By Senator Diaz

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A bill to be entitled

An act relating to the organization and operation of state universities; amending s. 1001.706, F.S.; requiring the Board of Governors to report on the intellectual freedom and viewpoint diversity at each state university; requiring each institution to conduct a certain annual survey of students, faculty, and administrators; requiring the Office of Inspector General to annually verify the accuracy of specified data; requiring the Board of Governors to match certain student information with specified educational and employment records; requiring the Board of Governors to enter into an agreement with the Department of Economic Opportunity for certain purposes; providing requirements for such agreement; amending s. 1001.92, F.S.; revising the state university system performance-based incentive; revising the performance-based metrics to include specific data; authorizing the Board of Governors to approve other metrics; prohibiting the adjustment of such metrics once specified data has been received; requiring the Board of Governors to establish a minimum performance funding eligibility threshold for institutional investments, which must exceed a certain minimum threshold; requiring the use of specified data in establishing initial scores; providing for the scoring of universities by the Board of Governors and the distribution of state investment funds; providing requirements for state universities that do not meet

specified requirements relating to the performance funding eligibility thresholds for the state's investment funding; amending s. 1004.28, F.S.; providing that state appropriations transferred to specified entities by state university boards of trustees may only be used for specified purposes; amending s. 1004.335, F.S.; clarifying that the University of South Florida St. Petersburg and the University of South Florida Sarasota/Manatee are branch campuses; deleting obsolete language; amending s. 1004.41, F.S.; requiring the University of Florida Board of Trustees to approve appointments to specified boards of directors and certain subsidiaries and affiliates of Shands Teaching Hospital and Clinics, Inc.; providing that, as of a specified date, state appropriations transferred to certain entities by the University of Florida Board of Trustees may be used only for specified purposes; amending s. 1007.23, F.S.; requiring the statewide articulation agreement to provide for a reverse transfer agreement; providing for an associate degree to be awarded to certain students by Florida College System institutions; providing requirement for state universities; amending s. 1011.90, F.S.; providing requirements for a certain legislative budget request; prohibiting certain ratios relating to student enrollment from growing faster than a specified rate; providing an effective date.

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Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraph (e) of subsection (5) of section 1001.706, Florida Statutes, is amended, and paragraph (j) is added to subsection (3) and paragraph (i) is added to subsection (5) of that section, to read:

1001.706 Powers and duties of the Board of Governors.-

- (3) POWERS AND DUTIES RELATING TO ORGANIZATION AND OPERATION OF STATE UNIVERSITIES.—
- (j) The Board of Governors shall report, by September 1 of each year, 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. Each institution shall conduct an annual survey of students, faculty, and administrators which 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.
 - (5) POWERS AND DUTIES RELATING TO ACCOUNTABILITY.-
- (e) The Board of Governors shall maintain an effective information system to provide accurate, timely, and costeffective information about each university. The board shall continue to collect and maintain, at a minimum, management information as such information existed on June 30, 2002. The Office of the Inspector General shall annually verify the accuracy of the data used to implement ss. 1001.7065 and 1001.92.
- (i) The Board of Governors shall match individual student information with information in the files of state and federal

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agencies that maintain educational and employment records. The board must enter into an agreement with the Department of Economic Opportunity which allows access to the individual reemployment assistance wage records maintained by the department. The agreement must protect individual privacy and must provide that student information may be used only for the purposes of auditing or evaluating higher education programs offered by state universities.

Section 2. Section 1001.92, Florida Statutes, is amended to read:

1001.92 State University System Performance-Based Incentive.—

- (1) A State University System Performance-Based Incentive shall be awarded to state universities using performance-based metrics adopted by the Board of Governors of the State University System. Beginning with the Board of Governors' determination of each university's performance improvement and achievement ratings for 2018, and the related distribution of the 2018-2019 fiscal year appropriation, the performance-based metrics must include:
 - (a) 4-year graduation rates;
- (b) 2-year graduation rates for full-time 2+2 associate degree transfer students from Florida College System institutions;
 - (c) Retention rates;
 - (d) Postgraduation education rates;
- (e) Degree production;
- (f) Affordability;
- 116 (g) Postgraduation employment and salaries, including wage

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thresholds that reflect the added value of a baccalaureate degree;

- (h) Six-year graduation rates for students who are eligible for a Pell Grant as compared with students who are not eligible for a Pell Grant, with points deducted for decreases in the enrollment of students who are eligible for a Pell Grant access rate, based on the percentage of undergraduate students enrolled during the fall term who received a Pell Grant during the fall term; and
- (i) The percentage of students graduating without excess hours.

