

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 5201 PCB HEAS 12-01 Postsecondary Education Funding

SPONSOR(S): Higher Education Appropriations Subcommittee, O'Toole

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

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Higher Education Appropriations Subcommittee	10 Y, 4 N	Butler	Heflin
1) Appropriations Committee	15 Y, 8 N	Butler	Leznoff

SUMMARY ANALYSIS

The bill conforms statutes to the funding decisions included in the House of Representatives proposed General Appropriations Act (GAA) for Fiscal Year 2012-13.

Specifically the bill:

- Establishes the Florida Virtual Campus to provide access to online student and library support services and serve as a statewide resource and clearinghouse for postsecondary education distance learning courses and degree programs and to increase student access and completion of degrees
- Establishes a Degree Completion Pilot Program to recruit, recover, and retain adult learners and assist them in completing degrees aligned to high-wage, high-skill, and workforce needs
- Increases the surcharge for excess credit hours
- Authorizes the Board of Governors to transfer unused Student and Other Fees Trust Fund authority between institutions, and restricts universities' ability to transfer funds in excess of \$1 million to and from satellite campuses
- Maintains the salary limitation on the amount of state funds that may be used for salaries of Florida College System and State University presidents and administrative employees in Fiscal Year 2012-13
- Provides that a full-time student, co-enrolled in a K-12 education program and an adult general education program, may be reported for funding in an adult education program in Fiscal Years 2012-2013 and 2013-14

The bill makes the following changes to student financial aid and tuition assistance programs:

- Shortens the length of time from 3 years to 2 years that a student is eligible to accept the initial Bright Futures Scholarship after high school graduation
- Clarifies that students enrolled in the Spring/Summer University of Florida pilot program are authorized to receive a Bright Futures Scholarship award for only two semesters each year
- Clarifies that students are required to annually submit the Free Application for Federal Student Aid (FAFSA)
- Limits allowable uses for the Bright Futures Gold Seal Vocational Scholarship
- Revises student GPA eligibility requirements for renewal of the Florida Bright Futures Scholarship award

The bill includes provisions for other scholarship programs which:

- Requires the Florida Fund for Minority Teachers (FFMT) and the Florida Education Fund (FEF) to provide financial reports on an annual basis
- Requires the FFMT to use a contingency collection agency to recoup scholarship repayments from students in default
- Requires the FEF to utilize cash reserves to provide scholarships in Fiscal Year 2012-13
- Eliminates a law scholarship program that is no longer funded, nor does the FEF provide scholarships for
- Revises matching requirements for the FEF, the Jose Marti and Mary McLeod Bethune Scholarship Programs

The House proposed GAA provides:

- \$16.9 million to support the newly established Virtual Campus, of these funds \$5 million is provided for student access and degree completion pilots
- \$11 million in savings to state associated with the decrease in allowable excess credit hours
- \$337,554 in savings due to changes in the Bright Futures Vocational Gold Seal Scholarship program
- \$1.9 million in savings due to the utilization of program reserve funds by FFMT and FEF

This bill has an effective date of July 1, 2012.

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

STORAGE NAME: h5201a.APC

DATE: 2/2/2012

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

South Florida Community College Name Change

Current Situation

A community college district board of trustees may change its institutional name by using the designation "college" or "state college" if the college has been authorized to grant a baccalaureate degree(s) and has been accredited as a baccalaureate degree granting institution by the Commission on Colleges of the Southern Association of Colleges and Schools.¹ A board of trustees must seek codification of the name change in the following regular session of the Legislature.²

On January 26, 2011, the South Florida Community College's district board of trustees approved the request to submit a proposal to offer the Bachelor of Applied Science in Supervision and Management. On September 20, 2011, the State Board of Education approved South Florida Community College's proposal to offer a baccalaureate degree. On September 28, 2011 the South Florida Community College board of trustees approved a change of the college's name to South Florida State College, to become effective July 1, 2012. On December 5, 2011, the Commission on Colleges of the Southern Association of Colleges and Schools (SACS) denied membership at a more advanced degree level for South Florida Community College because the institution did not provide an acceptable plan and supporting documentation to ensure that it has appropriately qualified faculty to teach assigned coursework in the new program. In June 2012, the commission will review institutions required to submit additional reports; it is anticipated that accreditation for the more advanced degree level will be affirmed.³

Effect of Changes

The bill codifies the name of South Florida State College, contingent upon final SACS accreditation.

