

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 75 University of South Florida

**SPONSOR(S):** McKeel and others

**TIED BILLS:** **IDEN./SIM. BILLS:** SB 1120

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	<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR</b>
1)	State Universities & Private Colleges Policy Committee	11 Y, 0 N	Thomas	Tilton
2)	Education Policy Council	10 Y, 0 N	Brock	Cobb
3)	State Universities & Private Colleges Appropriations Committee	8 Y, 0 N	Smith	Trexler
4)	Full Appropriations Council on Education & Economic Development	16 Y, 0 N	Smith	Martin
5)				

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**SUMMARY ANALYSIS**

A person desiring to be licensed as a pharmacist in Florida must have earned a degree from a school or college of pharmacy that is authorized in statute.

Current law prohibits the establishment of new colleges, schools, or functional equivalents of any program leading to a degree that is offered as a credential for a specific license granted under the Florida Statutes or the State Constitution without the specific approval of the Legislature.

HB 75 authorizes a doctor of pharmacy degree (PharmD) program at the University of South Florida (USF).

Funding for the PharmD program will come from a variety of sources including private funds, federal contracts and grants, tuition revenue, and state support. The bill does not require state funding initially although state support will be requested beginning in fiscal year 2011-12. See FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT for additional information.

The effective date provided is upon becoming law.

## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### **Background**

Section 1004.03(3), F.S., prohibits the establishment of new colleges, schools, or functional equivalents of any program leading to a degree that is offered as a credential for a specific license granted under the Florida Statutes or the State Constitution without the specific approval of the Legislature.

The Florida Pharmacy Act<sup>1</sup> governs the licensure of persons desiring to be pharmacists in Florida. Section 465.007(1), F.S., requires any person desiring to be licensed as a pharmacist to apply with the Department of Health to take the licensure examination. The Department of Health (Department) must examine each applicant who the Board of Pharmacy (Board) certifies has:

- Completed the application form and remitted an examination fee set by the Board;
- Submitted satisfactory proof that she or he is 18 years of age or older;
- Earned a degree from a school or college of pharmacy accredited by an accrediting agency recognized and approved by the United States Office of Education or earned a degree from a 4-year undergraduate pharmacy program from a school or college of pharmacy located outside the United States and has completed a minimum of 500 hours in a supervised work activity program within this state under the supervision of a pharmacist licensed by the Department; and
- Submitted satisfactory proof that she or he has completed an internship program approved by the Board. No such board-approved program may exceed 2,080 hours, all of which may be obtained prior to graduation.

Applicants graduating with a PharmD degree after January 1, 2001, are deemed to have met the internship program requirement and are eligible to take the licensure examination.<sup>2</sup>

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<sup>1</sup> See Ch. 465, F.S.

<sup>2</sup> Rule 64B16-26.2032, F.A.C.; Telephone conversation with the Board of Pharmacy staff (February 9, 2009).

### Doctor of Pharmacy Programs in Florida

Doctor of Pharmacy degree programs currently exist at five institutions in Florida -- two public universities (University of Florida and Florida A & M University) and three independent institutions (Nova Southeastern University, Palm Beach Atlantic University, and Lake Erie College of Medicine-Bradenton Campus). Two of the three programs at the independent institutions receive state support.<sup>3</sup> According to the Board of Governors, the University of Florida and Florida A & M University awarded 635 pharmacy degrees in 2008 and 557 pharmacy degrees in 2007.<sup>4</sup> Nova Southeastern University and Palm Beach Atlantic University awarded 308 pharmacy degrees in 2008.<sup>5</sup> The Lake Erie College of Medicine-Bradenton School of Pharmacy is in its third year and enrolled its initial class of 85 students in August 2007. This class will graduate in 2011.<sup>6</sup>

### University of South Florida (USF) Proposal for a Doctor of Pharmacy Degree Program

USF has requested approval to develop a doctor of pharmacy degree (PharmD) program to address the growing demand for pharmacists in Florida. The establishment of a PharmD Program is expected to contribute to high-skilled, high-wage job creation and economic development. The PharmD program will provide opportunities for strategic alliances with Tampa area teaching hospitals.

According to the Florida Agency for Workforce Innovation (AWI), employment in the field of pharmacy is expected to grow by 23 percent (2.92 percent average growth per year) between 2008 and 2016, which is much faster than the average for all occupations projected by AWI. The increasing number of middle-aged and elderly people is likely to continue to spur demand for pharmacists throughout the projection period. The USF proposal suggests that Florida will continue to witness a growing demand for licensed pharmacists that cannot be met through the current productivity of the existing programs. The 2008 average annual wage for pharmacists is \$101,420 with an average of 843 annual openings.<sup>7</sup>

The USF Board of Trustees approved the PharmD program at the June 12, 2008, meeting of the board.