The Board of Governors may approve other metrics approved by the board in a formally noticed meeting. The board shall adopt benchmarks to evaluate each state university's performance on the metrics to measure the state university's achievement of institutional excellence or need for improvement and minimum requirements for eligibility to receive performance funding.

Benchmarks and metrics may not be adjusted after university performance data has been received by the Board of Governors.

Access rate benchmarks must be differentiated and scored to reflect the varying access rate levels among the state universities; however, the scoring system may not include bonus points.

(2) Each fiscal year, the amount of funds available for allocation to the state universities based on the performance-based funding model shall consist of the state's investment in performance funding plus institutional investments consisting of funds deducted from the base funding of each state university in

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the State University System in an amount provided by the Legislature. The Board of Governors shall establish a minimum performance funding eligibility threshold for thresholds for the state's investment and the institutional investments, which must exceed the minimum institutional investment threshold. The board shall use data from the 2018-2019 fiscal year to establish initial scores for each state university. A state university that meets the minimum institutional investment eligibility threshold, but fails to meet the minimum state investment eligibility threshold, shall have its institutional investment restored but is ineligible for a share of the state's investment in performance funding. The institutional investment shall be restored for each institution eligible for the state's investment under the performance-based funding model.

- (3) (a) A state university that fails to meet the Board of Governors' minimum institutional investment performance funding eligibility threshold shall have its institutional investment withheld by the board and must submit an improvement plan to the board that specifies the activities and strategies for improving the state university's performance. The board must review and approve the improvement plan and, if the plan is approved, must monitor the state university's progress in implementing the activities and strategies specified in the improvement plan. The state university shall submit monitoring reports to the board by December 31 and May 31 of each year in which an improvement plan is in place. The ability of a state university to submit an improvement plan to the board is limited to 1 fiscal year.
- (b) The Chancellor of the State University System shall withhold disbursement of the institutional investment until the

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monitoring report is approved by the Board of Governors. A state university determined by the board to be making satisfactory progress on implementing the improvement plan shall receive no more than one-half of the withheld institutional investment in January and the balance of the withheld institutional investment in June. A state university that fails to make satisfactory progress may not have its full institutional investment restored. Any institutional investment funds that are not restored shall be redistributed in accordance with the board's performance-based metrics.

- (4) (a) The Board of Governors shall assign each state university a score on a 100-point scale. Pursuant to subsection (2), a state university's initial scores must be established using data from the 2018-2019 fiscal year. The state universities with the three highest scores are eligible to receive a proportionate amount of the state's investment. In the event of a tie for the three highest scores, the tie shall go to the benefit of the state universities.
- (b) Each state university with a score that is equal to or higher than its score for the previous year is eligible for its proportional amount of the state's investment.
- (c) Each state university with a score that is lower than in the immediately previous year, but whose score in that year was equal to or higher than its score for the prior year, is eligible for its proportional amount of the state's investment.
- (d) Each state university with a score that is equal to or lower than its previous year's score for 2 consecutive years shall have its proportional amount of the state's investment withheld and must submit a student success plan to the board for

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consideration at its August or September meeting. The board shall review and approve the student success plan and, if the student success plan is approved, must monitor the state university's progress in implementing the plan. The student success plan must specify the activities and strategies the state university will use for improving its performance metrics.

- 1. If the board approves the student success plan, the Chancellor of the State University System must disburse up to one-half of the state's investment at the time of approval.
- 2. The student success plan monitoring report must be submitted to the board on a date specified by the Chancellor and considered at the board's March meeting. The Chancellor shall withhold the remaining disbursement of the state's investment until the student success plan monitoring report for the state university is approved by the board. If it is determined that the state university is making satisfactory progress on implementing the plan, the board must approve the monitoring report and the state university must receive up to the balance of the state's investment.
- 3. Any state university that fails to make satisfactory progress may not have its full state investment restored, and any state investment funds remaining must be distributed to the top three scoring state universities, including any state universities that have tied.
- (e) Beginning with the 2021-2022 fiscal year, any state university with a score lower than 70 points shall have its proportional amount of the state's investment withheld and the state university shall submit a student success plan to the board for consideration at its August or September meeting. The

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board shall review and approve the student success plan and, if the student success plan is approved, must monitor the state university's progress in implementing the plan. The student success plan must specify the activities and strategies that the state university will use for improving its performance metrics. A state university whose proportional amount of the state's investment is withheld pursuant to this paragraph may only have 50 percent of its share of the state investment restored.

