fees is estimated to cost an additional \$125.7M for 44,596 students in the 2017-18 fiscal year. The bill also includes \$300 per semester for textbooks and other education-related expenses, which is estimated to cost \$26.2 million. The total additional cost for FAS awards is estimated to be \$151.9 million in the 2017-18 fiscal year.

The bill also makes a technical change removing references to specific ACT and SAT examination scores required for Bright Futures eligibility and preserving the existing percentile ranks. This will eliminate discrepancies between different examinations and different versions of the same examination.

#### *Summer Funding*

The bill specifies that any Bright Futures Scholarship Program funding provided in the GAA for summer term must be distributed equitably among all award levels.

#### First Generation Matching Grant Program

The bill expands need-based financial aid by revising the state to private match requirements from a 1:1 match to a 2:1 match. In Fiscal Year 2015-16, 8,234 initial and renewal students received an average award of \$1,289.45, with 13,700 unfunded eligible students reported by postsecondary education institutions.<sup>71</sup> The increase in the state matching contribution must first be used to make more awards available for eligible students. Any remaining funds may then be used to increase award amounts.

#### William L. Boyd, IV, Florida Resident Access Grant (FRAG)

The bill renames the William L. Boyd, IV, Florida Resident Access Grant (FRAG) Program as the William L. Boyd, IV, Effective Access to Student Education (EASE) Grant Program, but does not change any eligibility requirements or parameters for the program.

<sup>68</sup> Specific Appropriation 4, Ch. 2016-66, L.O.F.

<sup>69</sup> State University System of Florida, Tuition and Required Fees, 2016-17 (2016), available at [http://www.flbog.edu/about/doc/budget/tuition/Tuition\\_Fees\\_%202016-17.pdf](http://www.flbog.edu/about/doc/budget/tuition/Tuition_Fees_%202016-17.pdf).

<sup>70</sup> Florida Department of Education, Florida College System, 2016 Fact Book, Table 7.8T (2016), available at <http://fldoe.org/core/fileparse.php/15267/urlt/FactBook2016.pdf>.

<sup>71</sup> Florida Department of Education, Office of Student Financial Assistance, End-of-Year Report, 2015-16, First Generation Matching Grant Program (FGMG)(2016), available at [https://www.floridastudentfinancialaidsg.org/pdf/EOY\\_Reports/2015-16/FGMG\\_2015\\_2016.pdf](https://www.floridastudentfinancialaidsg.org/pdf/EOY_Reports/2015-16/FGMG_2015_2016.pdf).

## Block Tuition

The bill requires each state university board of trustees to adopt a block tuition policy for implementation by the fall 2018 semester. At a minimum, the policy must include a provision that exempts resident undergraduate students from the payment of tuition and fees for any credits taken in excess of 15 credits. Under such a policy, students may take additional courses without paying increased tuition, which gives students a financial incentive to take more courses within an academic term or year and may help students to graduate earlier.

## 2+2 Articulation and Academic Notification

The bill strengthens “2+2” articulation and improves academic notification by creating mechanisms for expanding locally-developed targeted “2+2” articulation agreements and requiring school districts to provide notification to students about applying acceleration mechanism credit to a postsecondary degree.

### *2+2 Targeted Pathway Program*

The bill reinforces the state’s intent to assist students enrolled in associate in arts (AA) degree programs to graduate on time, transfer to a baccalaureate degree program, and complete the baccalaureate degree within 4 years. Accordingly, the bill establishes the “2+2” targeted pathway program to strengthen Florida’s “2+2” system of articulation and improve student retention and on-time graduation. Specifically the bill:

- requires each Florida College System institution to execute at least one “2+2” targeted pathway articulation agreement with one or more state universities;
- requires the “2+2” targeted pathway articulation agreement to provide students who meet specified requirements guaranteed access to the state university and baccalaureate degree program in accordance with the terms of the agreement; and
- establishes student eligibility criteria to participate in a “2+2” targeted pathway articulation agreement. A student must:
  - enroll in the program before completing 30 credit hours.
  - complete an associate in arts degree.
  - meet the university’s transfer admission requirements.
- establishes requirements for state universities that execute “2+2” targeted pathway articulation agreements with their partner public college. A state university must:
  - establish a 4-year on-time graduation plan for a baccalaureate degree program;
  - advise students enrolled in the program about the university’s transfer and degree program requirements; and
  - provide students access to academic advisors and campus events, and guarantee admittance to the state university and degree program; and
- Requires the SBE and BOG to collaborate to eliminate barriers to executing “2+2” targeted pathway articulation agreements.

The “2+2” targeted pathway program is consistent with recent efforts by state universities and Florida College System institutions to strengthen regional articulation. The statewide “2+2” articulation agreement established in law<sup>72</sup> does not require a 4-year graduation plan and does not guarantee access to a specific university or degree program. To provide students a path to on-time graduation in 4 years with a baccalaureate degree, some state universities have established articulation agreements with regional Florida College System institutions.<sup>73</sup> For instance, the “DirectConnect to UCF”<sup>74</sup>

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<sup>72</sup> Section 1007.23(2), F.S.

<sup>73</sup> Examples of regional articulation agreements are the “DirectConnect to UCF,” the University of South Florida “FUSE” program, “TCC2FSU,” “TCC2FAMU,” “FIU Connect4Success,” “Link to FAU,” “2UWF Transfer Student Partnership,” and “UNF/SJR Gateway.”

<sup>74</sup> University of Central Florida, Presentation to the Senate Committee on Education, DirectConnect to UCF (Dec. 12, 2016).

guarantees admission to the University of Central Florida (UCF) with an associate degree from a partner institution, and offers university advising to develop an academic plan and access to UCF campuses for services and events. Similarly, the University of South Florida (USF) “FUSE” program<sup>75</sup> offers students guaranteed admission to a USF System institution. The FUSE program creates an academic pathway that provides a map for taking required courses, advising at USF and the partner institution regarding university requirements, a specially-designed orientation session for 2+2 students at the beginning of the program, and access to USF facilities and events.

### *Academic Notification*

The bill requires district school boards to notify students who enroll in acceleration mechanism courses or take exams about the credit-by-examination equivalency list and dual enrollment and high school subject area equivalency list. The notification requirement promotes targeted student advising at the secondary school level to inform students about earning college credits through certain acceleration mechanism courses and exams. The requirement also promotes the purposeful application of such credits to a postsecondary certificate or degree program, to ensure students receive credit for such courses and exams taken during high school. As a result, the notification may also assist students with higher education planning and affordability considerations.

### State University Research and Development

The bill expands and enhances policy and funding options for state universities to recruit and retain the very best faculty, by establishing the World Class Faculty and Scholar Program. The purpose of the program is to fund and support the efforts of state universities to recruit and retain exemplary faculty and research scholars. Funding for the program will be as provided in the GAA.

The bill also links education to job opportunities by modifying requirements of the strategic plan, developed by the BOG to require state universities to use data-driven gap analyses to identify internship opportunities for students in high-demand fields.

The bill takes effect July 1, 2017.

## B. SECTION DIRECTORY:

**Section 1.** Names the act the “Florida Excellence in Higher Education Act of 2017.”

**Section 2.** Amends s. 10091.66, F.S., revising performance metrics for the Florida College System Performance-Based Incentive.

**Section 3.** Amends s. 1001.67, F.S., revising excellence standards and benchmarks for the Distinguished Florida College System Institution Program.

**Section 4.** Amends s. 1001.706, F.S., requiring each state university to use gap analyses to identify internship opportunities for students.

**Section 5.** Amends section 1001.7065, F.S., revising the excellence standards and benchmarks for the Preeminent State Research Universities program; reducing funding available for emerging preeminent state research universities; and requiring the Board of Governors to establish standards and measures for programs of national excellence.