The Board of Governors approved the USF PharmD program at the Board's January 29, 2008, meeting. The Board of Governors cited concerns with establishing a PharmD Program given the economic hardship that the state currently faces. USF has agreed to partner with the BOG to explore the feasibility of requesting recurring state resources for the program implementation commencing in Fall 2011.<sup>8</sup>

### Effect of Proposed Changes

HB 75 authorizes a doctor of pharmacy degree program at the University of South Florida.

If approved by the Florida Legislature, a new pharmacy school will be created at the University of South Florida (USF), Tampa Campus. USF plans to enroll the first class of 50 students for the Fall 2011 semester and to add 75 students in Year 2 and 100 students in years 3 and 4. The program is expected to reach full capacity at 400 students in 2016.

USF intends to initiate planning for the program with existing private contributions and reallocated contract and grant dollars. USF will be requesting nonrecurring appropriations for 2011-12 and 2012-13. Recurring appropriations based upon student headcount enrollment will be requested beginning in 2011-12. Tuition revenues are expected to cover approximately 69% of the program costs.<sup>9</sup>

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<sup>3</sup> Florida House of Representatives State Universities & Private Colleges Appropriations Committee Meeting Packet (February 3, 2009); University of South Florida's Proposal for a Doctor of Pharmacy Degree presented to the Board of Governors (January 29, 2009).

<sup>4</sup> Board of Governors analysis of HB 75.

<sup>5</sup> E-mail correspondence with Independent Colleges and Universities of Florida staff (February 12, 2009).

<sup>6</sup> Telephone conversation with the LECOM Bradenton School of Pharmacy staff (February 9, 2009).

<sup>7</sup> E-mail correspondence with the Florida Agency for Workforce Innovation staff (February 23, 2009).

<sup>8</sup> Letter from University of South Florida President to Board of Governors Chair (January 23, 2009).

<sup>9</sup> Board of Governors analysis of HB 75.

**B. SECTION DIRECTORY:**

Section 1. Creates s. 1004.387, F.S., authorizing a doctor of pharmacy degree program at the University of South Florida.

Section 2. Provides an effective date of upon becoming law.

**II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

**A. FISCAL IMPACT ON STATE GOVERNMENT:**

1. Revenues:

See FISCAL COMMENTS

2. Expenditures:

See FISCAL COMMENTS

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None.

2. Expenditures:

None.

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

The proposed PharmD Program at USF may provide graduates for retail outlets and other pharmacy related industries throughout the Tampa Bay area. The proposed PharmD program at USF may reduce the number of enrollments at independent colleges and universities in Florida that currently offer PharmD programs.<sup>10</sup>

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<sup>10</sup> Board of Governors analysis of HB 75.  
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**DATE:** 4/8/2009

D. FISCAL COMMENTS:

This table provides a brief synopsis of the proposed pharmacy school fiscal plan presented by USF.<sup>11</sup>

PLANNING YEARS					CLASSES BEGIN (Program Implementation)			
	Existing Resources	08-09	09-10	10-11	11-12	12-13	13-14	14-15
Receipts <sup>12</sup>		\$25,000	\$652,238	\$1,322,762	\$800,000	-0-	-0-	-0-
Tuition <sup>13</sup>					\$755,000	\$2,076,250	\$4,110,750	\$5,937,750
State Appropriations <sup>14</sup>					\$1,409,358*	\$2,782,701*	\$1,800,000 (r)	\$2,600,000 (r)
Research Grants								\$2,250,000**
Community Donations	\$1,000,000							
Other	\$25,000							
<b>Total Revenues:</b>	<b>\$1,025,000</b>	<b>\$25,000</b>	<b>\$652,238</b>	<b>\$1,322,762</b>	<b>\$2,964,358</b>	<b>\$4,858,951</b>	<b>\$5,910,750</b>	<b>\$10,787,750</b>
<b>Total Expenditures:</b>		<b>\$25,000</b>	<b>\$652,238</b>	<b>\$1,897,392</b>	<b>\$2,964,358</b>	<b>\$4,858,951</b>	<b>\$6,092,445</b>	<b>\$8,552,515</b>
<b>Difference:</b>		<b>-0-</b>	<b>-0-</b>	<b>(\$574,630)<sup>15</sup></b>	<b>-0-</b>	<b>-0-</b>	<b>(\$181,695)<sup>16</sup></b>	<b>\$2,235,235</b>
Students ~					50	125	225	325
Tuition Per Student					\$15,100	\$16,610	\$18,270	\$18,270

(r) = recurring dollars

\*combination of recurring/non-recurring dollars

\*\*anticipating research grants of \$2.2M starting in FY 2014-15

Planning Years 2008-2009 – 2010-2011

Existing resources of \$1,025,000, including \$1 million from private sources, will be used by USF to satisfy financial obligations in the first three planning years.<sup>17</sup> USF is committed to raising another \$1.8 million from additional private, corporate, industry and other sources prior to implementation of the PharmD program. USF intends to leverage existing faculty resources in the basic and clinical sciences.<sup>18</sup>

Program Implementation Year 2011-2012

USF projects tuition revenue of \$755,000 and another \$800,000 in community or industry donations for the fiscal year 2011-12. The tuition estimate is based on a projected first class of 50 students expected for Fall enrollment at a tuition rate of \$15,100. Tuition is projected to increase 10% annually. The university will request \$400,000 in recurring funds for FY 2011-12 to support the first class of 50

<sup>11</sup> Board of Governors analysis of HB 75; University of South Florida's Proposal for a Doctor of Pharmacy Degree presented to the Board of Governors (January 29, 2009).