- 1. If the board approves the student success plan, the Chancellor shall disburse up to 25 percent of the state's investment at the time of approval.
- 2. The student success plan monitoring report must be submitted to the board on a date specified by the Chancellor and considered at the board's March meeting. The Chancellor shall withhold the remaining disbursement of the state's investment until the student success plan monitoring report for the state university is approved by the board. If it is determined that the state university is making satisfactory progress on implementing the plan, the board must approve the monitoring report and the state university shall receive up to 25 percent of its proportional amount of the state's investment.
- 3. Any state university that fails to make satisfactory progress may not have its 50 percent of the state's investment restored, and any state investment funds remaining must be distributed to the top three scoring state universities, including any state universities that have tied.
- 4. The remaining 50 percent of each state university's proportional share of the state's investment must be distributed to the top three scoring state universities, including state

universities that have tied.

(5) Distributions of performance funding, as provided in this section, shall be made by the Legislature to each of the state universities.

(6)(5) By October 1 of each year, the Board of Governors shall submit to the Governor, the President of the Senate, and the Speaker of the House of Representatives a report on the previous fiscal year's performance funding allocation which must reflect the rankings and award distributions.

 $\underline{(7)}$ (6) The Board of Governors shall adopt regulations to administer this section.

Section 3. Paragraph (b) of subsection (2) of section 1004.28, Florida Statutes, is amended to read:

1004.28 Direct-support organizations; use of property; board of directors; activities; audit; facilities.—

- (2) USE OF PROPERTY.-
- (b) The board of trustees, in accordance with regulations and guidelines of the Board of Governors, shall prescribe by regulation conditions with which a university direct-support organization must comply in order to use property, facilities, or personal services at any state university, including that personal services must comply with s. 1012.976. Such regulations shall provide for budget and audit review and oversight by the board of trustees, including thresholds for approval of purchases, acquisitions, projects, and issuance of debt.

 Beginning No later than July 1, 2019, the transfer of a state appropriation by the board of trustees to any direct-support organization and its not-for-profit subsidiaries and affiliates may only include only funds pledged for capital projects.

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Beginning July 1, 2019, and annually thereafter, Each university board of trustees shall report annually to the Legislature the amount of state appropriations transferred to any direct-support organization during the previous fiscal year, the purpose for which the funds were transferred, and the remaining balance of any funds transferred.

Section 4. Subsections (1), (4), and (5) and paragraph (a) of subsection (6) of section 1004.335, Florida Statutes, are amended to read:

1004.335 Accreditation consolidation of University of South Florida branch campuses.—

- (1) The University of South Florida Consolidation Planning Study and Implementation Task Force is established to develop recommendations to improve service to students by phasing out the separate accreditation of the University of South Florida St. Petersburg branch campus and the University of South Florida Sarasota/Manatee branch campus, which were conferred by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) pursuant to ss. 1004.33 and 1004.34, respectively.
- (4) No later than February 15, 2019, The task force must submit a report to the University of South Florida Board of Trustees which includes, at a minimum, recommendations on the following:
- (a) Identification of specific degrees in programs of strategic significance, including health care, science, technology, engineering, mathematics, and other program priorities to be offered at the University of South Florida St. Petersburg branch campus and the University of South Florida

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Sarasota/Manatee <u>branch campus</u> and the timeline for the development and delivery of programs on each campus;

- (b) Maintaining the unique identity of each campus and an assessment of whether a separate educational mission is beneficial to the future of each campus;
- (c) Maintaining faculty input from all campuses during the review and development of general education requirements to reflect the distinctive identity of each campus;
 - (d) Developing the research capacity at each campus;
- (e) Equitable distribution of programs and resources to establish pathways to admission for all students who require bridge programming and financial aid;
- (f) Establishing budget transparency and accountability regarding the review and approval of student fees among campuses, including fee differentials and athletic fees, to enable the identification of the equitable distribution of resources to each campus, including the University of South Florida Health; and
- (g) Developing and delivering integrated academic programs, student and faculty governance, and administrative services to better serve the students, faculty, and staff at the University of South Florida College of Marine Science, the University of South Florida Sarasota/Manatee branch campus, and the University of South Florida St. Petersburg branch campus.
- (5) No later than March 15, 2019, The Board of Trustees of the University of South Florida, after considering the recommendations of the task force, must adopt and submit to the Board of Governors an implementation plan that:
 - (a) Establishes a timeline for each step that is necessary

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to terminate the separate accreditation for each campus no later than June 30, 2020, while maintaining branch campus status for both campuses, so that there is no lapse in institutional accreditation for any campus during the phasing-out process.