**Section 6.** Amends s. 1001.92, F.S., adjusting the graduation rate metric for the State University System Performance-Based Incentive.

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<sup>75</sup> University of South Florida, Presentation to the Senate Committee on Education, FUSE (Dec. 12, 2016).

**Section 7.** Creates s. 1004.6497, F.S., creating the World Class Faculty and Scholar Program to fund and support efforts of state universities to recruit and retain exemplary faculty and research scholars.

**Section 8.** Amends s. 1007.23, F.S., requiring the establishment of 2+2 targeted pathway articulation agreements.

**Section 9.** Amends s. 1007.27, F.S., requiring school boards to notify students and parents regarding acceleration mechanisms.

**Section 10.** Amends s. 1008.30, F.S., revising developmental education instruction at a state university and requiring all students to take the common placement test for diagnostic purposes.

**Section 11.** Amends s. 1008.39, F.S., authorizing the Board of Governors to have access to reemployment assistance wage reports maintained by the Department of Economic Opportunity for the purposes of conducting longitudinal analyses.

**Section 12.** Amends s. 1009.22, F.S., providing authority for the payment of specific postsecondary workforce education fees with the Florida Academic Scholars award;

**Section 13.** Amends s. 1009.23, F.S., providing authority for the payment of specific Florida College System fees with the Florida Academic Scholars award;

**Section 14.** Amends s. 1009.24, F.S., providing authority for the payment of specific state university fees with the Florida Academic Scholars award; requiring each state university board of trustees to adopt a block tuition policy for implementation by fall 2018.

**Section 15.** Amends s. 1009.53, F.S., requiring that any funds provided for Bright Futures students to use for the summer term must be equitably distributed among all award levels.

**Section 16.** Amends s. 1009.53, F.S., removing references to specific examination scores for Florida Bright Futures Scholarship eligibility.

**Section 17.** Amends s. 1009.534, F.S., revising award amount for the Florida Academic Scholars award.

**Section 18.** Amends s. 1009.701, F.S., revising the contribution ratios for the First Generation Matching Grant Program.

**Section 19.** Amends s. 1009.89, F.S., changing the name of the Florida Resident Access Grant to the Effective Access to Student Education grant.

**Section 20.** Directs the Division of Law Revision and Information to prepare a Reviser's Bill for the 2018 Regular Session to substitute the term "Effective Access to Student Education Grant Program" for "Florida Resident Access Grant Program" and the term "Effective Access to Student Education grant" for "Florida Resident Access grant."

**Section 16.** This bill has an effective date of July 1, 2017.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See FISCAL COMMENTS, *infra*.

2. Expenditures:

See FISCAL COMMENTS, *infra*.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill provides additional financial aid and tuition assistance to Florida students and families by:

- Providing students who qualify for the FAS award an increased tuition and fee benefit, plus \$300 for textbooks and college-related expenses in the fall and spring terms, which will reduce the out-of-pocket cost of education for these students. This may increase the average FAS award by approximately \$3,063 over the average 2015-16 award, from \$2,581 to \$5,644.
- Doubling the state match for the First Generation in College Matching Grant, which is likely to make the matching grant available to more students, or result in an increased award amount. The average award could double from \$1,289 to \$2,578 or additional students could be served at the same award amount.
- Requiring a block tuition policy that may provide a cost savings to students, but the potential savings are indeterminate.

### D. FISCAL COMMENTS:

The bill has the following estimated fiscal impact:

- For 2017-18, the estimated appropriation for Bright Futures is \$208.4 million. Of the \$208.4 million, \$195.5 million is the estimated cost for FAS awards. The change in the FAS award to 100 percent of tuition and specified fees is estimated to cost an additional \$125.7M for 44,596 students in the 2017-18 fiscal year. The bill also includes \$300 per semester for textbooks and other education-related expenses, which is estimated to cost \$26.2 million. The total additional cost for FAS awards is estimated to be \$151.9 million in the 2017-18 fiscal year.
- The institutional match is already being met for the current state appropriation of \$5.3 million. Increasing the state match would double the state appropriation, which could be used to provide additional scholarships, increase current scholarship awards, or a combination of both. In Fiscal Year 2015-16, 8,234 students received an average award of \$1,289.45.
- Revises the State University System and Florida College System performance funding programs, which has no state fiscal impact. However, such revisions may influence institutional performance relating to the revised metrics, and therefore affect the performance-funding distribution.

- Requires a block tuition policy that may not increase the state's fiscal liability or obligation. However, block tuition policies will have a negative impact on tuition revenue collected by state universities if students enroll in additional credit hours for which they are not required to pay tuition and fees.
- Funding for the World Class Faculty and Scholar Program will be as provided in the GAA.

### 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:

### IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On March 20, 2017, the Post-Secondary Education Subcommittee adopted a strike-all amendment and reported the bill favorably as a committee substitute. The strike all-amendment differs from the original bill in the following ways.

The strike-all amendment:

- Requires the State Board of Education to adopt metrics for the Florida College System Performance-Based Incentive including:
  - A Student retention rate, as calculated by the Division of Florida Colleges;
  - A 150 percent-of-normal-time program completion and graduation rate, using a cohort definition of "full-time" based on a student's majority enrollment in full-time terms. Requires additional weighting of 100 percent of normal completion;
  - A continuing education or postgraduation job placement rate for workforce education programs with wage thresholds that reflect the added value of the applicable degree; and
  - A graduation rate for full-time first-time-in college students who enroll in an associate in arts (AA) degree program that is part of a 2+2 targeted pathway articulation agreement who graduate with a baccalaureate degree within 4 years after initially enrolling in the AA degree program.
- Requires the Board of Governors (BOG) to adopt metrics for the State University System Performance-Based Incentive including:
  - Both a 4-year and a 6-year graduation rate, with weighting provided for 4-year rates; and
  - An access metric that includes both enrollment and graduation rates for low-income students.
- Specifies that State University System Performance-Based Incentive benchmarks or metrics that are in place for any given year may not be adjusted after university performance data has been received by the BOG.
- Establishes the World Class Faculty and Scholar Program to fund and support the efforts of state universities to recruit and retain exemplary faculty and research scholars, and specifies that funding for the program will be as provided in the General Appropriations Act (GAA).



- Links education to job opportunities by modifying requirements of the strategic plan, developed by the BOG to require state universities to use data-driven gap analyses to identify internship opportunities for students in high-demand fields.
- Requires all degree-seeking students to take the common placement test for diagnostic purposes. Regardless of a student's performance on the common placement test, a student will be advised of any deficiencies and still be allowed to choose whether or not to enroll in a developmental education option or enroll directly in a college credit course.
- Authorizes the BOG to enter into an agreement with the DEO to allow secure access to the reemployment assistance wage reports maintained by the DEO. This data is necessary for BOG to respond to legislative data requests in a timely and accurate manner.
- Requires each university board of trustees to adopt a block tuition policy for implementation by the fall 2018 academic semester that, at a minimum, exempts resident undergraduate students from the payment of tuition and fees for any credits taken in excess of 15 credit hours per semester.
- Specifies that if summer term funding for the Florida Bright Futures Scholarship Program is provided, funding must be distributed equitably among all Bright Futures award recipients.
- Makes a technical change by removing references to specific ACT and SAT examination scores required for Bright Futures eligibility and preserves the existing percentile ranks to eliminate discrepancies.
- Requires that new funds appropriated to the First Generation Matching Grant program as a result of the increased state match must be used to increase the number of award recipients prior to increasing the award amount for each recipient.
- Removes provisions relating to the expansion of the Benacquisto Scholarship to out-of-state students.
- Removes provisions deleting the authority for preeminent state research universities to require a special set of unique courses.

The bill analysis is drafted to reflect the committee substitute.