

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Committee on Education

BILL: SB 1296

INTRODUCER: Senator Diaz

SUBJECT: Organization and Operation of State Universities

DATE: March 25, 2019

REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|---------|----------------|-----------|--------------------|
| 1. | Bouck | Sikes | ED | Pre-meeting |
| 2. | | | AED | |
| 3. | | | AP | |

I. Summary:

SB 1296 modifies requirements relating to Board of Governors (BOG) oversight of the State University System (SUS) and to the operation of state universities. Specifically the bill:

- Requires the BOG to, by September 1 of each year, report on the intellectual freedom and viewpoint diversity at each state university, based on the results of each state university’s annual survey of students, faculty, and administrators.
- Requires the BOG to match individual student information with state, federal, and Department of Economic Opportunity data sources for auditing and evaluation purposes.
- Modifies the SUS performance-based incentive to:
 - Establish metrics relating to 2+2 transfer students, students with excess hours, and six-year graduation rates.
 - Require benchmarks be set using 2018-2019 fiscal year data.
 - Revise the allocation methodology for the state’s investment.
- Requires the BOG Office of Inspector General to annually verify data in the performance-based incentive and preeminent state research university programs.
- Applies restrictions on the transfer of state appropriations to a state university direct-support organizations (DSO) to include the DSO not-for-profit subsidiaries and affiliates, and
 - Applies requirements relating to board of trustee appointments to DSO boards and the transfer of state appropriations to include specified University of Florida health DSOs.
- Requires a reverse transfer agreement for Florida College System institution students who transfer to a state university before earning an associate in arts degree.
- Requires the University of South Florida (USF) St. Petersburg and USF Sarasota/Manatee to maintain branch campus status after the consolidation of accreditation with USF.
- Requires the BOG legislative budget request to include information about the ratio of students to faculty and administrators, and specifies growth requirements.

The bill takes effect July 1, 2019.

II. Present Situation:

Powers and Duties of the Board of Governors

The Board of Governors of the State University System (BOG) is required to operate, regulate, control, and be fully responsible for the management of the whole university system.¹

Board of Governors Powers and Duties Relating to Organization and Operation of State Universities

Florida law requires the BOG to exercise authority over state university organization and operations, including, but not limited to, information systems, sponsored research, direct-support organizations, academic programs, student and student organization conduct, and purchasing.²

Intellectual Freedom and Viewpoint Diversity

The Commission on Colleges of the Southern Association of Colleges and Schools (SACSCOC) requires member institutions to preserve intellectual and academic freedom.³ The SACSCOC asserts that “[t]he essential role of institutions of higher education is the pursuit and dissemination of knowledge. Academic freedom respects the dignity and rights of others while fostering intellectual freedom of faculty to teach, research, and publish. Responsible academic freedom enriches the contributions of higher education to society.”⁴

The 2017 National Survey of Student Engagement⁵ revealed that most students surveyed (64 percent) felt that postsecondary coursework generally respected the expression of diverse ideas, and that the postsecondary institution generally demonstrated a commitment to diversity (71 percent). This was reflected when specific forms of diversity were considered, such as gender, religious affiliation, or disability status. However, when political affiliation was considered, only half of students surveyed felt their postsecondary institution was generally supportive of different political ideas.⁶

Board of Governors Powers and Duties Relating to Accountability

The BOG is required to develop a strategic plan specifying goals and objectives for the State University System (SUS) and each constituent university, including each university’s contribution to overall system goals and objectives.⁷ The BOG must also develop an accountability plan for the SUS and each constituent university. The accountability plan must address institutional and system achievement of goals and objectives specified in the strategic

¹ Art. IX, Sec. 7(d), Fla. Const.

² Section 1001.706(3), F.S.

³ Southern Association of Colleges and Schools, *The Principles of Accreditation: Foundations for Quality Enhancement* (Dec. 2017), available at <http://www.sacscoc.org/pdf/2018PrinciplesOfAcreditation.pdf>, at principles 6.1 and 6.4.