<sup>12</sup> Funds received or pledged to USF through USF Health Science Center, community, and industry donations. See USF PharmD Business Plan (presented at the Board of Governors January 29, 2008, meeting).

<sup>13</sup> Based on a projected first class of 50 students at a tuition rate of \$15,100 with 10% annual increases in subsequent years.

<sup>14</sup> USF plans to request state appropriations to support enrollment. The amounts shown were calculated using the level at which the current enrollment funding formula is typically funded. See USF PharmD Business Plan (presented at the Board of Governors January 29, 2009, meeting).

<sup>15</sup> For FY 2010-2011, USF reports a deficit of (\$574,630). The university expects to satisfy this amount through fundraising efforts.

<sup>16</sup> For FY 2013-14, USF reports a deficit of (\$181,695). The university is aware of the shortage (which is less than 3% of the total planned I&R expenses), but felt that it was not sufficient to warrant the request of additional non-recurring general revenue funds.

<sup>17</sup> Board of Governors analysis of HB 75.

<sup>18</sup> University of South Florida's Proposal for a Doctor of Pharmacy Degree (presented to the Board of Governors on January 29, 2009).

students. The university will request \$1 million in non-recurring funds for FY 2011-12 to support an additional 75 students anticipated for Fall 2012.<sup>19</sup>

#### Program Implementation Year 2012-2013

USF projects tuition revenue of \$2,076,250 for fiscal year 2012-13. The university will request \$1 million in recurring funds and \$1.7 million in non-recurring funds for FY 2012-13 for student and faculty support.<sup>20</sup>

#### Program Implementation Year 2013-2014

In FY 2013-14, USF projects tuition revenue of \$4,110,750 and will request \$1.8 million in recurring funds.<sup>21</sup>

#### Program Implementation Year 2014-2015

USF projects tuition revenue of \$5,937,750 for fiscal year 2014-15 and will request \$2.6 million in recurring funds. USF is also projecting annual awards of more than \$2.2 million in competitive federal research funding no later than FY 2014-15 of program implementation.<sup>22</sup>

#### Lake Erie College of Medicine-Bradenton Campus

Proviso language in the 2008-2009 General Appropriations Act provided \$1,246,200 to be used to support Florida residents who are enrolled in the Osteopathic Medicine or Pharmacy Program at Lake Erie College of Osteopathic Medicine/Bradenton. Of the funds appropriated \$401,162 was allocated for the pharmacy program to provide subsidies for 114 students at \$3,519 each.<sup>23</sup> The Lake Erie College of Medicine-Bradenton School of Pharmacy is in its third year and enrolled 85 students in August 2007. This class will graduate in 2011.<sup>24</sup>

#### Nova Southeastern University

Proviso language in the 2008-2009 General Appropriations Act provided \$5,502,368 to be used to support Florida residents who are enrolled in the Osteopathic Medicine, Pharmacy, or Nursing Programs at Nova Southeastern University. Of the funds appropriated, \$1.4 million was allocated for the pharmacy program to provide subsidies for 537 students at \$2,546 each.<sup>25</sup> The Nova Southeastern College of Pharmacy admitted its first class in 1987. Nova has graduated nearly 2,100 professionals with either a Bachelor of Science in Pharmacy or Doctor of Pharmacy degree.<sup>26</sup> The PharmD program had an enrollment of 756 students in Fall 2008.<sup>27</sup>

### III. COMMENTS

#### A. CONSTITUTIONAL ISSUES:

##### 1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require a city or county to expend funds or to take any action requiring the expenditure of funds.

The bill does not appear to reduce the authority that municipalities or counties have to raise revenues in the aggregate.

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<sup>19</sup> Board of Governors analysis of HB 75.

<sup>20</sup> *Id.*

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> Florida House of Representatives State Universities & Private Colleges Appropriations Committee Meeting Packet (February 3, 2009).

<sup>24</sup> Telephone conversation with the LECOM Bradenton School of Pharmacy staff (February 9, 2009).

<sup>25</sup> Florida House of Representatives State Universities & Private Colleges Appropriations Committee Meeting Packet (February 3, 2009).

<sup>26</sup> <http://pharmacy.nova.edu/NewWebsite/Mission.html> (last visited February 9, 2009).

<sup>27</sup> E-mail correspondence with Independent Colleges and Universities of Florida staff (February 10, 2009).

This bill does not appear to reduce the percentage of state tax shared with counties or municipalities.

3. Other:

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

#### **IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES**