

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS/SB 1564

SPONSOR: Education Committee and Senator Villalobos

SUBJECT: Education Governance

DATE: March 4, 2002 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Matthews	O'Farrell	ED	Favorable/CS
2.	_____	_____	GO	_____
3.	_____	_____	AED	_____
4.	_____	_____	AP	_____
5.	_____	_____	RC	_____
6.	_____	_____	_____	_____

I. Summary:

The Proposed Committee Substitute for SB 1564 makes technical and substantive changes to ch. 240, F.S., to accommodate revisions to the governance of postsecondary education made by the Constitutional amendments of 1998 and by the Legislature in 2000 and 2001. Each section of that chapter must be reenacted or reenacted with amendments to save it from mandatory repeal effective January 7, 2003.

This bill reenacts or reenacts with amendments every section of ch. 240, F.S, except the ones that are repealed or created. The following sections are created: ss. 240.2012, 240.2013, 240.2014, 240.318, 240.40208, 240.4043, 40.499, 240.4991, 240.4992, 240.4993, 240.504, F.S.

The following sections are repealed: ss. 240.202, 240.203, 240.205, 240.207, 240.209, 240.20941, 240.2095, 240.2097, 240.2111, 240.2112, 240.2145, 240.217, 240.219, 240.231, 240.272, 240.273, 240.276, 240.279, 240.28031, 240.28035, 240.283, 240.285, 240.287, 240.289, 240.305, 240.309, 240.311, 240.3115, 240.32, 240.325, 240.40685, 240.4082, 240.40985, 240.414, 240.4145, 240.4146, 240.417, 240.503, 240.519, 240.52, 240.528, 240.5285, 240.52901, 240.5291, 240.53, 240.539, 240.540, 240.541, 240.6045, and 240.609, F.S.

The following sections are repealed but reenacted by amending other sections. This process is required to reorganize the Florida Statutes: ss. 240.2985, 240.311, 240.32, 240.4063, 240.4064, 240.4065, 240.4095, 240.4097, 240.605, 240.6054, 240.606, 240.6071, 240.6072, 240.6073, 240.6074, and 240.6075, F.S.

In addition, the following sections from other chapters require amendments to correct cross-references or to conform to other changes in ch. 240, F.S.: ss. 11.061, 11.062, 110.123, 120.52,

120.55, 120.81, 231.621, 239.117, 242.3305, 243.01, 243.105, 243.141, 243.151, 243.52, 282.005, 282.103, 282.105, 282.106, 282.3031, 282.3063, 282.310, 284.34, 287.042, 447.203, 447.301, and 447.403, F.S.

The bill takes effect January 7, 2003, except for sections that amend s. 240.414, 240.4145, 240.4146, and 240.4126, which take effect July 1, 2002.

II. Present Situation:

Chapter 240, F.S., governs postsecondary education in Florida,¹ and that sector is the most affected by recent changes in education in Florida.

In November 1998, Florida voters approved changes in the State Constitution to mandate a new public education governance system led by an appointed, rather than elected, State Board of Education and Commissioner of Education.²

The 2000 Legislature called for the repeal of every section in ch. 240, F.S., effective January 7, 2003,³ and the 2001 Legislature required certain transition activities to prepare for that date.⁴ The legislative changes with the most impact are the elimination of the State Board of Community Colleges and the Board of Regents and the creation of the boards of trustees for the state's universities. Through a Type 2 transfer, on July 1, 2001, all of the duties formerly assigned to the Board of Regents were shifted to the boards of trustees or the state board, and the 2002 Legislature must deliberate and decide what to do about those duties.

School Code Revision Task Force

The 2001 Education Governance Implementation Act directed the newly created Florida Board of Education to recommend changes to rewrite the Florida School Code, to accommodate the mandatory repeals. The Florida Board of Education appointed a task force to recommend the changes and approved the recommendations in December 2001. A major recommendation is to restructure the school code, so the task force recommended to "move" almost all of the statutes.⁵ The recommendations are in narrative format, not bill format.

Senate Interim Project 2002-215, School Code Review

The Education Committee conducted a mandatory review of the laws in ch. 240, F.S. The guiding principles for the review are from the Education Governance Implementation Act:

- Recommendations will support an articulated, coordinated k-20 education system.
- Recommendations will focus on the student and access to education.
- Recommendations will not jeopardize equity.

¹ Exceptions are career and technical education, governed by ch. 239, F.S., and independent postsecondary education, governed by ch. 246, F.S.

² The wording of the amendment is: *The state board of education shall be a body corporate and have such supervision of the system of free public education as is provided by law. The state board of education shall consist of seven members appointed by the governor to staggered 4-year terms, subject to confirmation by the senate. The state board of education shall appoint the commissioner of education.*

³ Chapter 2000-132, section 3, paragraph (7), Laws of Florida

⁴ Chapter 2001-170, Laws of Florida

⁵ Laws and statutes cannot be moved. To reorganize the Florida Statutes, laws must be repealed and the contents enacted under another statute number.

- Recommendations will support local flexibility and decision-making.

Staff reviewed every statute in the chapter and recommended either reenacting it, reenacting it with amendments, repealing it, or repealing it but including its substance in another statute. Recommendations to create new statutes were either to reorganize or accommodate changes made in other statutes. Senate staff did not recommend extensive restructuring to reorganize the entire school code.

Staff reported these recommendations to the committee on January 28, 2002, and was directed to put them into bill form.

III. Effect of Proposed Changes:

Proposed Committee Substitute for SB 1564 expresses the recommendations from Senate Interim Project 2002-215. For clarity, the following analysis summarizes briefly the current law and the situation that calls for any substantive amendment.

Throughout the bill, several important names are changed, and the analysis does not describe those changes each time they occur. The name changes are not necessarily technical, however, because staff made decisions about which entities should have responsibilities previously given to other entities that are eliminated, or when responsibilities should be “devolved” to more local control. This analysis describes the changes only when the effect has fiscal or workload consequences that are not evident without explanation:

State Board of Community Colleges	Community College District Board of Trustees or State Board of Education
Board of Regents	University Board of Trustees or State Board of Education
State University System	State universities
Florida Community College System	Community colleges
Postsecondary Education Planning Commission	Council for Education Policy Research and Improvement
Florida Board of Education	State Board of Education
Chancellor of Board of Regents	Director of Division of Colleges and Universities or University Board of Trustees
Executive Director of State Board of Community Colleges	Director of Division of Community Colleges
State Board of Independent Colleges and Universities or State Board of Nonpublic Career Education	Commission for Independent Education
Nonpublic	Independent
Common Course Numbering and Designation System	Statewide Course Numbering System
Workforce development education, career education, or vocational education	Career and technical education
Degree career education school	Technical center

Other changes are made consistently throughout the bill, including:

- Removes references to “system” as in “State University System”
- Adds reference to “colleges” in any list that includes state community colleges and universities

PART I

Part I of ch. 240 is for General Provisions that can apply to community colleges, colleges, and universities. All of the changes introduced in this part of the bill were recommendations of the School Code Revision Task Force and approved by the Florida Board of Education, but not all of the recommendations of the task force are included in the bill.

Only two of the changes are substantive:

- A provision that requires school districts to use the same grade weighting scheme for all college level dual enrollment courses, honors courses, and advanced placement courses is changed to require the same weighting scheme only for foreign language dual enrollment courses and dual enrollment courses that meet high school graduation requirements in the four academic core areas of language arts, mathematics, science, and social studies. The provision in current law is subsection (4) of s. 240.1163, F.S. It is repealed from that section and amended into s. 240.115, F.S., which governs the articulation agreement and acceleration mechanisms for high school students to earn college credit (section 3 of the bill). *This change reflects the effort to encourage students to use dual enrollment to accelerate their progress through postsecondary education, not just to take various courses in high school.*
- In s. 240.152, F.S. (section 25 of the bill), the bill eliminates a list of specific disabilities that qualify a student for certain exceptions to the admissions policies and course requirements. The term “students with a documented disability” is substituted. The Occupational Access and Opportunity Commission is substituted for the Board of Regents and the State Board of Community Colleges as a participant in recommending rules. *This change responds to federal law.*

PART II

Part II of ch. 240, F.S., governs the state university system.

Present Situation:

Part II of chapter 240, F.S., governs the State University System (SUS). With the elimination of the Board of Regents and the creation of university boards of trustees, the governance of the SUS has dramatically changed. The SUS was reviewed pursuant to the goals outlined in the Education Governance Implementation Act: seamlessness, student-centered, preservation of equity, and local control.

There are two main policy issues relating to the governance of the State University System. First, the SUS is a state agency, governed by the same requirements that relate to executive agencies. As institutional components of a state agency, the state universities and colleges are state agencies. Accordingly, state universities and colleges are governed by the same requirements relating to executive agencies unless they are specifically exempted. Community colleges, on the other hand, are independent, separate, legal entities. Second, the powers and responsibilities of the former Board of Regents must be assigned. Currently, the State Board of Education, as the successor to the Board of Regents, enjoys the role of the Board of Regents.

However, the State Board of Education is directed to focus on high-level policy decisions pursuant to s. 229.0061(1)(c), F.S. Section 229.0061(1)(a), F.S., the K-20 education system is a decentralized system, eliminating excess layers of bureaucracy. Accordingly, the review focuses on determining the powers and duties of the former Board of Regents that should remain at the state level, the State Board of Education, or the local institutional level, the university boards of trustees.

The following represents the status of the major policy areas that the bill attempts to address within the context of state agency status and delineating the powers and duties of the former Board of Regents.

Financial Matters/Budgeting

Deposits Outside the Treasury

As state agencies, universities are required to deposit their funds in designated Treasury accounts pursuant to s. 215.31, F.S., and s. 215.32, F.S. Moreover, s. 240.281, F.S., requires all funds received by institutions in the state university system shall be deposited in the State Treasury subject to Legislative disbursement. Section 240.281, F.S., specifically exempts the following university funds from deposit in the State Treasury with the Florida Board of Education's approval: student deposits, scholarship funds from private sources, student loan funds, contractor bid deposits, vending machine collections, alumni association funds, funds received from private sources, funds from a faculty practice plan, and funds approved by the Florida Board of Education and the Executive Office of the Governor.

There is approximately \$12 billion in the Treasury, of which \$1 billion are state university funds. The Treasurer charges a .12 percent administrative fee for investing the university trust funds. The funds earn interest during the floating period. The floating period occurs when funds pass in and out of cash form for issuance and deposit. Interest earned on the funds is deposited in the General Revenue Fund. According to the Department of the Treasury, the amount of interest accruing to the General Revenue Fund is approximately \$8.65 million based on an average rate of return of five percent.

Pursuant to s. 17.03, F.S., the Comptroller performs pre-audits on all vouchers before issuance of the warrant. If the voucher is less than \$1000, the Comptroller's office uses statistical sampling. If the voucher is above \$1000, the voucher is audited to ensure compliance with procurement requirements such as competitive bidding, provisos, and delivery of the goods or services for which payment is sought. The Comptroller also evaluates the appropriateness of the voucher in terms of the goods requested.

Budgeting

Pursuant to s. 216.011(1)(qq), F.S., state universities are state agencies for purposes of chapter 216. The state universities are budgeted in lump sums and special categories. The 2001-2002 General Appropriations Act (GAA) contained 12 lump sums for the SUS and 8 special categories. Special category funds must be expended for the purposes for which they were appropriated. Proviso language in the GAA may place restrictions on the expenditure of funds. Pursuant to s. 240.2094(2), F.S., the Florida Board of Education allocates the funds into accounts established for each university for disbursement, notwithstanding the provisions of s. 216.181,

F.S. The universities must decide the amounts to transfer to traditional expenditure categories in order to have the funds released. State university funding is based on planned enrollment, program cost categories and programs based on assigned missions of the universities, pursuant to s. 240.271, F.S. Actual enrollment in excess of 5 percent requires explanation of the excess in the subsequent enrollment request.

Section 240.272, F.S., provides that unexpended funds, appropriated for the state university system, carry forward by the Florida Board of Education for use by the university to which the funds were allocated. The funds that may be carried forward are capped at five percent of the total operating budget of the university are restricted to certain purposes. Funds carried forward may only be expended for the following purposes: building an escrow account for major equipment purchases; for scientific, technical, or other equipment; for matching challenge grant programs; for library resources; for minor repairs, renovations, or maintenance; for major studies or planning processes; for maintaining access to course offerings in the event of a revenue shortfall; or for expanding access to course offerings, as approved by the Florida Board of Education.

Pursuant to s. 216.292, F.S., funds provided in the General Appropriations Act shall be expended only for the purpose for which appropriated, although certain transfers may occur if in the best interests of the state. The head of each department may transfer, due to changed conditions, appropriations funded from identical funding sources, except fixed capital outlay, between categories of appropriations within a budget entity or between budget entities if no category is changed more than five percent of the original approved budget or \$150,000, whichever is greater. The head of each department may also transfer funds between the following appropriation categories within programs identified in the General Appropriations Act from identical funding sources as long as no increase in the subsequent fiscal year occurs in the costs of recurring general revenue or trust funds: personnel services, expenses, operating capital outlay, food products, performance-based program budgeting lump sums, acquisition of motor vehicles, data processing services, operating and maintenance of patrol vehicles, overtime payments, salary incentive payments, compensation to retired judges, law libraries, and juror and witness payments. Finally, the head of each department may transfer funds and positions from identical funding categories between salaries and benefits appropriation categories within programs identified in the General Appropriations Act. The transfer must be consistent with the intent of the approved operating budget, appropriations and the Legislature. Additionally, the Executive Office of the Governor may authorize transfers of appropriations in excess of the limitations upon request by the agency. Universities, as state agencies are subject to the transfer limitations, except that s. 240.285, F.S., provides that the state university system is authorized to transfer up to 15 percent from salaries to other personnel services.

Finally, universities submit long-range program plans pursuant to s. 216.013, F.S. Section 216.179, F.S., bars universities from authorizing expenditures and programs upon veto by the Governor.

Bonding

Universities do not currently possess any bonding authority. Bonds are issued by or on behalf of the Florida Board of Education. The Division of Bond Finance administers the bonds. There are essentially three bonding sources: Public Education Capital Outlay (PECO) pursuant to Article

XII, Section 9 of the State Constitution, Capital Improvement Fees pursuant to s. 240.2093, F.S., and University Auxiliary Enterprises. The state university system has approximately \$602 million in bond debt outstanding. PECO is backed by the full faith and credit of the state and is secured by the gross receipts tax. PECO projects must be approved by the Legislature. Capital Improvement Fee bonds are revenue bonds secured by \$35 million in revenues from capital improvement trust funds and building fee funds paid by each student. The capital improvement fees are placed into a consolidated pot. Upon payment of the debt service, the pot is divided up in proportion to the contribution. There is approximately \$190 million in outstanding bond debt on behalf of the state university system in capital improvement bonds. The Legislature must approve the project before issuing the bond. University Auxiliary Enterprise bonds are secured by user fees from typically parking and housing. These revenue bonds are for institutions that pledge the user fees and are not bundled with the fees of other institutions. The university auxiliary enterprise bonds are not backed by the full faith and credit of the State. Instead, the Division of Bond Finance has the authority to purchase bond insurance in order to assist the bond issuance to achieve the funding objectives. There is approximately \$412 million in outstanding bond debt in university auxiliary enterprises and only half of the institutions are participating.

There is an additional bonding source for the universities. Bonds are issued through a university direct support organization (DSO). Pursuant to s. 240.2093(2), F.S., the Florida Board of Education may approve the issuance of revenue bonds by a DSO for facilities of the university as determined by the strategic plan and if the project is approved by the Legislature. DSOs may also issue bonds by themselves irrespective of legislative approval. The biggest DSO bond funding sources are the athletic associations and the university-affiliated hospitals. The Division of Bond Finance does not oversee the issuance of DSO bonds as the bonds are outside the state treasury. The Division of Bond Finance estimates that there is approximately \$698 million in outstanding DSO bond debt. Approximately, one half of the outstanding DSO debt is from SHANDS.

Financial Management Software

Pursuant to s. 215.93, F.S., universities and colleges, as state agencies, are required to use the Florida Accounting Information Resource Subsystem (FLAIR) for financial management. FLAIR is used by the Comptroller's office to track and issue payments to employees and vendors. FLAIR is not an integrated system; rather, it is composed of three parts: payroll, accounting and department accounting. The Florida Financial Management Information System Coordinating Council has indicated that FLAIR is an old system that has problems with integrating contracts and grants. The universities have indicated that they maintain auxiliary systems to protect the integrity of their data, which decrease efficiencies and increase costs. This data is important as it is used by the Comptroller to issue warrants. According to representatives of the Coordinating Council, the Department of Banking and Finance has requested funds for a new system to replace FLAIR; however, this request has not previously met with success.

The University of South Florida (USF) informed the Florida Financial Management Information System Board that a federal audit in research grants revealed deficiencies, which the audit attributed to FLAIR. To accommodate the concerns of the universities and pursuant to s. 215.93, F.S., three universities have been granted exemptions. University of Central Florida (UCF), Florida International University (FIU), and USF are using a financial management system developed by PeopleSoft. According to USF, PeopleSoft had extended a favorable pricing

structure if USF acted by a date certain. Before June 28, 2001, the software licenses would cost \$1,641,587 with first year maintenance costs of \$298,740. Subsequent to June 28, 2001, the software licenses would cost \$5,178,758 with an additional \$1,035,752 in maintenance fees for the first year. Information concerning potential costs for future year maintenance and tailoring the system to the university's needs has been requested and will be provided upon receipt. Approval of the exemptions was contingent on four conditions: the university would be required to keep FFMIS informed of implementation of the software, financial data would continue to be sent to the Comptroller, the software would have to use the chart of accounts as prepared by the Comptroller, and transition would occur at the beginning of the fiscal year. Fiscal year transition may cause problems with payroll concerns as payroll occurs on a calendar year. According to the Council's representative, no rules have been adopted governing the granting of the exemption. To date, no university has been denied an exemption request. Although the exemptions have been granted, it is estimated that it will take 2-3 years to implement the new financial management system. A fourth university, Florida Gulf Coast University, has recently requested an exemption to use an alternate financial management system such as SCT Banner.

Information Technology/SUNCOM

Pursuant to s. 282.3031, F.S., information resources management is assigned to the Florida Board of Education. Universities currently perform their own planning and information technology but must collaborate with the Florida Board of Education in preparing a university system Enterprise Resource Planning and Management Report to the State Technology Office pursuant to §282.3063, F.S. Section 240.209(2)(l), F.S., requires the Florida Board of Education to establish an effective information system which provides data for review and ensures studies are conducted to determine the cost-effectiveness of information technology in the state university system as a whole. Universities are exempt from the procurement provisions of Chapter 287 with respect to information technology.

Pursuant to s. 282.0041(1), F.S., and s. 282.103, F.S., universities and colleges are required to use the SUNCOM network for communications. Universities represent 5.5 percent of the SUNCOM network usage.

Risk Management

Pursuant to s. 284.01, F.S. and s. 284.30, F.S., the State Risk Management Trust Fund provides insurance coverage from specified losses to universities due to their state agency status. The trust fund operates on a "pay as you go" system. Universities pay a premium, which is based on exposure and past claims.

Section 240.213, F.S., and s. 240.215, F.S., authorize the Florida Board of Education to purchase liability coverage or to self-insure. University boards of trustees are authorized to purchase insurance to cover the acts and omissions of its officers and employees pursuant to s. 229.08(8), F.S.

Property

Title to Real Property

Pursuant to s. 240.205, F.S., title to all real property, however acquired, shall be vested in the Board of Trustees of the Internal Improvement Trust Fund. Therefore, university and college

lands and buildings are state property. Section 253.03, F.S., provides that the Board of Trustees of the Internal Improvement Trust Fund is vested and charged with the acquisition, disposition and administering of all state lands which belong to the state or its agencies. Lands are then leased to the Florida Board of Education for use by the universities and colleges. However, section 240.209(8), F.S., authorizes the Florida Board of Education, with consent of the Board of Trustees of the Internal Improvement Trust Fund, to purchase, acquire or convey real property, notwithstanding s. 253.03, F.S. Section 229.0081(2)(i), F.S., authorizes university boards of trustees to acquire and convey title to real property in accordance with the rules of the Florida Board of Education. Accordingly, the Board of Trustees of the Internal Improvement Trust Fund, the Florida Board of Education, and the university boards of trustees can all purchase, acquire or convey real property.

Eminent Domain

Pursuant to ss. 240.217 and 235.05, F.S., the Florida Board of Education may exercise the right of eminent domain whenever it becomes necessary for the welfare and convenience of the institutions. The exercise of eminent domain is contingent upon State Board of Education approval. Judicial review is required under Chapter 73.

Personnel

Employees

University and college employees are state employees due to agency status of the state university system. Section 240.209(3)(f), F.S., directs the Florida Board of Education to establish and maintain system wide personnel programs for all state university system employees including classification and pay plans. The Florida Board of Education may adopt rules relating to the appointment, employment and removal of personnel, which delegate its authority to the Chancellor or the universities. Section 229.0081(2)(m), F.S., authorizes the university boards of trustees, notwithstanding the provisions of chapter 240, to adopt rules to administer the personnel program for all employees of the university in accordance with the rules of the Florida Board of Education. Administering the personnel program includes: compensation, conditions of employment, selection and termination.

Salary Rate

Pursuant to s. 216.181, F.S., the Executive Office of the Governor, as part of an approved operating budget, establishes annual salary rates for each budget entity containing a salary appropriation. Salary payments are only made to employees filling established positions included in an agency's approved budget pursuant to s. 216.251, F.S. Section 216.262, F.S., provides that authorized positions may not exceed the total positions provided in the appropriation acts unless otherwise provided in law. However, s. 240.2094(3), F.S., exempts universities from the above requirements. Instead, the Florida Board of Education establishes the authorized positions and the salary rate within the maximum as provided in the appropriations act. Therefore, although university boards of trustees administer the personnel program, salary policy is set in the appropriations proviso for state employees.

Health Insurance

Pursuant to s. 110.123, F.S., full-time university employees are covered under the State Health Insurance Program administered by the Division of State Group Insurance because of state

agency status. Of the total 136,799 employees participating in the state health insurance program, 29,980 or approximately 22 percent are state university system employees. The enrollment figures do not reflect retirees of the state university system in the state health plan. A breakdown of the 29,980 reveals 17,723 employees of the state university system with family coverage and 12,257 with single coverage.

Retirement

All state institutions of higher education are currently covered under the Florida Retirement Plan pursuant to s. 121.021(10), F.S. Section 121.051, F.S., requires compulsory participation as to all officers and employees, employed on or after December 1, 1970. University employees are covered under the Florida retirement plan regardless of agency status.

Collective Bargaining

Section 447.203(2), F.S., defines the Board of Regents as the public employer for all public employees of the state university system. Section 229.0072(4)(o), F.S., designates the Florida Board of Education as the successor for all collective bargaining agreements currently in effect with the Board of Regents. There are five labor organizations recognized as the bargaining agents for employees in the state university system: Florida Public Employees Council 79 (AFSCME) (4 separate bargaining units); Florida Nurses Association, Inc., (FNA); Florida Police Benevolent Association, Inc., (PBA); Graduate Assistants United (3 separate bargaining units) (GAU); and United Faculty of Florida (UFF). There are ten collective bargaining agreements in effect. The Florida Board of Education is involved in negotiations on re-opener agreements with the respective labor organizations. Pursuant to s. 447.403, F.S., if an impasse is declared in negotiations, the parties may seek appointment of a mediator or special master. If the parties do not accept the special master's report or waive appointment of the special master, the impasse is submitted to the legislative body for resolution. The Legislature is the legislative body for resolving impasses in the state university system pursuant to s. 447.203(10), F.S.

Section 229.0081(2)(m), F.S., authorizes the university boards of trustees to administer the personnel program for all employees of the university to include compensation, conditions of employment, selection and termination.

The Division of Colleges and Universities, through the Florida Board of Education, has four staff members assigned to collective bargaining issues, including grievances. The Board of Regents had six staff members assigned to collective bargaining. Accordingly, the Division augments its staff by assigning three representatives from the universities to negotiate agreements.

Effect of Proposed Changes:

The bill creates s. 240.2012, F.S., (former s. 229.008, F.S.), and defines a state university or college as an independent, separate, legal entity. The bill provides that a state university or college is not a state agency unless specifically provided by law. The bill further provides that any department, bureau, division, agency, or subdivision of the state shall not regulate a state university or college unless specifically provided by law.

Financial Matters/Budgeting

Deposits Outside the State Treasury

The bill substantially amends s. 240.281, F.S., to provide that state universities and colleges may deposit all funds outside the State Treasury. Essentially, universities and colleges would select their own bank accounts and keep interest on the principle deposited. As a result, the bill repeals the following trust funds:

- The Education and General Student and Other Fees Trust Fund – s. 240.209(2)(e)7, F.S.
- The Working Capital Trust Funds – s. 240.279, F.S.
- The Ancillary Facilities Construction Trust Fund – s. 240.28031, F.S.
- The Education—Contracts, Grants, and Donations Trust Fund – s. 240.28035, F.S.

Interest earned on the funds while in the Treasury is deposited in the General Revenue Fund. The Treasurer's office has estimated, based on an average rate of return of five percent, that the loss to the General Revenue Fund would be approximately \$8.65 million if the university funds were no longer deposited in the State Treasury.

Operating outside the Treasury would eliminate pre-audits by the Comptroller.

Budgeting

The bill substantially amends s. 240.2094, F.S., to provide that appropriations to the state universities and colleges shall be in the form of grants and aids. The grants and aids appropriation would obviate the requirement of transferring the allocated funds into traditional categories. Accordingly, the bill repeals s. 240.285, F.S., relating to authorized transfers of funds. Grants and aids appropriations would mean that the Florida Board of Education would no longer allocate funds to the state universities and colleges.

The bill repeals s. 240.272, F.S., eliminating the five percent carry-forward cap on unexpended funds.

Bonding

The bill amends s. 240.2093, F.S., to provide that the State Board of Education is authorized to request the issuance of bonds or other forms of indebtedness on behalf of the state universities and colleges.

The bill amends chapter 243, F.S., relating to educational institutions financing to codify the current structure with the State Board of Education occupying the former role of the Board of Regents.

Financial Management Software

The bill defines state universities and colleges as independent, separate, legal entities that are not state agencies. Accordingly, state universities and colleges would not be subject to FLAIR.

Information Technology/SUNCOM

The bill amends s. 282.3063(1), F.S., to eliminate the annual agency enterprise planning and management report by state universities.

The bill amends ss. 282.005(9), F.S., and 282.3031, F.S., to assign the function of information technology and information resources management to the university and college boards of trustees. The Board of Regents was previously assigned these functions.

The bill amends s. 282.103, F.S., to require state universities and colleges to use SUNCOM. Universities represent 5.5 percent of the SUNCOM network usage and departure from the SUNCOM network would result in a loss of approximately \$560,000 per month. Accordingly, there would need to be an overall fee increase of 5.5 percent on remaining users. The state universities have requested to remain in SUNCOM.

Risk Management

The bill requires university and college boards of trustees to maintain coverage through the State Risk Management Trust Fund. The bill creates an opt-out provision for university and college boards of trustees by providing that the boards shall be required to maintain coverage under the State Risk Management Trust Fund unless the Department of Insurance certifies that the board of trustees has comparable or greater insurance coverage. The opt-out provision ensures that a university or college board of trustees does not pay double premiums for the same or comparable coverage.

The bill amends s. 240.213, F.S., to provide that university and college boards of trustees may acquire insurance or establish self-insurance programs. The Board of Regents previously had the authority to acquire insurance or establish a self-insurance program. A certified independent auditor must audit the self-insurance program with oversight by the Auditor General and the Office of Program Policy Analysis and Government Accountability. The self-insurance trust fund is eliminated and funding for the self-insurance program would not be funded by appropriations. The university and college boards of trustees have rulemaking authority to implement the self-insurance program.

Property

Title to Real Property

The bill amends the powers, duties and responsibilities of the university and college boards of trustees with respect to acquiring and conveying of title to real property. University and college boards of trustees, pursuant to s. 229.0081(2)(i), F.S., may acquire title to non-state lands. The bill provides that title to state lands currently held by the Board of Internal Improvement Trust Fund remains with the state. University and college boards of trustees may acquire or convey state lands subject to the approval of the Board of Internal Improvement Trust Fund under the scheme that formerly applied to the Board of Regents pursuant to s. 240.209(8), F.S. The bill further provides that the university and college boards of trustees are successors in interest to the leaseholds of the Board of Regents relating to lands in possession by the universities and colleges.

Eminent Domain

The bill amends the powers, duties, and responsibilities of the university and college boards of trustees to provide that the boards of trustees are authorized to exercise eminent domain. Eminent Domain remains subject to approval of the State Board of Education. The bill repeals s.

240.219, F.S., relating to representation by the Department of Legal Affairs for the Board of Regents in eminent domain proceedings.

Personnel

Employees/Salary Rate/Health Insurance/Retirement

The bill repeals s. 240.2094(3), F.S., to eliminate salary rate controls established on a systemwide basis by the Board of Regents. Pursuant to s. 229.0081(2)(m), F.S., the university and college boards of trustees shall administer salary rate at the local level.

The bill amends s. 110.123(2), F.S., to provide that eligible state university and college employees remain in the State Group Health Program. Removal of the universities and colleges from state agency status would require their employees to be removed from the State Health Insurance Program. Removal may have a fiscal impact on the state plan, as fewer employees would remain in the pool. The Division of State Group Insurance has indicated that it cannot estimate the potential fiscal impact to the state without performing an actuarial analysis. The actuarial analysis has been requested. To date, the actuarial analysis has not been received. The bill maintains the status quo with respect to health insurance coverage.

The bill does not amend the current retirement plans with respect to state university and college employees. The state university and college employees' participation in the plans is not contingent upon agency status. The bill maintains the status quo with respect to retirement coverage.

Collective Bargaining

The bill amends s. 447.203(2), F.S., to provide that the university or college boards of trustees are the public employers with respect to public employees of the state universities or colleges. The Board of Regents was the previous public employer. Accordingly, collective bargaining would occur at the local institutional level.

The bill amends s. 447.203(10), F.S., to provide that the university and college boards of trustees are the respective legislative bodies for purposes of collective bargaining.

The bill amends s. 447.203(3)(i), F.S., pertaining to graduate assistants to render the provision constitutional. See *United Faculty of Florida v. Board of Regents*, 417 So.2d 1055, 1061 (Fla. 1st DCA 1982), clarified 423 So.2d 429, 430-431 (Fla. 1st DCA 1982).

Other Provisions

State University System

The bill amends s. 240.2011, F.S., to delete references to the State University System.

Board of Regents

The bill deletes references to the Board of Regents. The powers, duties, and responsibilities of the Board of Regents have been assigned to the State Board of Education and the university and college boards of trustees based on the above policy issues. Accordingly, the bill repeals the following:

- Section 240.205, F.S., relating to incorporation of the Board of Regents
- Section 240.207, F.S., relating to the terms and qualifications members of the Board of Regents
- Section 240.209, F.S., relating to the powers and duties of the Board of Regents

State Colleges

The bill amends chapter 240 to provide reference to the state colleges, reflecting the inclusion of New College as a constituent part of the state universities and colleges pursuant to s. 240.2011, F.S.

University or College Police

The bill amends s. 240.268, F.S., to expand the jurisdiction of university or college police to include the property and facilities of the direct-support organizations under their control.

Public Meetings

The bill clarifies that university and college boards of trustees and university and college presidents are subject to the open meetings requirements of s. 286.011, F.S. Furthermore, the bill provides that a second violation of s. 286.011, F.S., would constitute cause for removal of the offending member or president. A knowing violation of s. 286.011, F.S., would constitute cause for removal of the offending member or president.

Fees

The bill amends s. 240.235, F.S., to maintain current law with respect to the authorization of matriculation, tuition, and fees. The bill maintains the requirement currently provided in s. 229.0081(5), F.S., that university boards of trustees shall set matriculation and tuition within proviso the General Appropriations Act. The bill maintains the current 40 percent cap on certain fees from s. 229.0081, F.S. The bill moves the student fee waivers and deferral into Part IV of chapter 240.

The bill amends s. 240.235, F.S., to provide that the assessment of additional student fees is subject to the approval of the State Board of Education.

University and college boards of trustees

Section 229.008, F.S., relating to the boards of trustees of the state universities, was repealed and moved to a newly created s. 240.2012, F.S., with the following amendments not addressed above:

- Clarifies boards composition at 12-members with 13th student member
- Student member is the student body president for the main campus
- Provides penalties for public meeting violations
- Eliminates defraying costs of civil action – merged with s. 240.215, F.S.
- Eliminates orientation program for university boards of trustees

Section 229.0081, F.S., relating to the powers and duties of the university boards of trustees was repealed and moved to newly created s. 240.2013, F.S., with the following amendments not addressed above:

- Clarifies that university and college boards of trustees are subject to chapter 120 with respect to rulemaking – focuses rulemaking authority in the postsecondary arena into the boards of trustees and the State Board of Education
- Requires annual evaluations of the president and submitting the evaluations to the Commissioner of Education
- Provides that suspension and removal of the president must be done in accordance with the guidelines of the State Board of Education
- Provides that budget requests are submitted to the Commissioner of Education
- Provides that new colleges, schools, or functional equivalents leading to a degree that is offered as a credential for a specific license granted under the Florida Statutes or state constitution requires approval of the Legislature; former s. 240.209(2)(c), F.S.
- Provides that boards of trustees may convey or obtain title to state lands subject to the approval of the Board of Internal Improvement Trust Fund under procedures applied to the former Board of Regents under s. 240.209(8), F.S. – applies oversight to university or college conveying title to state lands
- Provides that title to state lands in possession by the universities and colleges remains vested with the state
- Provides that the boards of trustees are the successors in interest to leases of state lands leased to the State Board of Education for use by the state universities and colleges – maintains legal continuity
- Provides that boards of trustees establish the personnel program – amends to conform to local control over personnel matters
- Provides that a board may prioritize the use of university or college resources and impose charges for the use – moved from presidential power to maintain consistency with imposing fees
- Requires compliance with s. 287.055, F.S., for procurement of professional services; former s. 240.205, F.S.
- Provides for sale, lease, or license in any manner the sale of goods and services
- Requires compliance with s. 287.09451, F.S., for all procurement below category five in s. 287.017, F.S.; former s. 240.209(2)(p), F.S.
- Requires compliance with ss. 255.101 and 255.102, F.S., F.S. for construction contracts; former s. 240.209(2)(p), F.S.
- Provides the boards of trustees establish a program for the maintenance and construction of facilities; former s. 240.209 (2)(o), F.S.
- Provides that boards of trustees secure or otherwise provide as a self-insurer pursuant to s. 440.38(6), workers' compensation coverage for contractors and subcontractors employed by boards of trustees; former s. 240.209 (2)(o), F.S.
- Requires State Board of Education approval to name a school, college, or center at a state university or college for a living person; former s. 240.209 (9), F.S.
- Requires boards of trustees to manage enrollment as provided by law and the appropriation acts
- Provides the boards of trustees govern student activities and organizations – required to ensure that student organization activity does not subject the university or college to suit
- Provides that the boards of trustees advise students of access to limited access programs at other state universities or colleges; former s. 240.209 (2)(s), F.S.

- Provides that the boards of trustees ensure half of required coursework is offered at lower-division level unless approved by State Board of Education; former s. 240.209 (4)(g), F.S.
- Provides that boards of trustees notify students of program prerequisites for unique programs under s. 229.551 (1)(f)5, F.S.; former s. 240.209 (4)(f), F.S.
- Provides board of trustees are state agencies for purposes of chapter 284 with an opt-out provision described above – avoids payment of double premiums when comparable or greater coverage is maintained

University and college presidents

Section 229.0082, F.S., relating to the powers and duties of the university presidents was repealed and moved to newly created s. 240.2014, F.S., with the following amendments not addressed above:

- Provides that any university or college contract exceeding \$1 million must be approved by the board of trustees – required to maintain some oversight over presidential contracting authority
- Provides that that university and college presidents shall comply with s. 287.055, F.S., for the procurement of professional services – required to maintain bidding procedures for certain professional services
- Provides that a continuing contract for professional services under s. 287.055, F.S., means construction costs do not exceed \$1 million or the fee for study activity does not exceed \$100,000 – updates continuing contract authority
- Provides that the president administer matters relating to students – the board of trustees adopts the rules and policies and the president enforces
- Provides a delegation clause allowing president to delegate authority unless restricted by law or rule – delegation clause is needed to prevent inundating the office

Part III

Part III of ch. 240, F.S., governs the community college system.

Present Situation:

There are currently 28 community colleges in Florida serving 810,976 students. By providing adult education, vocational training, the first two years of the baccalaureate degree, and limited instance, four-year degrees, community colleges offer postsecondary options that would otherwise be unattainable for many of its students.

Although community colleges operate as independent legal entities apart from the State, the State still maintains some degree of control through monetary support and accountability measures. In 1979, the Legislature established the State Community College Coordinating Board to ensure the efficient and effective operation of the community college system. In 1983, that board was replaced by the State Board of Community Colleges, which helped to preserve local control for the boards of trustees while establishing system wide policies and coordination. Chapter 2001-170, L.O.F., eliminated the State Board of Community Colleges, effective July 1, 2001.

Effect of Proposed Changes:

The governance change has necessitated that the duties and powers formally held by the State Board of Community Colleges be distributed between the State Board of Education and the district boards of trustees. This distribution of duties and powers accounts for the majority of revisions made to the community college section of the Education Code.

In revising, Part III of Chapter 240, the powers and duties previously held by the State Board of Community Colleges that pertained to oversight were given to the State Board of Education while local academic and operational duties and powers were given to the district board of trustees. Unlike the original statute, the revision adds a provision, s. 240.318, F.S. that delineates the duties of the president, thereby codifying the position of the individual most often the first to respond to community college issues.

The primary substantive changes are as follows:

- The State Board of Community Colleges is eliminated.
- The following powers that once belonged to the State Board of Community Colleges are given to the State Board of Education:
 - The power to adopt rules for the community college system provided in s. 240.311(3)(b), F.S.
 - The duty to specify the procedures for evaluating presidents provided in s. 240.311(3)(f), F.S.
 - Establish an effective information system as required in section 240.311(3)(h), F.S.
 - Establish criteria for making recommendations for modifying boundary lines as provided in s. 240.311(3)(j), F.S.
 - Specify, by rule, degree program courses that may be taken by students also enrolled in college-preparatory instruction as provided in s. 240.311(3)(q), F.S.
 - Review and administer the state program of support as in provided in s. 240.311(4), F.S.
 - Adopt and submit to the Legislature a 3-year list of priorities for fixed-capital outlay projects as provided in s. 240.311(5), F.S.
 - Prescribe rules for the content and custody of student records as provided in s. 240.323, F.S., for statewide community college DSOs, and incubators for small businesses as provided in s. 240.334.
 - Certify state direct-support organizations as provided in s. 240.3315(1)(a)(3), F.S.
 - Designate center of technology innovation as provided in s. 240.3335, F.S.
 - Approve naming of a facility after a living person in s. 240.383(12).

The following powers that once belonged to the State Board of Community Colleges are given to the district board of trustees:

- Review degree programs and terminate programs as appropriate as provided in s. 240.311(3)(c), F.S.
- Determine the composition of a search committee for the president provided in s. 240.311(6), F.S.
- The power to develop and produce work products and to copyright and trademark those products provided in section 240.311(7), F.S.

- The duty to conduct annual administrative reviews of the community colleges which will be submitted to the State Board of Education provided in s. 240.311(3)(o), F.S.
- Duty to submit an annual report detailing the results of initiatives taken in the previous year as provided in s. 240.324(1)(h)(2)

Several powers held by the State Board of Community Colleges were allowed to repeal entirely since they were either subsumed by other powers and duties or deemed little more than aspirational language.

Importantly, delegation authority was provided to the district boards where none had previously existed. Additional powers and duties also given to them include: the ability to enter into consortia with other institutions to provide health and welfare services for employees, and the ability to participate in deferred compensation plans.

Another substantive change includes amending the terms of the Dr. Philip Benjamin Matching Grant Program for Community Colleges in s. 240.36. This program has been altered to encompass three of the grant programs currently existing at the community college level. The bill combines the Scholarship Matching Program, the Academic Improvement Program and the Health Care Education Quality Enhancement Challenge Grant into one program in order to eliminate the problematic administrative processes associated with maintaining three separate programs. The bill makes a distinction between the scholarship and non-scholarship uses of this program by according a 1:1 (one state dollar for every private dollar) matching mechanism for scholarships while maintaining the statutory 4:6 (four private dollars matched by six state dollars) matching ratio for non-scholarship or facility uses. This change also codifies the Scholarship Matching Program, which had always been allocated in proviso language.

This bill also inserts a definition of campus in s. 240.379 to cover “any property or facilities of the community college or any direct support organization certified by the community college.”

This bill also inserts the word “charge” after the word “credit” to further specify the different types of payments that are permissible for services at the community college level.

This bill also removes community colleges from the requirement in s. 240.136 that student governments establish a process by which student government officials will be removed from office for malfeasance.

Technical changes include the following:

- Inserting *district* before each occurrence of *board of trustees*;
- Inserting *community* before *college* to emphasize the distinction between community colleges and colleges as defined in s. 240.2011, F.S.;
- Changing references to the Florida Board of Education to the State Board of Education;
- Changing references to the community college system to community colleges;
- Changing references to the state university system to colleges and universities;
- Replacing words that allude to lawmaking power such as statutory authority or policies and procedure with *laws* or *rules*.

PART IV

Part IV of ch. 240, F.S., governs student financial assistance.

Present Situation

Florida currently budgets \$365 million for state funded student assistance. Of that amount, the Bright Futures Program accounts for 55 percent, need-based programs are 22.5 percent and access grants for students at nonpublic colleges are 19 percent.

For several years, the Department of Education has recommended administrative and technical provisions to update state-funded programs to assist students. Many of the recommended changes are not merely technical, but they add consistency and logic to the administrative responsibilities of the Department of Education. The Senate Appropriations Subcommittee on Student Financial Assistance recommended many of those changes in 2001. The bill that implemented those recommendations, 2001 SB 1330, passed the Senate unanimously but did not become a law.

Following is a summary of the situations that call for correction:

- The Title of Part IV, *Scholarship and Financial Aid*, is too general, and it does not include one of the state's most important programs, the William L. Boyd, IV, Florida Resident Access Grant
- Several programs have not received funding in many years and have no participants. Others have participants but are not making any new awards.
- Programs designed to assist students to become teachers use inconsistent wording about eligibility and are duplicative.
- Accreditation determines eligibility for some colleges and universities to enroll students who receive certain awards, but accrediting associations vary widely in their standards and enforcement practices. The United States Department of Education recognizes some accrediting associations whose standards are not comparable to the minimum standards acceptable in Florida, and the former Commission on Recognition of Postsecondary Accreditation no longer exists.
- Statutes governing the Bright Futures Scholarship Program contain several provisions that are inconsistent, obsolete, or impossible to implement because the programs have changed since the statutes were created in 1997.
- The term *Merit Scholarship* is owned by copyright of the College Board; the state risks a law suit unless we change the name of the Merit Scholarship within the Bright Futures Program.
- Programs that require the recipient to provide a term of service in the public schools are more effective if the assistance is truly conditional. It is better to provide the assistance only if the student performs the service, rather than attempting to reclaim an award from a student who does not fulfill an obligation. Therefore, tuition repayment or loan reimbursement programs are more efficient to administer and more effective than conditional scholarships.
- The descendants of Rosewood families are increasingly enrolling in college, and the required limit of 25 scholarships a year could be reached in fall of 2002. In addition, the restriction of the scholarship to the amount owed in tuition and fees is inconsistent with the authority to grant annual scholarships of \$4,000.
- Program administration is inconsistent in making scholarships or grants available to students in graduate-level programs. The inconsistency is in so-called "three-plus-two" programs, in

which the student's undergraduate program is only 3 years long and the last 2 years are classified as graduate school. Bright Futures recipients are eligible for the award during the first year of graduate school, but not recipients of the Florida Resident Access Grant and the three Florida Student Assistance Grants. Three-plus-two programs are increasingly popular at both public and independent universities, and the inconsistency is generating complaints and threats of lawsuits.

Effect of Proposed Changes

The bill includes some reorganization of the statutes and the administrative changes recommended by the Department of Education, in addition to the changes required by the reorganization of education governance. The following changes are included in Proposed CS for SB 1564:

- The Part is renamed *State-Funded Student Assistance* and includes the William L. Boyd, IV, Florida Resident Access Grant in this Part (creates s. 240.499, F.S., and repeals s. 240.605, F.S.)
- The Bright Futures Scholarship Program is amended to reflect current administrative practice, but only one substantive change is included.
 - The substantive change is to clarify that Bright Futures scholarships may pay for undergraduate-level courses only, to be consistent with the William L. Boyd, IV, Florida Resident Access Grant program and the Florida Student Assistance Grant program. Students in three-plus-two programs will be eligible to earn a scholarship only during the undergraduate portion of the program, for the first 3 years of college (s. 240.40201, F.S.). **NOTE:** *This change will have a substantial effect upon current practice, in which Bright Futures students may earn the award for a year of graduate school, but recipients of need-based grants and access grants may not.*
 - The bill complies with copyright laws by changing the name of the *Merit Scholarship Program* to *Medallion Scholarship Program*
 - The bill defines the terms “renewal, reinstatement, and restoration” (s. 240.40203, F.S.)
 - The bill consistently uses the term *Gold Seal Vocational Scholarship*
 - Under the bill, a student designated by the National Merit Scholarship Corporation as a merit or achievement scholar or finalist, and a student designated by the National Hispanic Recognitions Program as a scholar, is eligible for the Medallion Scholarship if the student is ineligible for the Academic Scholarship because of the community service requirement.
 - The requirements are simplified for the Gold Seal Vocational Scholarship, but no change is made in current eligibility (s. 240.40207, F.S.)
 - The application deadlines for the Bright Futures Program are less restrictive – within 2 years after high school graduation.
 - Bright Futures awards are authorized up to 7 years after high school graduation.
- The bill creates s. 240.4043, F.S. to include student fee waivers, vouchers, and exemptions as state funded student assistance. This section includes fee provisions from:
 - Workforce development programs (subsections (3) and (4) of s. 239.117, paragraph (4)(b) of s. 239.301, F.S.)
 - Community college programs, (subsections (2), (3), a(4), and (5) of s. 240.35, F.S.)
 - State university programs (subsections (3), (4), and (5) of s. 240.235, F.S., paragraph (1)(a) of s. 110.1099, F.S.).