⁴ Southern Association of Colleges and Schools, *Resource Manual for the Principles of Accreditation: Foundations for Quality Enhancement* (2018), available at <http://www.sacscoc.org/pdf/2018%20POA%20Resource%20Manual.pdf>, at 53.

⁵ National Survey of Student Engagement, *2017 Topical Module: Inclusiveness and Engagement with Cultural Diversity*, available at http://nsse.indiana.edu/2017_institutional_report/pdf/Modules/NSSE17%20Module%20Summary-Inclusiveness%20and%20Engagement%20with%20Cultural%20Diversity.pdf.

⁶ *Id.*

⁷ Section 1001.706(5)(b), F.S.

plan and must be submitted as part of its legislative budget request.⁸ To support such plans, the BOG is required to maintain an effective information system to provide accurate, timely, and cost-effective information about each university.⁹

The Office of Inspector General

The BOG Office of Inspector General¹⁰ (OIGC) is organized to promote accountability, efficiency, and effectiveness and to detect fraud and abuse within state universities. The OIGC has three functional responsibilities: audit, investigations, and compliance.¹¹ OIGC duties include, but are not limited to:¹²

- Advising in the development of performance measures, standards, and procedures for the evaluation of state agency programs.
- Assessing the reliability and validity of the information provided by the state agency on performance measures and standards, and making recommendations for improvement, if necessary.

Performance Funding

State University System Performance-Based Incentive

The SUS Performance-Based Incentive is awarded to state universities using performance-based metrics that are identified in law,¹³ adopted by the BOG,¹⁴ and include the following:¹⁵

- Percent of bachelor's graduates employed (earning \$25,000+) or continuing their education.
- Median wages of bachelor's graduates employed full-time.
- Average cost to the student (net tuition per 120 credit hours).
- Four-year graduation rate (Full-time, first-time-in-college students).
- Academic progress rate (2nd year retention with GPA above 2.0).
- Bachelor's degrees awarded in areas of strategic emphasis.
- University access rate (percent of undergraduates with a Pell-grant).
- Graduate degrees awarded in areas of strategic emphasis – all institutions but New College of Florida (NCF).
- Freshman in the top 10 percent of graduating high school class – for NCF only.
- BOG choice - percent of bachelor's degrees without excess hours.
- University board of trustees (BOT) choice.

⁸ Section 1001.706(5)(c), F.S.

⁹ Section 1001.706(5)(e), F.S.

¹⁰ The office is chartered as the Office of Inspector General and Director of Compliance (OIGC). Board of Governors, *Charter: Office of Inspector General and Director of Compliance* (June 18, 2009), available at https://www.flbog.edu/board/office/ig/_doc/OIGC_Charter_FINAL.pdf.

¹¹ *Id.* at 4.

¹² Section 20.055(2)(a) and (b), F.S.

¹³ Section 1001.92(1), F.S.

¹⁴ Section 1001.92(1), F.S.

¹⁵ Board of Governors, *Performance Funding Model Overview*, available at https://www.flbog.edu/board/office/budget/_doc/performance_funding/Overview-Doc-Performance-Funding-10-Metric-Model-Condensed-Version.pdf.

The performance of an institution is evaluated based on benchmarks adopted by the BOG for each metric. For each fiscal year, the amount of funds available for allocation to SUS institutions consists of the state's investment, plus the institutional investment from each institution's base budget, as determined in the General Appropriations Act.¹⁶ While specific requirements are specified in law for universities to receive the institutional investment, discretion is given to the BOG to set the allocation methodology for the universities to receive the state's investment.¹⁷

For 2018-2019, state universities are evaluated based on excellence or improvement in each metric, with benchmarks ranging from low (1 point) to high (10 points). The state investment is allocated based on a 100-point scale, and each state university is required to earn more than 50 points to receive the state investment. A state university that does not earn more than 50 points, or a state university that is one of the three lowest scoring universities, will not receive any of the state investment. A state university that has earned 50 points and is not one of the lowest three scoring institutions will receive the state investment funds proportional to their existing base funds, with the highest scoring universities eligible for additional state investment funds.¹⁸

For 2019-2020, the BOG modified its allocation methodology, but maintained the 100-point scale, and the threshold of more than 50 points to earn the institutional investment. The modifications establish a new methodology for an institution to receive the state investment, as follows:

- All institutions may be eligible for the state investment, subject to conditions, which eliminates the provision that excludes the three lowest scoring universities from receiving any of the state investment.
- Institutions that receive 100 percent of their proportional share of the state investment include:
 - Institutions with the highest three scores, including any ties.
 - All institutions with a score the same or higher as the previous year.
 - Any institution with a score less than the previous year but the previous year's score was higher or the same than the year before.
- Any institution with a score the same or lower than the previous year's score for two consecutive years must submit a student success plan to the BOG.
 - If the student success plan is approved by the BOG the institution receives up to 50 percent of its state's investment at the time of approval.
 - If the BOG determines, after monitoring progress on the plan, that the institution is making satisfactory progress on implementing the plan, the institution receives up to the balance of its state's investment.
 - An institution that fails to make satisfactory progress does its full state's investment restored, and any state investment funds remaining are distributed to the top three scoring institutions (including ties).
- Beginning with the Fiscal Year 2021-2022 appropriation, any institution with a score lower than 70 points must submit a student success plan to the BOG for consideration at its

¹⁶ BOG Regulation 5.001(3).

¹⁷ Florida Board of Governors, *2019 Agency Analysis for SB 1926* (Mar. 14, 2019), at 3.

¹⁸ https://www.flbog.edu/board/office/budget/_doc/performance_funding/Overview-Doc-Performance-Funding-10-Metric-Model-Condensed-Version.pdf, at 2.

August/September meeting to be to be eligible for 50 percent of its proportional amount of the state's investment.

- If the student success plan is approved by the BOG, the institution receives up to 25 percent of its state's investment at the time of approval.
- If the BOG, after monitoring progress on the plan, determines that the institution is making satisfactory progress on implementing the plan, the institution receives up to the balance of its state's investment (up to 50 percent of the state's investment).
- Any institution that fails to make satisfactory progress will not have its 50 percent of the state's investment restored, and any state investment funds remaining are distributed to the top three scoring institutions (including ties).

To provide assurance that the data submitted for this process is reliable, accurate, and complete, the BOG developed a Data Integrity Certification process in June 2014. University presidents and BOT were directed to provide for an audit of the state university's processes to ensure the completeness, accuracy, and timeliness of data submissions to the BOG. Audits must be submitted to the BOG for its March meeting.¹⁹

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.²⁰ A state university that meets 11 of the 12 academic and research excellent standards specified in law²¹ is designated a "preeminent state research university."²² Currently, the University of Florida, Florida State University, and the University of South Florida are designated as preeminent state research universities.²³

A state university that meets at least 6 of the 12 academic and research excellence standards is identified as an "emerging preeminent state research university."²⁴ Currently, the University of Central Florida is designated as an emerging preeminent state research university.²⁵

¹⁹ Board of Governors, *Performance Based Funding Model—Data and Methodology*, https://www.flbog.edu/board/office/budget/performance_funding.php (last visited Mar. 9, 2019).

²⁰ Section 1001.7065(1), F.S.

²¹ Section 1001.7065(2), F.S. The standards include: incoming freshman academic characteristics (average weighted GPA and average SAT score); institutional ranking nationally; freshman retention rate; 6-year graduation rate; national academy membership of institution faculty; research expenditures and patents awarded annually; doctoral degrees awarded annually; postdoctoral appointees annually; and institutional endowment.

²² Section 1001.7065(3)(a), F.S.

²³ Board of Governors, *2018 System Accountability Plan* (June 28, 2018), available at https://www.flbog.edu/board/doc/accountabilityplan/ap_2018/2018_System_Accountability_Plan_FINAL_2018-06-28.pdf, at 9.

²⁴ Section 1001.7065(3)(b), F.S.

²⁵ Board of Governors, *2018 System Accountability Plan* (June 28, 2018), available at https://www.flbog.edu/board/doc/accountabilityplan/ap_2018/2018_System_Accountability_Plan_FINAL_2018-06-28.pdf, at 9.

State University Direct-Support Organizations

A state university direct-support organization (DSO) is:²⁶

- A Florida corporation not-for-profit, incorporated under the provisions of chapter 617, and approved by the Department of State;
- Organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to, or for the benefit of, a state university; and
- An organization reviewed and certified by the state university board of trustees (BOT) to be operating in a manner consistent with the goals of the college or university and in the best interest of the state.

A state university BOT, in accordance with regulations and guidelines of the BOG, must specify conditions for a university DSO to use property, facilities, or personal services at any university. Such conditions must provide for budget and audit review and oversight by the BOT, including thresholds for approval of purchases, acquisitions, projects, and issuance of debt. No later than July 1, 2019, the transfer of a state appropriation by the BOT to any DSO may only include funds pledged for capital projects. Beginning July 1, 2019, and annually thereafter, each university BOT must report to the Legislature the amount of state appropriations transferred to any DSO during the previous fiscal year, the purpose for which the funds were transferred, and the remaining balance of any funds transferred.²⁷

University of Florida – Shands Teaching Hospital and Clinics, Inc., Shands Jacksonville Medical Center, Inc., and Shands Jacksonville HealthCare, Inc.

Shands Teaching Hospital and Clinics, Inc., Shands Jacksonville Medical Center, Inc., and its parent, Shands Jacksonville HealthCare, Inc., are private not-for-profit corporations organized for the primary purpose of supporting the University of Florida BOT's health affairs mission of community service and patient care, education and training of health professionals, and clinical research.²⁸

Statewide Articulation Agreement – Reverse Transfer

In fall, 2017, 16,312 FCS students transferred to a state university, but 4,589 transferred without a degree.²⁹

Statewide Articulation Agreement

The SBE and the BOG are required to enter into a statewide articulation agreement. The agreement must preserve Florida's "2+2" system of articulation and facilitate the seamless articulation of student credit across and among Florida's educational entities.³⁰ The agreement

²⁶ Section 1004.28(1)(a), F.S. Each of the 12 state universities has at least one direct-support organization (DSO). State University System of Florida, *University Direct-Support Organizations*, July 2016, available at [http://www.flbog.edu/pressroom/doc/DSO Info Brief with Attachments.pdf](http://www.flbog.edu/pressroom/doc/DSO%20Info%20Brief%20with%20Attachments.pdf).

²⁷ Section 1004.28(2)(b), F.S.

²⁸ Section 1004.41(4)(a) and (5)(a), F.S.

²⁹ Florida Board of Governors, *Florida College System Students Transferring into the State University System, Fall 2017* (Table 9), available at https://www.flbog.edu/resources/factbooks/2017-2018/xls/t09_00_1718_F.xlsx.

³⁰ Section 1007.23(1), F.S.

requires state university boards of trustees, Florida College System (FCS) BOT, and district school boards to adopt policies and procedures to provide articulated programs so that students can proceed toward their educational objectives as rapidly as their circumstances permit.³¹

Reverse Transfer

Reverse transfer is the process of retroactively granting associate degrees to students who complete the requirements of an associate degree after they transferred from a two- to a four-year institution. Once the student reaches the designated credits and requirements, they are retroactively awarded an associate degree from their two-year institution of origin.³²

In 2012, Florida and 15 states joined the Credit When It's Due³³ initiative and developed policies to implement reverse transfer agreements between public colleges and universities. From 2013 to 2016, FCS institution and state university participation in the program resulted in the award of 316 reverse transfer associate in arts (AA) degrees.³⁴

University of South Florida Consolidation

Currently, the University of South Florida St. Petersburg (USFSP) and the University of South Florida Sarasota/Manatee (USFSM) are maintained as separate organizational and budget entities, with separate accreditation, from the University of South Florida (USF).³⁵

In 2018,³⁶ legislation established a process for the termination of separate accreditation for USFSP and USFSM. The USFSP and USFSM campuses were required to have a campus board and a regional chancellor, each with specified duties. A USF Consolidation Planning Study and Implementation Task Force (task force) was created to develop recommendations to improve service to students by phasing out separate accreditation for the USFSP and USFSM campuses. The task force was required to submit by February 15, 2019, a report to the USF BOT with recommendations on specified issues. The USF was required to adopt and submit a plan, by March 15, 2019, to the BOG that establishes a timeline to terminate the separate accreditation for the USFSP and USFSM campuses by June 30, 2020.³⁷

³¹ Rule 6A-10.024(1), F.A.C.

³² Education Commission of the States, *Reverse Transfer: What is the Best Route to Take?* (Sept. 2015), available at <https://www.ecs.org/wp-content/uploads/12112.pdf>. Florida law also authorizes students at state universities to request an AA degree if they have successfully completed the minimum requirements for an AA degree. The state university must award the student an AA degree if the student has successfully completed specified requirements. Section 1007.25(11), F.S.

³³ The Credit When It's Due (CWID) initiative is a national grant program designed to facilitate the implementation and improve the process of "reverse transfer" degree programs. As explained in the CWID grant announcement, "The initiative is designed to encourage partnerships of community colleges and universities to significantly expand programs that award associate degrees to transfer students when students complete the requirements for the associate degree while pursuing a bachelor's degree."

³⁴ Jason L. Taylor & Eden Cortes-Lopez, *Reverse Credit Transfer: Increasing State Associate's Degree Attainment* (April 2017), available at <https://degreeswhendue.com/wp-content/uploads/2018/09/Taylor-Cortes-Lopez-2017.pdf>.

³⁵ Sections 1004.33 and 1004.34, F.S.

³⁶ Section, ch. 2018-4, L.O.F., codified as s. 1004.335, F.S.

³⁷ Section 1004.335, F.S. By July 1, 2020, the entirety of the USF, including all campuses and other component units of the university, will operate under a single institutional accreditation from the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC). *Id.* at (5)(c).

State University Ratios of Students to Faculty and Administration

The BOG is required to report as part of its legislative budget request the actual expenditures for each state university for the fiscal year ending the previous June 30 as a part of its legislative budget request (LBR).³⁸

From 2010 to 2016, the number of state university staff with administrative duties increased at a faster rate than that of students and faculty.³⁹ During that same period the ratio of students to faculty rose from 28:1 to 29:1. The number of students to administrators decreased from 2010-2014 (meaning the number of administrators was growing faster than the number of students, from a ratio of 28:1 in 2010 to 24:1 in 2014). However, because of a subsequent increase from 2014 to 2016, the overall ratio from 2010 to 2016 remained unchanged at 28:1.⁴⁰

III. Effect of Proposed Changes:

SB 1296 modifies requirements relating to the Board of Governors (BOG) oversight of the State University System (SUS) and to the operation of state universities. Specifically the bill:

- Requires the BOG to, by September 1 of each year, report on the intellectual freedom and viewpoint diversity at each state university, based on the results of each state university's annual survey of students, faculty, and administrators.
- Requires the BOG to match individual student information with state, federal, and Department of Economic Opportunity data sources for auditing and evaluation purposes.
- Modifies the SUS performance-based incentive to:
 - Establish metrics relating to 2+2 transfer students, students with excess hours, and six-year graduation rates.
 - Require benchmarks be set using 2018-2019 fiscal year data.
 - Revise the allocation methodology for the state's investment.
- Requires the BOG Office of Inspector General (OIG) to annually verify data in the performance-based incentive and preeminent state research university programs.
- Applies restrictions on the transfer of state appropriations to a state university direct-support organizations (DSO) to include the DSO not-for-profit subsidiaries and affiliates, and
 - Applies requirements relating to board of trustee appointments to DSO boards and the transfer of state appropriations to include specified University of Florida health DSOs.
- Requires a reverse transfer agreement for Florida College System (FCS) institution students who transfer to a state university before earning an associate in arts (AA) degree.
- Requires the University of South Florida (USF) St. Petersburg and USF Sarasota/Manatee to maintain branch campus status after the consolidation of accreditation with USF.
- Requires the BOG legislative budget request to include information about the ratio of students to faculty and administrators, and specifies growth requirements.

³⁸ Section 1011.90(4), F.S.

³⁹ Office of Program Policy and Government Accountability, *OPPAGA Research on State University System Administrative Positions and Salaries*, House Higher Education Appropriations Subcommittee, Mar. 14, 2017. During that time, the increase in students was 9 percent, faculty was 6 percent, and administrators was 12 percent. *Id.*

⁴⁰ *Id.*

Powers and Duties of the Board of Governors

Board of Governors Powers and Duties Relating to Organization and Operation of State Universities

The bill amends s. 1001.706, F.S., to require the BOG to report, by September 1 of each year,⁴¹ on the intellectual freedom and viewpoint diversity at each institution through an objective, nonpartisan, and statistically valid survey that enables comparison among institutions over time. The bill also requires each state university to conduct an annual survey of students, faculty, and administrators that assesses the extent to which competing ideas, perspectives, and claims of truth are presented and members of the university community feel safe and supported in exploring and articulating their beliefs and viewpoints on campus and in the classroom.

Board of Governors Powers and Duties Relating to Accountability

The bill amends s. 1001.706, F.S., to also require the BOG to match individual student information with information from state and federal agencies that maintain educational and employment records and to enter into an agreement with the Department of Economic Opportunity (DEO) that allows access to individual reemployment assistance wage reports maintained by the DEO. The agreement must protect individual privacy and provide that student information obtained through the agreement may be used only for the purposes of auditing and evaluating higher education programs offered by state universities.

Currently, to match student data with employment data, the BOG supplies data sets to the Florida Education and Training Placement Information Program (FETPIP)⁴² and requests that data be matched with employment information provided by the Florida Department of Economic Opportunity (DEO) at the student level. BOG staff have indicated that the process for requests and negotiation of data sharing agreements can be very time-intensive.⁴³ The proposed change would require and allow the BOG to independently access DEO employment data and perform student-level matching analyses on demand and as-needed. This would provide BOG staff with more control over the timing and quality of data availability to stakeholders and interested parties as well as an enhanced ability to actively monitor and analyze the relevant data as it applies to student and university performance.⁴⁴

Performance Funding

SUS Performance-Based Incentive

The bill amends s. 1001.92, to modify the performance-based metrics and the allocation methodology for distribution of the state's investment.

⁴¹ The effective date of the bill is July 1, 2019, it is unclear if the first report would be required by September 1, 2019.

⁴² The Florida Education and Training Placement Information Program (FETPIP) is a data collection and consumer reporting system established to provide follow-up data on former students and program participants who have graduated, exited or completed a public education or training program within the State of Florida. Section 1008.39, F.S.

⁴³ Florida Board of Governors, *2019 Agency Analysis for SB 1926* (Mar. 14, 2019), at 3. Two of the Board's ten Performance Based Funding Metrics (Percent of Bachelor's Graduates Employed (Earning \$25,000+) or Continuing their Education and Median Wages of Bachelor's Graduates Employed Full-time) utilize post-graduation data and currently rely on this external matching process to calculate the distribution of funding. *Id.*

⁴⁴ Florida Board of Governors, *2019 Agency Analysis for SB 1926* (Mar. 14, 2019), at 4-5.

The bill modifies the performance metrics for the SUS performance-based incentive by:

- Adding a 2-year graduation rate for full-time 2+2 associate degree transfer students from FCS institutions.
- Adding a percentage of students graduating without excess hours.
- Modifying the access rate to a 6-year graduation rate for students eligible for a Pell Grant compared with students not eligible for a Pell Grant, with points deducted for decreases in the enrollment of students who are eligible for a Pell Grant.
- Specifying that benchmarks and data may not be adjusted after the BOG receives performance data.⁴⁵

Currently the BOG has specified eight performance metrics, with the remaining two metrics a BOG choice and university BOT choice. The bill specifies nine performance metrics. Therefore, if the BOG were to maintain a BOG-choice metric, and a university BOT-approved metric in addition to the specified metrics in the bill, this would result in 11 metrics. Maintaining the 100-point scale may require removal of one currently-approved metric, or lowering the maximum score for each metric.⁴⁶

Such changes to the performance metrics may prompt state universities to increase their focus on encouraging FCS transfer students to complete their degree programs in two years. Universities may also increase their focus on encouraging Pell Grant students to complete their degree programs in six years.⁴⁷

The bill modifies the institutional investment allocation by:

- Requiring the BOG to use data from the 2018-2019 fiscal year to establish baseline scores for each state university.
- Providing that institutions that meet minimum institutional investment eligibility thresholds may be eligible for the state investment.

The bill maintains a 100-point scale to evaluate the state universities, but modifies the allocation methodology for universities to be eligible for their share of the state's investment. The bill specifies that, using baseline data from the 2018-2019 fiscal year:

- The state universities with the three highest scores (including ties) receive 100 percent of their allocation of state investment.
- A university that maintains or increases its score over the last year receives 100 percent of its allocation of the state investment.
- A university with a lower score than the previous year, but its previous year's score was equal to or higher than the year before, receives 100 percent of its allocation of the state investment.
- If a university's score stays the same or decreases for 2 consecutive years, the university may receive up to 100 percent of its allocation of the state investment after presenting and completing a student success plan. Specifically:

⁴⁵ In its analysis, the BOG notes that data for the benchmarks will be received by the BOG in March 2019. With an effective date of the bill of July 1, 2019, the benchmarks would need to be adjusted after those performance data are received. Florida Board of Governors, *2019 Agency Analysis for SB 1296* (Mar. 14, 2019), at 7.

⁴⁶ Florida Board of Governors, *2019 Agency Analysis for SB 1296* (Mar. 14, 2019), at 5.

⁴⁷ Florida Board of Governors, *2019 Agency Analysis for SB 1296* (Mar. 14, 2019), at 7.

- The university must present a student success plan to the BOG at its August or September meeting. If the plan is accepted by the BOG, the university may receive up to 50 percent of its state investment.
- If the BOG determines at its March meeting that the university is making satisfactory progress in implementing the student success plan, the university may receive up to the balance of its allocation of the state investment.
- If the student success plan goals are not met, the university may not receive its allocation of the state investment, and that portion is distributed to the top 3 scoring universities.
- Starting in 2021-2022, state universities below a score of 70 may receive up to 50 percent of the state investment after presenting and completing a student success plan:
 - The state university must present a student success plan to the BOG at its August or September meeting. If the plan is accepted by the BOG, university may receive up to 25 percent of its state investment.
 - If the BOG determines at its March meeting that the university is making satisfactory progress in implementing the student success plan, the university may receive up to the balance of the state investment.
 - If student success plan goals are not met the university may not receive the balance of the state investment, and that portion is distributed to the top 3 scoring universities.

Additionally, the bill amends s. 1001.706, F.S., to require the OIG of the BOG to annually verify the accuracy of the data used to implement the SUS Performance-Based Incentive and the preeminent state research universities program. This may help to ensure that data collected for use in performance funding programs is timely and accurate.

The bill's allocation methodology codifies, with some modifications, the BOG's recent change to its regulation⁴⁸ specifying an allocation methodology for the state investment. The most notable change is that the BOG sets 2017-2018 as the year to set baseline data, rather than 2018-2019 in the bill. The BOG procedures would allow for three years of data before 2021-2022, when state universities with a score lower than 70 may not receive the full state investment.⁴⁹

State University Direct-Support Organizations

The bill amends s. 1004.28, F.S., to extend the restriction on the transfer of a state appropriation by the board of trustees to any direct-support organization to also include the DSO's not-for-profit subsidiaries and affiliates.

University of Florida – Shands Teaching Hospital and Clinics, Inc., Shands Jacksonville Medical Center, Inc., and Shands Jacksonville HealthCare, Inc.

The bill amends s. 1004.41, F.S., to specify that the University of Florida (UF) board of trustees must approve all appointments to the board of directors for Shands Teaching Hospital and Clinics, Inc., Shands Jacksonville Medical Center, Inc., and Shands Jacksonville HealthCare, Inc., and each's not-for-profit subsidiaries, and affiliates. This is consistent with law that requires

⁴⁸ BOG Regulation 5.001.