State Universities and Board of Governors Transfer of Funds

Current Situation

A university board of trustees is responsible for the financial management of its university. The board must account for the expenditures of all funds, establish tuition rates under purview of the Board of Governors, and submit annual financial statements.⁴ The board of trustees also has the authority to transfer funds within the fiscal year to and from the special units under its jurisdiction, including medical schools and institutes. Universities must then submit a Resource Utilization Deviation request to the Board of Governors as a component of their annual operating budget submission in an effort to amend the budget requests to reflect the needs of the major institutions and of their special units. The Legislature then takes this information into account and appropriates funds separately to each major institution and to the medical schools.

Effect of Changes

The bill requires all transfers between major institutions and their special units to be reviewed for approval by the Board of Governors if the amount exceeds one million dollars. If approved, the Board of Governors may then submit the request to the Legislative Budget Commission for further review. Once the transfer request has been approved by both entities, the university may then make the transaction.

The bill also authorizes the Board of Governors to transfer unused tuition appropriations from the Education/General Student and Other Fees Trust Fund between institutions.

¹ Section 1001.60, F.S.

² Section 1001.60(2)(c), F.S.

³ Information provided by the Division of Florida Colleges

⁴ Board of Governors Rule 1.001(6), University Board of Trustees Powers and Duties

Florida Virtual Campus

Current Situation

Florida Distance Learning Consortium

In 1996,⁵ the State Board of Community Colleges (SBCC) established the Florida Community College Distance Learning Consortium (FCCDLC) as an advisory committee to the SBCC for purposes of:

- Advising the SBCC on policy and fiscal issues relating to distance learning and technology.
- Coordinating the establishment of a technology-enhanced delivery system that supports the mission of Florida's community colleges while also increasing access to higher education for all Florida residents.
- Representing the community college system on regional and national committees.

Also in 1996, the Institute for Public Postsecondary Distance Learning (Institute) was created by the Board of Regents and the SBCC through a memorandum of understanding and was administratively housed at Florida Gulf Coast University.⁶ The primary purpose of the Institute was to encourage and facilitate the cooperative development and delivery of distance learning instruction between the state universities and the community colleges.

In 2003 the governing bodies of the FCCDLC and the Institute agreed to consolidate to create the Florida Distance Learning Consortium (FDLC). The FDLC was designed to:

- Take on the responsibility for providing strong distance learning leadership for a K-20 education delivery system.
- Exist as a membership organization open to any Florida accredited school district, community college, state university, or any Independent Colleges and Universities of Florida (ICUF) institution.
- Exist as an advisory body to the State Board of Education in order to support the distance learning process at all educational levels and serve as a catalyst for greater collaboration and coordination.

Since the State Board of Education and the Board of Governors did not formally establish the FDLC within the state's postsecondary educational structure, to include the identification of clearly defined roles and responsibilities, participation and use of the FDLC's services and activities was voluntary.⁷

In 2008 the Legislature created the Florida Distance Learning Task Force to submit a report to the Governor, the Speaker of the House of Representatives, the President of the Senate, the State Board of Education, the Board of Governors, and the state university and community college boards of trustees no later than March 1, 2009, that provided recommendations on several distance learning-related issues to include the future role of the FDLC.⁸

The task force submitted its report on February 26, 2009, and identified five major substantive policy findings and recommendations for legislative consideration:⁹

- Establish the FDLC in statute as a statewide higher education collaborative with responsibilities and accountability.
- Adopt a definition of "distance learning" for the purpose of assessing the distance learning fee.
- Promote access for students by requiring postsecondary institutions to provide a link to the distance learning catalog.
- Finalize the plan for implementing online registration process.

⁵ House of Representatives Staff Analysis for CS/HB 7105, Policy & Budget Council; Schools & Learning Council, 4/21/2008.

⁶ *Id.*

⁷ *Id.*

⁸ 2008-148, Laws of Florida.

⁹ Presentation by Co-Chair of the Florida Distance Learning Task Force to the House State & Community Colleges & Workforce Policy Committee on March 10, 2009. The *Florida Distance Learning Task Force Report*, February 26, 2009, contains 23 recommendations on a variety of distance learning issues.

- Continue development of a central repository to provide open access textbook opportunities for students.

In 2009 the Legislature established the FDLC in statute to facilitate collaboration among the public postsecondary educational institutions in their use of distance learning to increase access to associate and baccalaureate courses and degree programs; to support institutions in their use of technology; and to help build partnerships among the institutions, businesses, and communities.¹⁰ The Board of Governors and the State Board of Education exercise joint oversight of the FDLC and has established its administrative and operational guidelines and processes.

Florida Higher Education Distance Learning Catalog

In 1997, the FCCDLC developed the first system-wide online catalog listing the distance learning courses offered by Florida's public community colleges. All participating community colleges entered their distance learning courses into the catalog and prospective students could search for the availability of distance learning courses by term, college, course number, or course prefix. Once a prospective student located a course of interest, the student would be linked to the appropriate college's website for course registration and enrollment.¹¹

By 2002, the Institute had created a similar online distance learning catalog for the state universities. When the governing bodies of the FCCDLC and Institute decided to consolidate and form the FDLC, the two online distance learning catalogs were combined to create a single comprehensive public postsecondary distance learning course and degree program catalog.¹²

In 2008, the Legislature codified the catalog in statute and established the Florida Higher Education Distance Learning Catalog.¹³ The number of distance learning courses that have been listed in the catalog has continuously increased over the years from 6,000 courses listed in 2005 to 28,272 in 2010-11.¹⁴

Florida's Academic Counseling and Tracking for Students System

In 1995, the Legislature directed Florida's higher education governing systems to design and implement a single, statewide computer-assisted student advising system. The legislation mandated that the system include a degree audit and an articulation component to assist students in course selection, document their status toward degree completion, and verify when students complete graduation requirements. A working prototype of these features was completed in 1999, and by 2004, 38 of the 39 public postsecondary institutions had implemented the degree audit, transcript, and admissions application functionalities.¹⁵

The 2002 Florida Education Governance Reorganization codified in statute the establishment of the computer-assisted student advising system, which had become known as the Florida's Academic Counseling and Tracking for Students (FACTS), and expanded its mission to support Florida's K-20 seamless education system.¹⁶ Several high school tools were added to FACTS including a personalized high school planner (Electronic Personal Education Planner or ePEP) and a variety of scholarship, dual enrollment, and academic planning information.¹⁷ In 2006, the Legislature required that all middle school students use FACTS to create an ePEP as part of a class required for promotion to 9th grade.¹⁸

¹⁰ Chapter 2009-92, Laws of Florida.

¹¹ House of Representatives Staff Analysis for CS/HB 7105, Policy & Budget Council; Schools & Learning Council, 4/21/2008.

¹² *Id.*

¹³ Chapter 2008-148, Laws of Florida.

¹⁴ Presentation to House Higher Education Appropriations Subcommittee on December 7, 2011, *Online Registration Process for Transient Students: Update*.

¹⁵ OPPAGA Postsecondary Student Use of the Florida Academic Counseling and Tracking for Students (FACTS) Is Low – April 2008.

¹⁶ Chapter 2002-387, Laws of Florida.

¹⁷ OPPAGA Postsecondary Student Use of the Florida Academic Counseling and Tracking for Students (FACTS) Is Low – April 2008.