- Statutes governing assistance for school employees are in one section (s. 240.405, F.S.). This consolidation includes the following programs:
 - Grants for teachers for special training in exceptional student education (240.405, F.S., is substantially reworded to include the other programs as well.)
 - Florida Teacher Scholarship and Forgivable Loan Program (s. 240.4063, F.S.)
 - Critical Teacher Shortage Tuition Reimbursement Program (240.4064, F.S.)
 - Critical Teacher Shortage Student Loan Forgiveness Program (239.621, F.S.)
 - Minority Teacher Education Scholars (s. 240.4128, F.S.)
 - Five programs for occupational therapists or physical therapists (ss. 240.6071, 240.6072, 240.6073, 240.6074, and 240.6075, F.S.)
- The bill consolidates the three types of need-based Florida Student Assistance Grants into one section (s. 240.409, F.S. includes the substance of 240.4095 and 240.4097, F.S.)
- The bill repeals the following statutes that govern programs that have not been funded or that may be implemented without statutory authority:
 - Medical Education Reimbursement and Loan Repayment Program (s. 240.40670, F.S.)
 - Certified Paraprofessional Welfare Transition Program (s. 240.40685, F.S.)
 - Elderly Education Program Grants (s. 240.40985, F.S.)
 - Teacher/Quest Scholarship Program (s. 240.4082, F.S.)
- The bill repeals the following statutes because they govern programs scheduled to be phased out when current recipients complete their eligibility. The required funding can continue in the General Appropriations Act by reference to the 2001 Statutes. (This section takes effect July 1, 2002.)
 - Latin American and Caribbean Basin Scholarship Program (s. 240.414, F.S.)
 - African and Afro-Caribbean Scholarship Program (s. 240.4145, F.S.)
 - Nicaraguan and Haitian Scholarship Program (s. 240.416, F.S.)
- The bill changes the term “public school” to “publicly-funded school” in statutes that authorize repayment of tuition or loans for public school teachers. The bill defines the term as a school that generates at least 75 percent of its funds from public sources. The Department of Juvenile Justice under contract with school districts generally operates these schools. Private schools do not fall under the definition even if they enroll children who receive one of the authorized state scholarships (Opportunity Scholarships or John M. McKay Scholarships).
- The bill authorizes the Rosewood Family Scholarship Program to grant the full award of \$4,000, rather than including an additional cap at tuition and registration fees. If more than 25 descendants of Rosewood families are eligible, the award will be prorated among the descendants, rather than denying a scholarship to any family member (s. 240.4126, F.S.). This section takes effect July 1, 2002, so that the family members will be eligible for grants in fall of 2002.
- The word “accredited” is defined and limited to accrediting associations whose standards are comparable to the minimum standards required to operate a postsecondary education institution in Florida.
 - These standards are adopted in rule of the Commission for Independent Education.
 - The Commission should be given the authority to identify accrediting associations with comparable standards, rather than listing them in statute.

- The bill states Legislative intent to phase out forgivable loan programs in favor of tuition reimbursement or loan repayment programs.
- The bill repeals s. 240.4986, F.S., relating to the Health Care Education Quality Enhancement Challenge Grant Program for Community Colleges, as this grant program has been merged into s. 240.36, F.S., the Dr. Philip Benjamin Grant Program for Community Colleges.

PART V

Part V of ch. 240, F.S., governs specific programs and institutions.

Present Situation

Part V of chapter 240, F.S., represents specific programs and institutions that do not specifically fall into the categories established in the four prior parts of chapter 240. However, the programs and institutions of Part V form an integral part of the postsecondary education law and were created within the construct of the education governance established in the remainder of chapter 240. Accordingly, Part V was reviewed with the intent of conforming its particular provisions to the new governance structure. The review was accomplished by focusing on the goals of the new education system: integration, student-focused, equity, and local control. Each particular section of Part V of chapter 240 was evaluated on whether to reenact, move, amend, or repeal in conformity with the education goals.

Part V establishes certain areas of law that may be grouped together to reflect a common regulatory purpose. These areas of law are arranged by group headings to assist the reader in finding a relevant section. In addition, a master chart at the conclusion of the analysis outlines the major policy changes as reflected in the bill.

Federal Grants/Agriculture (ss. 240.501, 240.503, 240.505, 240.507, and 240.511, F.S.)

In the area of federal grants for the support of agricultural research in the state universities several changes were necessitated.

- The Act of Congress approved May 22, 1928 has been repealed
- The Food and Agricultural Act of 1977 was approved by Congress
- Florida Agricultural and Mechanical University participates in the county or area extension service
- The sections refer to the Board of Regents as accepting federal grants

Healthcare/Research (ss. 240.512, 240.5121, 240.513, 240.5135, and 240.514, F.S.)

Several changes were necessitated in the areas of healthcare and research by the elimination of the Board of Regents and the State University System, and the local control assumed by the university and college boards of trustees.

- Identifying the entity replacing the Board of Regents in overseeing the H. Lee Moffitt Cancer Center and Research Institute and the Florida Cancer Control and Research Advisory Council
- Identifying the entity replacing the Board of Regents in administering the J. Hillis Miller Health Center, related affiliates, and its trust fund

Museum/Fossil Protection (ss. 240.515, 240.516, 240.5161, 240.5162, and 240.5163, F.S.)

Review of the section pertaining to the Florida Museum of Natural History and fossil protection revealed a reference to rulemaking by a president under a statute that was previously repealed.

Colleges/Branch Campuses (ss. 240.527, 240.5275, 240.5277, 240.5278, 240.528, and 240.5285, F.S.)

A review of the colleges and branch campuses established in this part revealed the need to accomplish the following:

- Delete obsolete date references
- Clarify that rulemaking authority is vested in the board of trustees and the State Board of Education
- Delete references to State University System to conform the bill
- Identify the chief educational officer for purposes of resolving disputes of the coordinating board of St. Petersburg College
- Resolution of the partner campus issue with respect to Florida International University and Florida Atlantic University
- Deleting sections that authorize an act already provided in law

College Aid Programs (ss. 240.551, 240.552, and 240.553, F.S.)

The college aid programs were reviewed to conform to the new education governance structure.

- Deleting references to certain cabinet members who are members of the Prepaid College Program Board
- Providing for the participation of state colleges within the university prepayment plans
- Deleting obsolete date references
- Conforming to the new education governance structure by deleting references to the State University System and the Florida Community College System
- Providing for reporting requirements that were previously made to the Board of Regents

Environmental Research (ss. 240.5321, 240.5325, 240.5326, and 240.5329, F.S.)

Review of the Environmental Research sections of the part indicated:

- An entity was needed to replace the Board of Regents in administering and coordinating certain environmental research programs
- Conforming the bill to the new education governance structure by deleting references to the State University System

Law Schools/Programs (ss. 240.517, 240.7101, and 240.7105, F.S.)

A review of the law schools revealed that certain changes were necessitated.

- Update of current provisions regarding the furnishing of copies of Supreme Court reports to the newest law schools
- Identifying the entity to replace the Board of Regents that is charged with planning of the law schools and with determining whether a law school shall cease operations if it fails accreditation

Research Centers (ss. 240.5111, 240.5095, 240.531, 240.631, 240.632, 240.633, 240.634, 240.636, 240.702, and 240.706, F.S.)

A review of the research centers revealed the need to conform the law to the new education governance structure.

- Deleting obsolete references to the Board of Regents
- Conforming by eliminating references to the State University System
- Conforming by ensuring that rulemaking authority at the institutional level is vested with the board of trustees
- Conforming by ensuring that authorization of fees are vested in the appropriate body
- Providing for assumption of the former Chancellor's duties

Community Initiatives (ss. 240.5185, 240.5186, 240.61, 240.701, and 240.705, F.S.)

A review of the community initiatives reveals the necessity to make the following changes:

- Delete obsolete reporting requirements and uniformly providing for others
- Conforming to new education governance structure by including state colleges
- Focusing the resources of a project
- Providing appropriate representation on certain boards and identifying the appropriate appointing power

Athletics (ss. 240.533 and 240.5339 to 240.5349, F.S.)

A review of the intercollegiate athletic portions of Part IV revealed the need to substantially amend certain provisions.

- The Collegiate Athletic Association Compliance Enforcement Procedures Act has been held unconstitutional under the United States Constitution. See National Collegiate Athletic Association v. Roberts, No. TCS 94-40413-WS, 1994 WL 750585 at *1 (N.D. Fla. Nov. 8, 1994); see also National Collegiate Athletic Association v. Miller, 10 F.3d 633 (9th Cir. 1993), *cert. denied*, 114 S.Ct. 1543, 511 U.S. 1033, 128 L.Ed.2d 195 (1994) (finding similar Nevada law as violating the Commerce Clause of the United States Constitution).
- Gender Equity plans required conforming amendments to eliminate references to the State University System, Board of Regents, and the Chancellor, and to provide for replacement entities

Miscellaneous (ss. 240.518, 240.529, 240.535, 240.607, 240.70, 240.710, and 240.711, F.S.)

Certain provisions of Part V could not be adequately grouped into subcategories. These provisions were reviewed in an effort to conform to the new education governance structure.

- Delete obsolete references to the Board of Regents and the other abolished boards
- Provide for inclusion of the state colleges in programs
- Eliminate programs that are not funded
- Assign the functions of the Board of Regents to balance local control and uniformity
- Delete obsolete reporting requirements
- Conform cross-references

Effect of Proposed Changes:

The mandated review of Part V of chapter 240 focused on conforming references to the Florida Education Governance Reorganization Implementation Act, delineating the distribution of

powers and responsibilities of the former Board of Regents, and repealing obsolete programs. The bill makes the following changes to Part V of chapter 240:

Federal Grants/Agricultural

Section 240.501, F.S. – Act of Congress approved May 8, 1914

- Amends to reflect common name of Act
- Authorizes University of Florida Board of Trustees to receive grants of money appropriated under the Act for agricultural extension work at the Institute for Food Sciences and Agricultural Sciences.

Section 240.503, F.S. – Act of Congress approved May 22, 1928

- Repealed as Congress has repealed the Act

Section 240.504, F.S. – Food and Agricultural Act of 1977

- Creates new section to reflect acceptance of grants under the Food and Agricultural Act of 1977
- Authorizes the Florida Agricultural and Mechanical University Board of Trustees to receive grants of money under the Act for agricultural extension work.

Sections 240.505 and 240.507, F.S. – County or area extension programs; extension personnel

- Amends to provide administration of the Florida Cooperative Extension Network through the University of Florida with support from Florida Agricultural and Mechanical University and county governments.

Section 240.511, F.S. – Agricultural experiment stations

- Authorizes the Board of Trustees of the University of Florida as the authorized entity to receive federal appropriations.

Healthcare/Research Centers

Section 240.512, F.S. – The H. Lee Moffitt Cancer Center and Research Institute

- Provides that the State Board of Education shall sublease the institute's lands and facilities to the not-for-profit corporation governing the H. Lee Moffitt Cancer Center;
- Codifies existing case law providing that the not-for-profit corporation and its not-for-profit subsidiaries are entitled to sovereign immunity
- Deletes obsolete references to the Board of Regents and the State University System
- Adds audit review by the State Board of Education.
- Authorizes the self-insurance program to secure general liability protection including professional liability pursuant to s. 240.213, F.S.
- Provides that the State Board of Education shall assume governance of the Moffitt Center facilities if the lease terminates
- Renames the center director as the chief executive officer
- Provides that the State Board of Education must be given access to all proprietary confidential business information of the institute

Section 240.5121, F.S. – Cancer control and research

- Provides that the Council shall advise and recommend rules and policy solutions to the University of South Florida Board of Trustees, the Secretary of Health and the Legislature
- Provides that the board of trustees determines the award of grants and contracts to qualified nonprofit associations and governmental agencies for cancer research, education and prevention

Section 240.513, F.S. – J. Hillis Miller Health Center

- Provides that a not-for-profit corporation governs the hospital facilities pursuant to the sublease
- Provides that the Board of Trustees of the University of Florida shall administer the existing trust fund
- Deletes obsolete references to the Board of Regents and the State University System
- Provides that the Board of Trustees of the University of Florida must enter into the sublease agreement with the not-for-profit corporation with approval by the board of trustees of the articles of incorporation
- Deletes obsolete references to the transition of hospital employees from state to corporate employment and continued recognition of the collective bargaining agreement. The references are obsolete because the transition has already been completed and collective bargaining law provides for continued recognition by the executive bargaining agent of an existing agreement absent a change in the composition of the bargaining unit
- Deletes the requirement that the Legislature must approve any increase in hospital facilities or improvements if the rent paid by the hospital is sufficient to amortize the costs or fund the debt service for any bonds issued to finance the improvements
- Provides that the Board of Trustees of the University of Florida may secure general liability protection including professional liability from a self-insurance program established pursuant to s. 240.213, F.S
- Provides that upon termination of the lease agreement, the Board of Trustees of the University of Florida shall assume management and operation of the hospital facilities

Section 240.5135, F.S. – Shands Jacksonville Healthcare, Inc.

- Provides that the Board of Trustees of the University of Florida may secure general liability protection including professional liability from a self-insurance program established pursuant to s. 240.213, F.S., for Shands Jacksonville Healthcare, Inc., and its subsidiaries and affiliates.

Section 240.514, F.S. – Louis de la Parte Florida Mental Health Institute

- Deletes obsolete references to the State University System pay plan for the mental health institute

Museum of Natural History/Fossil Protection

- Reenacts s. 240.515, F.S., relating to the Florida Museum of Natural History
- Reenacts s. 240.516, F.S., relating to vertebrate paleontological sites and remains
- Reenacts s. 240.5161, F.S., relating to a program of vertebrate paleontology at the Florida Museum of Natural History

Section 240.5162, F.S. – Fossil protection, permits, and penalties

- Deletes a repealed cross-reference relating to university president rulemaking powers
- Reenacts s. 240.5163, F.S., relating to the rights of mine, quarry and heavy equipment operators

Colleges/Branch Campuses

Section 240.527, F.S. – University of South Florida St. Petersburg

- Deletes obsolete fiscal references
- Conforms rulemaking authority to be vested in two entities: the University of South Florida Board of Trustees and the State Board of Education

Section 240.5275, F.S. – University of South Florida Sarasota/Manatee

- Deletes obsolete fiscal references
- Conforms rulemaking authority to be vested in two entities: the University of South Florida Board of Trustees and the State Board of Education

Section 240.5277, F.S. – New College of Florida

- Deletes a reference to the State University System

Section 240.5278, F.S. – St. Petersburg College

- Deletes obsolete fiscal references.
- Provides that the Commissioner of Education is the chief educational officer of the state for purposes of resolving disputes of the coordinating board of the St. Petersburg College

Section 240.528, F.S. – Broward County Campuses of Florida Atlantic University

- Repeals s. 240.528, F.S., relating to postsecondary course consultation and contracts among the Board of Regents, Broward Community College, Florida International University and Florida Atlantic University; the entities have contracting power pursuant to s. 240.2013, F.S.; the code rewrite group of the Florida Board of Education recommended repeal

Section 240.5285, F.S. – Florida Atlantic University campuses

- Repeals s. 240.5285, F.S., relating to partner campuses at Florida Atlantic University; the code rewrite group of the Florida Board of Education recommended repeal

College Aid Programs

Section 240.551, F.S. – Florida Prepaid College Program

- Provides for membership of the board to include the Attorney General, the Chief Financial Officer, the Director of the Division of the Universities and Colleges, and the Director of the Division of Community Colleges
- Deletes membership by the Insurance Commissioner and Treasurer, the Comptroller, the Chancellor of the Board of Regents, and the Executive Director of the State Board of Community Colleges, as these positions are obsolete
- Includes state colleges within the university plan
- Deletes obsolete date references
- Deletes references to the State University System and the Florida Community College System
- Conforms a cross reference relating to fees
- Provides that the State Board of Education shall receive complete advance payment contract sales information
- Provides that funds from terminated and cancelled contracts are retained by the board to provide prepaid tuition scholarships for economically disadvantaged youths who remain drug-free and crime-free
- Provides that balance contained within fund shall be used to support the purposes of the program and the direct support organization
- Provides that the boards may form strategic alliances with public and private entities to provide benefits to the program and participants in the program
- Provides that the advance payment contract that is terminated is used to provide funds for prepaid tuition scholarships for economically disadvantaged youths who remain drug-free and crime-free

- Provides that the boards may endorse insurance coverage issued in the form of policies and group disability policies

Section 240.552, F.S. – Florida Prepaid Tuition Scholarship Program

- Reenacts s. 240.552, F.S., relating to the Florida Prepaid Tuition Scholarship Program

Section 240.553, F.S. – Florida College Savings Program

- Provides that the board of the Florida College Savings Program may establish agreements or other transactions with state universities, colleges, and community colleges
- Provides that the boards may form strategic alliances with public and private entities to provide benefits to the program and participants in the program
- Provides that the boards may endorse insurance coverage issued in the form of policies and group disability policies

Environmental Research

Section 240.5321, F.S. – Brownfield Rehabilitation Assistance

- Conforms by substituting Board of Regents with the State Board of Education

Section 240.5325, F.S. – Research solid and hazardous waste management

- Provides that the State Board of Education shall coordinate the research activities of the state universities relating to solid and hazardous waste management through the office of the Commissioner
- Deletes references the Board of Regents and the Chancellor
- Requires the Commissioner of Education to appoint the chair of the advisory board that reviews proposals for research contracts and grants

Section 240.5326, F.S. – Pollutant dispersal agents

- The bill repeals s. 240.5326, F.S., relating to the Center for Solid and Hazardous Waste Management. The code rewrite group of the Florida Board of Education recommended repeal.

Section 240.5329, F.S. – Florida Lakewatch Program

- The bill reenacts s. 240.5329, F.S., relating to the Florida Lakewatch Program.

Law Schools/Programs

Section 240.517, F.S. – Certain books furnished by Clerk of Supreme Court

- Provides that the Clerk of the Supreme Court shall issue Supreme Court Reports to the law schools of the University of Florida, Florida State University, Florida International University, and Florida Agricultural and Mechanical University

Sections 240.7101 and 240.7105, F.S. – FIU and FAMU law schools

- Provides that the State Board of Education shall assume the responsibilities of the former Board of Regents in planning for law schools at Florida International University and Florida Agricultural and Mechanical University, receiving grants and donations, and determining whether to cease operations if the law schools fail to achieve accreditation
- Provides that Florida International University and Florida Agricultural and Mechanical University shall respectively assume governance of the facilities if the law schools cease operations

Research Centers

Section 240.5111, F.S. – Center for Affordable Housing

- Deletes references to the Board of Regents and State University System relating to the Multidisciplinary Center for Affordable Housing at the University of Florida.

Section 240.5095, F.S. – Pari-mutuel research

- The bill reenacts s. 240.5095, F.S., relating to pari-mutuel wagering funded research and development at the University of Florida.

Section 240.531, F.S. – Educational Centers for Child Development

- Deletes references to the State University System
- Provides that university boards of trustees may adopt rules for the establishment and operation of educational research centers for child development
- Provides that each board of trustees of the state university must approve any fees before a center may charge fees for services and care

Sections 240.631, 240.633, and 240.634, F.S. – Martin Luther King, Jr., Institute

- The bill reenacts ss. 240.631, 240.633, and 240.634, F.S., relating to the Florida Martin Luther King, Jr., Institute at Miami-Dade Community College

Section 240.632, F.S. – Creation of Martin Luther King, Jr., Institute

- Deletes obsolete references to the Florida Community College System, State University System, and Chancellor of the State University System
- Provides that the State Board of Education may establish the institute at Miami-Dade Community College, and the Director of the Colleges and Universities shall sit as a member of the advisory board

Section 240.636, F.S. – Rosewood research

- Deletes reference to the State University System

Section 240.702, F.S. – Florida Conflict Resolution Consortium

- Deletes references to the State University System and the Chancellor
- Provides that the Commissioner of Education may designate the consortium at another campus

Section 240.706, F.S. – Leadership Board for Applied Research and Public Service

- Deletes references to the State University System and the Chancellor of the Board of Regents
- Provides that the board shall make recommendations to the Division of Colleges and Universities, whose director shall serve as the chair of the board
- Provides that the Commissioner of Education shall appoint 5 university presidents to serve on the board
- Provides that the board shall prepare a report for the State Board of Education summarizing its work and recommendations

Section 240.709, F.S. – Institute on Urban Policy and Commerce

- Deletes an obsolete reference to the Board of Regents
- Includes a reference to state colleges

Community Initiatives

Section 240.5185, F.S. – Community and Faith-based Organizations Initiative

- Deletes obsolete reporting requirements

Section 240.5186, F.S. – Community computer access grants program

- Deletes obsolete reporting requirements

Section 240.61, F.S. – College Reach-out Program

- Provides for the participation of state colleges and technical centers

- Deletes a provision requiring a preference for a program that identifies participants of the college reach-out program from among students who are not participating in similar programs assisting low income disadvantaged students
- Deletes a reference to the Postsecondary Education Planning Commission
- Deletes a requirement that 20 percent of the appropriations be distributed to projects involving a combination of factors that improve the success rate in preventing dropouts from the college reach-out program, increase the number of participants who are admitted to colleges and universities, at least 50 percent of the parents participate in project activities, provide for innovative services, provide for summer residency for more than one week, and provide for transportation for students and parents
- Requires the appropriations to be distributed on the basis of minimum standards that include a summer residency program of at least one week's duration and a minimum number of hours of academic instructional and developmental activities, career counseling, and personal counseling
- Amends the composition of the advisory board to provide for 12 members appointed by the Commissioner of Education unless otherwise provided
- Includes in board: two equal opportunity coordinators selected from state postsecondary institutions, one representative from a state college or university, one representative of a community college, one representative of the Council for Education Policy Research and Improvement appointed by the chair of the council, one equal opportunity coordinator from an independent college or university appointed by the President of the Independent Colleges and Universities, and one representative from a technical center
- Deletes obsolete dates and term references for the board members
- Requires the participating institutions to submit their reports to the Department of Education
- Deletes funding requirements references

Section 240.701, F.S. – Incentives for disadvantaged area internships

- Deletes reference to the State University System
- Provides for the participation of state college students in the program

Section 240.705, F.S. – Partnerships to develop child protection workers

- Provides for the participation of the state colleges.

Athletics

Section 240.533, F.S. – Gender Equity in Intercollegiate Athletics

- Deletes obsolete references to the State University System, the Chancellor, the Board of Regents, dates, and board member terms
- Provides that the Commissioner of Education shall sit as the chair of the council
- Substitutes the director of the Office of Equal Opportunity Programs for the Department of Education for the office in the Board of Regents
- Provides that the Commissioner of Education shall select the institutional members of the council
- Substitutes the Board of Regents with the State Board of Education
- Provides for the state colleges to establish gender equity plans

Sections 240.5339 to 240.5349, F.S. – Collegiate Athletic Association Act

- The bill repeals ss. 240.5339 to 240.5349, F.S., relating to the Collegiate Athletic Association Compliance Enforcement Procedures Act because the act has been held

unconstitutional. National Collegiate Athletic Association v. Roberts, No. TCS 94-40413-WS, 1994 WL 750585 at *1 (N.D. Fla. Nov. 8, 1994); see also National Collegiate Athletic Association v. Miller, 10 F.3d 633 (9th Cir. 1993), *cert. denied*, 114 S.Ct. 1543, 511 U.S. 1033, 128 L.Ed.2d 195 (1994).

Miscellaneous

Section 240.518, F.S. – Historically Black Colleges Library Assistance

- The bill reenacts s. 240.518, F.S., relating to assistance to the university libraries of the historically black colleges

Section 240.529, F.S. – Teacher Preparation Programs

- Deletes obsolete date references and references to the Board of Regents, the State Board of Independent Colleges and Universities, and the Chancellor
- Substitutes the Department of Education and the Commission for Independent Education for the Board of Regents and the State Board of Independent Colleges and Universities with regarding to collecting data on outcome measures
- Provides for the participation of the state colleges
- Deletes the Standards of Excellence, as the grants have never been funded

Section 240.535, F.S. – New World School of the Arts

- Assigns the New World School of the Arts to the State Board of Education among others
- Provides that the State Board of Education shall assign a university partner to the school in which the state board shall evaluate the accreditation status of the core programs
- Provides that the budget request shall be developed in consultation with the State Board of Education
- Deletes obsolete references to the State University System and Board of Regents

Section 240.607, F.S. – Articulation agreements

- Deletes a reference to the Division of Community Colleges

Section 240.70, F.S. – Substance Abuse Programs

- Includes state colleges to assist professionals in determining substance abuse

Section 240.710, F.S. – Digital Media Coordination Group

- Deletes references to the Board of Regents and the State University System
- Provides that the State Board of Education shall create a Digital Media Coordination Group
- Includes the state colleges as postsecondary institutions that shall work in conjunction with the community colleges and universities
- Deletes an obsolete reporting requirement

Section 240.711, F.S. – Ringling Center for Cultural Arts

- Conforms a cross-reference

Repeals

Section 240.519, F.S., relating to a school of optometry, has been repealed. The school has never been established.

Section 240.52, F.S., relating to collections management for museums and galleries of the State University System, has been repealed. The boards of trustees have sufficient contracting authority. The trust funds authorized under s. 240.52, F.S., were not created.

Section 240.52901, F.S., relating to rules requiring colleges of education in the State University System to train prospective teachers to enable them to teach students having limited proficiency in English, has been repealed. This requirement is in s. 240.529, F.S.

Section 240.5291, F.S., relating to teaching profession enhancement grants, has been repealed. The program is not funded.

Section 240.53, F.S., relating to postdoctoral programs to train middle school teachers, has been repealed. The program is no longer needed, as college faculty have the credentials to train middle school teachers.

Section 240.539, F.S., relating to advanced technology research, has been repealed. The Enterprise Florida Innovation Partnership no longer exists.

Section 240.540, F.S., relating to incubator facilities programs, has been repealed. The provision is obsolete because the programs have already been established. The School Code Revision Task Force of the Florida Board of Education has recommended repeal of this section.

Section 240.541, F.S., relating to postsecondary education programs of excellence in mathematics, science, and computer education, has been repealed. The program is not funded. The School Code Revision Task Force of the Florida Board of Education has recommended repeal of this section.

Section 240.6045, F.S., relating to the limited access competitive grant program, has been repealed. The grant program is no longer funded.

Section 240.605, F.S., relating to the William L. Boyd, IV, resident access grants, has been repealed and reenacted as s. 240.499, F.S.

Section 240.6054, F.S., relating to the Ethics in Business scholarships, has been repealed and reenacted as ss. 240.4991 and 240.2992, F.S.

Section 240.606, F.S., relating to the Florida Work Experience Program, has been repealed and reenacted as s. 240.4993, F.S.

Sections 240.6071 to 240.6075, F.S., relating to physical and occupational therapist critical shortage program, have been repealed and reenacted in s. 240.405, F.S.

Section 240.609, F.S., relating to postsecondary endowment grants, has been repealed. The grants have not been funded.

Not subject to repeal

Section 240.5192, F.S., relating to a Master of Science program in speech-language pathology at Florida International University, is not subject to repeal.

Section 240.554, F.S., relating to the public records exemption under the Florida College Savings Program, is not subject to repeal.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Interest earned on university funds deposited in the Treasury accrues to the General Revenue Fund. The Treasurer's office has estimated, based on an average rate of return of five percent, that the loss to the General Revenue Fund would be approximately \$8.65 million if the university funds were no longer deposited in the State Treasury.

It is anticipated that the transition of a state university from a state agency to an independent entity would precipitate a fiscal impact. However, the fiscal impact is currently indeterminable.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.