- (b) Minimizes disruption to students attending the any University of South Florida or any of its branch campuses campus so that the consolidation of SACSCOC accreditation does not impede a student's ability to graduate within 4 years after initial first-time-in-college enrollment.
- (c) Requires that, on or before July 1, 2020, the entirety of the University of South Florida, including all <u>branch</u> campuses and other component units of the university, operate under a single institutional accreditation from the SACSCOC.
- (d) Requires that, on each regularly scheduled submission date subsequent to July 1, 2020, the University of South Florida report consolidated data for all of the university's campuses and students to the Integrated Postsecondary Education Data System and to the Board of Governors. The Board of Governors shall use the consolidated data for purposes of determining eligibility for funding pursuant to ss. 1001.7065 and 1001.92.
- (6) Notwithstanding ss. 1001.7065 and 1001.92 or any Board of Governors regulation to the contrary relating to the calculation of graduation rates and retention rates, a student who meets all of the following criteria may not be counted by the Board of Governors when calculating or confirming the graduation rate or the retention rate of the University of South Florida under those sections:
- (a) The student was admitted to and initially enrolled before the spring 2020 semester as a first-time-in-college

student at the University of South Florida St. Petersburg <u>branch</u> <u>campus</u> or the University of South Florida Sarasota/Manatee branch campus.

Section 5. Paragraph (b) of subsection (4) and paragraph (b) of subsection (5) of section 1004.41, Florida Statutes, are amended, and paragraph (g) is added to subsection (4) and paragraph (f) is added to subsection (5) of that section, to read:

1004.41 University of Florida; J. Hillis Miller Health Center.—

(4)

- (b) The University of Florida Board of Trustees shall provide in the lease or by separate contract or agreement with Shands Teaching Hospital and Clinics, Inc., for the following:
- 1. Approval of the articles of incorporation of Shands Teaching Hospital and Clinics, Inc., by the University of Florida Board of Trustees.
- 2. Governance of Shands Teaching Hospital and Clinics, Inc., by a board of directors appointed, subject to removal, and chaired by the President of the University of Florida, or his or her designee, and vice chaired by the Vice President for Health Affairs of the University of Florida or his or her designee. The University of Florida Board of Trustees must approve all appointments to the board, its not-for-profit subsidiaries, and its affiliates.
- 3. Use of hospital facilities and personnel in support of community service and patient care, research programs, and the teaching roles of the health center.
 - 4. Continued recognition of the collective bargaining units

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and collective bargaining agreements as currently composed and recognition of the certified labor organizations representing those units and agreements.

- 5. Use of hospital facilities and personnel in connection with research programs conducted by the health center.
- 6. Reimbursement to Shands Teaching Hospital and Clinics, Inc., for indigent patients, state-mandated programs, underfunded state programs, and costs to Shands Teaching Hospital and Clinics, Inc., for support of the teaching and research programs of the health center. Such reimbursement shall be appropriated to either the health center or Shands Teaching Hospital and Clinics, Inc., each year by the Legislature after review and approval of the request for funds.
- 7. Audit of the financial statements of Shands Teaching Hospital and Clinics, Inc., in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board for a separate corporation affiliated with a government entity that holds a voting majority interest of the affiliated corporation's governing board. The financial statements shall be provided to the University of Florida Board of Trustees for attachment to its audited financial statement which is provided to the Auditor General. The University of Florida may obtain additional financial information from Shands Teaching Hospital and Clinics, Inc., upon request by the Auditor General. This subparagraph applies equally to any not-for-profit subsidiary of Shands Teaching Hospital and Clinics, Inc., which directly delivers health care services and also qualifies as an instrumentality of the state under the governance control and the primary purpose standards specified in this section.

(g) Beginning July 1, 2019, the transfer of state appropriations by the University of Florida Board of Trustees to Shands Teaching Hospital and Clinic, Inc., and its not-for-profit subsidiaries and affiliates may include only funds pledged for capital projects.

(5)

- (b) The University of Florida Board of Trustees shall provide in the lease or by separate contract or agreement with Shands Jacksonville Medical Center, Inc., and Shands Jacksonville HealthCare, Inc., for the following:
- 1. Approval of the articles of incorporation of Shands
 Jacksonville Medical Center, Inc., and of Shands Jacksonville
 HealthCare, Inc., by the University of Florida Board of
 Trustees, which may act through the president of the university
 or his or her designee. In approving the articles of
 incorporation of Shands Jacksonville Medical Center, Inc., and
 of Shands Jacksonville HealthCare, Inc., the president of the
 university, or his or her designee, may act as the chair of the
 board of directors, or the president of the university or his or
 her designee or members of the University of Florida Board of
 Trustees may act as the approving body of Shands Jacksonville
 Medical Center, Inc., or Shands Jacksonville HealthCare, Inc.
- 2. Governance of Shands Jacksonville Medical Center, Inc., and of Shands Jacksonville HealthCare, Inc., by boards of directors appointed, subject to removal, and chaired by the President of the University of Florida, or his or her designee. One director of each board may be so appointed after being nominated by the mayor of the City of Jacksonville subject to the applicable standards for directors of such board. If there

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is a vice chair of the board of directors of Shands Jacksonville Medical Center, Inc., or Shands Jacksonville HealthCare, Inc., the Vice President for Health Affairs of the University of Florida, or his or her designee or the designee of the president of the university, shall hold that position. The University of Florida Board of Trustees must approve all appointments to the board, its not-for-profit subsidiaries, and its affiliates.

- 3. Use of the Shands Jacksonville Medical Center, Inc., hospital facilities and personnel in support of community service and patient care, research programs, and the teaching roles of the health center of the University of Florida Board of Trustees.
- 4. Reimbursement to Shands Jacksonville Medical Center, Inc., for indigent patients, state-mandated programs, underfunded state programs, and costs to the not-for-profit corporation for support of the teaching and research programs of the health center. Such reimbursement shall be appropriated to either the health center or the not-for-profit corporation each year by the Legislature after review and approval of the request for funds.
- 5. Audit of the financial statements of Shands Jacksonville Medical Center, Inc., and Shands Jacksonville HealthCare, Inc., in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board for a separate corporation affiliated with a government entity that holds a voting majority interest of the affiliated corporation's governing board. The financial statements shall be provided to the University of Florida Board of Trustees for attachment to its audited financial statement which is provided to the Auditor

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General. The University of Florida may obtain additional financial information from Shands Jacksonville Medical Center, Inc., and Shands Jacksonville HealthCare, Inc., upon request by the Auditor General. This subparagraph applies equally to any not-for-profit subsidiary which directly delivers health care services and also qualifies as an instrumentality of the state under the governance control and primary purpose standards specified in this section.

(f) Beginning July 1, 2019, the transfer of state
appropriations by the University of Florida Board of Trustees to
Shands Jacksonville Medical Center, Inc., Shands Jacksonville
HealthCare, Inc., and any of their not-for-profit subsidiaries
and affiliates may include only funds pledged for capital
projects.

Section 6. Subsection (7) is added to section 1007.23, Florida Statutes, to read:

1007.23 Statewide articulation agreement.

(7) The articulation agreement must specifically provide for a reverse transfer agreement for Florida College System associate in arts degree-seeking students who transfer to a state university before earning an associate in arts degree. Students must be awarded an associate in arts degree by the Florida College System institution upon completion of degree requirements at the state university if the student earned a majority of the credit hours from the Florida College System institution. State universities shall identify students who have completed requirements for the associate in arts degree and transfer credits earned at the state university back to the Florida College System institution so that the associate in arts

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degree may be awarded by the Florida College System institution.

Section 7. Subsection (4) of section 1011.90, Florida Statutes, is amended to read:

1011.90 State university funding.-

(4) The Board of Governors shall establish and validate a cost-estimating system consistent with the requirements of subsection (1) and shall report as part of its legislative budget request the actual expenditures for the fiscal year ending the previous June 30. The legislative budget request must also include 5-year trend information on the ratios of student enrollment to faculty and administrators at each university. The ratio of students to administrators at any state university may not grow at a greater rate than the ratio of students to faculty. Expenditure analysis, operating budgets, and annual financial statements of each university must be prepared using the standard financial reporting procedures and formats prescribed by the Board of Governors. These formats shall be the same as used for the 2000-2001 fiscal year reports. Any revisions to these financial and reporting procedures and formats must be approved by the Executive Office of the Governor and the appropriations committees of the Legislature jointly under the provisions of s. 216.023(3). The Board of Governors shall continue to collect and maintain at a minimum management information existing on June 30, 2002. The expenditure analysis report shall include total expenditures from all sources for the general operation of the university and shall be in such detail as needed to support the legislative budget request.

Section 8. This act shall take effect July 1, 2019.