¹⁸ Chapter 2006-74, Laws of Florida.

In 2011, the Legislature expanded the functionality of FACTS by requiring the system to provide the admissions application for transient students who are undergraduate students currently enrolled and pursuing a degree at a public postsecondary educational institution and who want to enroll in a course listed in the Florida Higher Education Distance Learning Catalog which is offered by a public postsecondary educational institution that is not the student's degree-granting institution.¹⁹

Florida Center for Library Automation & College Center for Library Automation

In 1984, the Legislature appropriated funds for the establishment of the Florida Center for Library Automation (FCLA) to focus on the library automation needs of the state universities. Today FCLA provides library automation support to 79 libraries on 55 campuses as part of the 11 institutions of the State University System (SUS). In 2009, FCLA was designated an Academic Infrastructure Support Organization (AISO) which means it supports all the state universities with statewide infrastructure and services. The FCLA director reports to the University of Florida Academic Provost and Senior Vice President who oversees FCLA on behalf of the SUS Council of Academic Vice Presidents.²⁰

In 1989, the Legislature appropriated funds for the establishment of the College Center for Library Automation (CCLA) to serve the library automation needs of the community colleges. Today CCLA provides library automation support to 82 physical library sites as part of the 28 institutions in the Florida College System (FCS). Under a formal agreement, the Chair of the Council of Presidents and the Chancellor of the FCS are responsible for CCLA's governance and general oversight. A state-level contract administrator is appointed to act on their behalf in all matters pertaining to the organization.²¹

In July 2010, the Task Force on the Future of Academic Libraries in Florida was created by the chancellors of the SUS and FCS. The chancellors instructed the task force to "determine a vision and develop a strategic plan for the future of academic library access, resources, and services in Florida that encompasses emerging trends and changing realities in the areas of instruction, research, technology, and public service within the context of the academic mission."²²

On March 2, 2011, the chancellors submitted a letter to the members of the task force that expanded their charge by requesting that they develop strategies and timelines for establishing a library technology organizational structure that would meet the needs of academic libraries in both the SUS and FCS in a manner that was more cost-effective than the current organizational structure. The task force was requested to submit its plan by December 31, 2011.²³

In 2011, the Legislature directed the chancellors of the SUS and FCS to submit a plan to the Executive Office of the Governor and to the legislative appropriations committees by January 1, 2012, for establishing a joint library organization to address the needs of academic libraries in the SUS and FCS that replaces the FCLA and the CCLA.²⁴

The task force's *Unified Library Services Business Plan*, November 10, 2011, was submitted to the legislative appropriations committees and includes the following high-level recommendations.²⁵

- Governance structure to include full representation of all public higher education institutions.
- Board of Directors to provide leadership and oversight, as well as accountability to the two system chancellors.
- Internal organization to be based on the services provided by the new organization.
- New organization to contract with a postsecondary institution for administrative and other support.

¹⁹ Chapter 2011-63, Laws of Florida.

²⁰ Task Force Report on the Future of Academic Libraries in Florida, *Unified Library Services Business Plan*, November 10, 2011.

²¹ Task Force Report on the Future of Academic Libraries in Florida, *Unified Library Services Business Plan*, November 10, 2011.

²² Task Force on the Future of Academic Libraries in Florida, *Unified Library Services Business Plan*, November 10, 2011.

²³ March 2, 2011, letter from Chancellors Brogan and Holcombe to the members of the Task Force for the Future of Academic Libraries in Florida.

²⁴ Chapter 2011-63, Laws of Florida.

²⁵ Task Force on the Future of Academic Libraries in Florida. *Unified Library Services Business Plan*, November 10, 2011.

- As the new organization matures, other entities (ICUF institutions, public libraries, K-12) may want to contract for certain services.
- The new organization must be able to adapt to ever-changing technologies.
- No additional funds are requested for the new organization.
- Cost savings achieved through consolidating FCLA and CCLA services should be used to provide additional services or offset inflationary costs for eResources.
- The new organization's official start date should be July 1, 2012.
- FCLA and CCLA should continue to exist until June 30, 2013, to allow for a smooth transition of services.
- Identify transition team and interim director.
- Form Members Council and Board of Directors.
- Hire permanent executive director.
- Contract with postsecondary institution.
- Determine location.

Effect of Proposed Changes

The bill establishes the Florida Virtual Campus to serve as a statewide resource and clearinghouse for technology-based postsecondary education courses, degree programs, and student and library support services and to facilitate collaboration among public postsecondary educational institutions in their use of these resources to increase student access and completion of associate and baccalaureate degrees. The bill consolidates the services and resources provided by the Florida Distance Learning Consortium, the Florida Higher Education Distance Learning Catalog, FACTS, the FCLA, and the CCLA into the Florida Virtual Campus.

The bill authorizes the chancellors of the Florida College System and the State University System to exercise joint oversight of the Florida Virtual Campus and to establish its governance and reporting structure, administrative and operational guidelines and processes, staffing requirements, and operational budget.

The bill also directs the Florida Virtual Campus to collaborate with the University of West Florida, University of South Florida, Florida State College at Jacksonville, and St. Petersburg College to implement the Degree Completion Pilot Project which is designed to recruit, recover, and retain Florida's adult learners and assist them in completing an associate or baccalaureate degree that is aligned to high-wage, high-skill workforce needs.

Student Enrollment Pilot Program for Spring and Summer Terms

Current Situation

In Fiscal Year 2011-12, the University of Florida was authorized to develop and implement a student enrollment plan for the spring and summer terms to align on-campus student enrollment with the availability of instructional facilities. The pilot provided for a student cohort limited to on-campus enrollment during these terms. Legislative authority provided that students enrolled in the pilot program were eligible to receive the scholarship award for attendance in the spring and summer terms, but were not eligible to receive the scholarship for attendance during the fall.²⁶

Effect of Changes

The bill clarifies that students enrolled in the Spring/Summer University of Florida pilot program who are eligible for a Bright Futures scholarship are eligible to receive the scholarship award during the summer term. The student may not receive a Bright Futures Scholarship for more than two semesters in any Fiscal Year.

Excess Credit Hour Surcharge

Current Situation

²⁶ Section 1009.215, F.S.

Section 1009.286, F.S., requires a surcharge of 100 percent of tuition be assessed for each credit hour in excess of 115 percent of the number of credit hours required for completion of the students' registered degree program.

Effect of Changes

The bill requires students entering into a state university or college in the 2012-13 academic year for the first time to pay 100 percent of tuition for excess credit hours above 110 percent of the credit hours required for their degree. Students who entered into a state university or college in the 2011-12 academic year for the first time will pay 100 percent of tuition for excess credit hours above 115 percent of the credit hours required for their degree. Students who entered into a state university or college prior to the 2011-12 academic year for the first time will pay 50 percent of tuition for excess credit hours above 120 percent of the credit hours required for their degree. Students enrolling in these additional courses will be assessed an increased fee in an effort to encourage them to complete the necessary degree requirements in a timely manner.

Excess Credit Surcharge Implementation				
	<i>Academic Year of Enrollment</i>			
	2009-10 - 2010-11	2011-12	2012-13	
Percent of Tuition	50%	100%	100%	
Percent of Required Credit Hours	120%	115%	110%	

Florida Bright Futures Scholarship Program Eligibility

Length of Time to Accept Initial Bright Future's Scholarship Award

Current Situation

Section 1009.531(2)(c), provides that a student who qualifies for a Florida Bright Futures Scholarship Program is eligible to accept an initial award for 3 years following high school graduation and to accept a renewal award for 5 years following high school graduation. A student who applies for an award by high school graduation and who meets all other eligibility requirements, but does not accept his or her award, may reapply during subsequent application periods for up to 3 years after high school graduation. Exceptions are made for a student who enlists in the United States Armed Forces immediately after completion of high school in that the 3-year eligibility period for his or her initial award and the 5-year renewal period begins upon the date of separation for active duty. Also, for a student who is receiving a Florida Bright Futures Scholarship award and discontinues his or her education to enlist in the United States Armed Forces, the remainder of his or her 5-year renewal period commences upon the date of separation from active duty. For all Bright Futures Scholarships, if a course of study is not completed after 5 academic years, an exception of 1 year to the renewal timeframe may be granted due to verifiable illness or other documented emergency.

Effect of Changes

The bill shortens the length of time from 3 years after high school graduation to 2 years after high school graduation that a student is eligible to accept an initial Bright Futures Scholarship award.

Annual Submission of the FAFSA

Current Situation

Beginning in Fiscal Year 2011-12 and each subsequent year, students applying for a Florida Bright Futures Scholarship award are required to submit a complete and error-free Free Application for Federal Student Aid (FAFSA) prior to award disbursement. Legislative intent was to require all Florida Bright Futures Scholarship recipients to annually submit the FAFSA; however, the requirement was placed in the statute that applies for initial awards, and not included in the section of law pertaining to renewal awards.²⁷

Effect of Changes

²⁷ Section 1009.531(7). F.S.

The bill clarifies that students are required to annually submit the Free Application for Federal Student Aid (FAFSA) for initial award eligibility as well as renewal award eligibility.

Gold Seal Vocational Scholars Award Use

Current Situation

The Gold Seal Vocational Scholars Award was created within the Florida Bright Futures Scholarship Program to recognize and reward academic achievement and career preparation by high school students who wish to continue their education. The eligibility requirements for this scholarship program are quite different from the Academic and Medallion Scholarships. A student wishing to receive the Gold Seal Vocational Scholarship must complete the secondary school portion of a sequential program of study which requires at least three secondary school career credits taken over at least two academic years, and is continued in a planned, related postsecondary program. Instead of defined SAT scores, which Academic and Medallion Scholars must meet, the Gold Seal Vocational Scholar must demonstrate college readiness by earning a passing score on the Florida College Entry Level Placement Test or equivalent.

Gold Seal Vocational Scholars are limited to 100 percent of the number of credit hours to complete a program, up to 90 credit hours. Many specific career-focused certificate, diploma and degree programs are offered through school district technical centers and Florida College System institutions, as well as other private technical centers or private institutions. These programs require fewer credit hours to complete than a baccalaureate degree and prepare students to obtain specific training for targeted high skill/high wage employment. Most of these programs require 60 hours or less. A few require more than 60, but less than 72, and very few require more than 72 hours to complete.

Career programs include: an Applied Technology Diploma Program, a Technical Degree Education Program, and a Career Certificate Program. The Applied Technology Diploma Program is a course of study that is part of a technical degree program which requires less than 1,800 clock hours, the equivalent of 60 credit hours, and leads to employment in a specific occupation.²⁸ A Technical Degree Education Program is a course of study that leads to an Associate in Applied Science or Associate in Science degree,²⁹ typically requiring 60 to 72 credit hours. A Career Certificate Program is a course of study that leads to at least one occupational completion point or competency in a specific area of study.³⁰ Most certificate programs require 1,800 clock hours, the equivalent of 60 credit hours; however, there are nine programs that require more, ranging from 63 to 95 credit hours.³¹

Effect of Changes

The bill narrows the scope of allowable uses for the Gold Seal Vocational Award by limiting the award to be used for specific career-focused educational programs which include Applied Technology Diploma Programs, Technical Degree Education Programs, and Career Certificate Programs. In addition, each scholarship is limited to the lesser of either the number of credit hours necessary to complete a program, or up to 72 credit hours for a program. An Applied Technology Diploma Program scholarship is limited to the equivalent of 60 credit hours; a Technical Degree Education Program scholarship is limited to the number of hours required for the program, up to 72 credit hours; a Career Certificate Program is limited to the number of hours required for the program, up to 72 credit hours.