⁴⁹ Florida Board of Governors, *2019 Agency Analysis for SB 1926* (Mar. 14, 2019), at 5.

the state university BOT to approve all appointments to any DSO board of directors and executive committee.⁵⁰

The bill also establishes a restriction on the transfer of state appropriations to specify that, beginning July 1, 2019, the transfer of state appropriations by the UF BOT to Shands Teaching Hospital and Clinics, Inc., Shands Jacksonville Medical Center, Inc., and Shands Jacksonville HealthCare, Inc., may include only funds pledged for capital projects.

Statewide Articulation Agreement – Reverse Transfer

The bill amends s. 1007.23, F.S., to specify that the statewide articulation agreement must specifically provide for a reverse transfer agreement for FCS AA degree-seeking students who transfer to a state university before earning an AA degree.⁵¹ The bill requires the agreement to include, but is not limited to, the following provisions:

- The state universities' annual identification of students who have completed requirements for an AA degree.
- The transfer of credits earned at the university back to the FCS institution.
- Provisions for the annual notification to students of the reverse transfer policy.

Similarly, in Executive Order 19-31,⁵² Governor DeSantis directed the Commissioner of Education (commissioner) to ensure the DOE's 2019 legislative priorities included:

- Adopting a "reverse transfer" policy within universities and state colleges, whereby state colleges issue associates' degrees to students who began their higher education at a state college and transferred to a university prior to completing the necessary credits for an associate's degree, but did not complete their bachelors' degrees at the university. This would be accomplished by having the university transfer back any credits completed by the student to the state college where they started, allowing those who have completed the necessary credits across the system to be awarded an associate's degree from the state college at which they started.
- Requiring all four-year colleges to proactively offer associate's degrees to students who have completed the required 60 hours immediately upon completion of those hours.

A statewide reverse transfer policy may result in additional degrees awarded to students. Students who are not able to complete a bachelor's degree may still benefit from award of an AA degree. In addition, FCS institutions may benefit from additional degrees awarded for completion calculations under the FCS Performance-Based Incentive.

⁵⁰ Section 1004.28(3), F.S.

⁵¹ The BOG reports that, since 2015, Florida Atlantic University, Florida International University, the University of North Florida, and the University of South Florida had all established reverse transfer agreements with feeder Florida College System institutions. Florida Board of Governors, *2019 Agency Analysis for SB 1296* (Mar. 14, 2019), at 4.

⁵² Office of the Governor, *Executive Order Number 19-31* (Jan. 30, 2019), available at https://www.flgov.com/wp-content/uploads/orders/2019/EO_19-31.pdf, at 2-3.

University of South Florida Consolidation

The bill amends s. 1004.335, F.S., to require that the University of South Florida St. Petersburg and the University of South Florida Sarasota/Manatee maintain branch campus status⁵³ for both campuses after their accreditation is consolidated with the University of South Florida.

State University Ratios of Students to Faculty and Administration

The bill amends s. 1011.90, F.S., to require that the BOG legislative budget request (LBR) must also include 5-year trend information on the ratios of student enrollment to faculty and administrators at each state university. The bill also specifies that ratio of students to administrators at any university may not grow at a greater rate than the ratio of students to faculty. The bill does not specify a ratio threshold or use of such data in the LBR process.

The bill takes effect July 1, 2019.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

⁵³ The Commission on Colleges of the Southern Association of Colleges and Schools defines a “branch campus” as an off-campus instructional site that is geographically apart and independent of the main campus of the institution. A location is independent of the main campus if the location is: permanent; offers courses in educational programs leading to a degree, certificate, or other recognized educational credential; has its own faculty and administrative or supervisory organization; and has its own budgetary and hiring authority. Southern Association of Colleges and Schools, *Merger/Consolidation, Acquisition, Change of Ownership, and Change of Governance, Control, Form, or Legal Status* (June 2010, updated June 2018), available at <http://www.sacscoc.org/subchg/policy/Mergers.pdf>, at 3.

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

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The modifications to the performance-based incentive metrics and allocation methodology may affect the distribution of performance funds to state universities. The impact of these changes is not known.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 1001.706, 1001.92, 1004.28, 1004.335, 1004.41, 1007.23, and 1011.90.

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

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

None.

B. Amendments:

None.