GPA Requirements for Bright Futures Scholarship Renewal Awards

Current Situation

Section 1009.532, F.S., provides eligibility criteria for renewal awards in Florida Bright Futures Scholarship Programs. Florida Academic Scholars must retain a 3.0 grade point average (GPA) in order to be renewed for a scholarship each semester. Florida Medallion Scholars and Gold Seal Vocational Scholars must retain a 2.75 GPA in order to be renewed for a scholarship each semester. If a student fails to meet the required GPA, the student may restore eligibility by improving the GPA to the required level. This restoration is allowed one time.³²

²⁸ Section 1004.02(8), F.S.

²⁹ Section 1004.02(14), F.S.

³⁰ Section 1004.02(21), F.S.

³¹ Email correspondence, Division of Career and Adult Education

³² Section 1009.532(1)(b)2., F.S.

Effect of Changes

The bill revises eligibility requirements for students receiving a Bright Futures Scholarship award renewal.

	Florida's Bright Futures Scholarship Program Required Grade Point Averages (GPA)			
	Current GPA Requirements FY 2011-12		Proposed Renewal Requirements	
Scholarship Award	Initial	Renewal	FY 2012-13	FY 2013-14
Academic Scholar	3.5	3.0	3.25	3.5
Medallion Scholar	3.0	2.75	3.0	3.0
Gold Seal Vocational	3.0	2.75	3.0	3.0

Florida Fund for Minority Teachers

Current Situation

The Florida Fund for Minority Teachers, Inc., (FFMT) is a not-for-profit corporation housed in the College of Education at the University of Florida which administers and manages the minority teacher education scholars program.³³ The FFMT is authorized to award up to \$4,000 per year to 350 new scholars in their junior year and up to 350 renewal scholarships to seniors. The recipients may be awarded scholarships for no more than three years. Participants in the program primarily attend Florida College System institutions, but may attend other public and private colleges and universities which have teacher education programs. The program requires the recipient to graduate within three years, and teach at a Florida public institution for one year for each year the scholarship was received. Recipients who fail to graduate within three years or fulfill the employment requirement are required to repay the scholarship with interest. The FFMT indicates the collection rate for defaulted scholarships is less than ten percent.

From Fiscal Years' 1996-97 through 2010-11, FFMT received \$37.7 million in state funding. Of these appropriations, approximately \$33.5 million of these funds were expended on scholarships. Florida statute allows for five percent of the appropriation to be to administer the program, including support for the Board of Directors, and a required training program to assist with the recruitment, retention and graduation of minority teacher scholars. Section 1009.60(2), Florida Statutes, requires that the training program must include an annual conference or series of conferences.

Prior to 2009, the FFMT was allowed to keep unspent funds for the program to be used for future scholarships. In Fiscal Year 2009-10, however, statutory changes were made which require any appropriated funds not spent for scholarships, less the five percent for administration, be returned to the Department of Education (department).³⁴

Over the past several years, the Legislature made reductions to many programs due to budgetary constraints. In scrutinizing programs, the Legislature has required stricter oversight of state contracts and expenditures³⁵. State appropriations totaling \$3 million for the FFMT program in Fiscal Year 2008-09, have been reduced to \$985,468 in Fiscal Year 2011-12. These reductions were based on information received from the Department of Education comparing historical appropriations, less five percent authorized for administering the program, to actual expenditures for scholarships. According to the department, FFMT should have a cash balance of approximately \$2.6 million; however, according to the FFMT's June 30, 2011 financial statement, the cash balance totaled approximately \$1.4 million. The difference indicates that more than five percent has been used to administer the program.

³³ FFMT authorized in s. 1009.605, F.S.

³⁴ Section 1009.605(2)(b), F.S.

³⁵ Section 287.058, F.S.

Section 1009.605 currently does not include financial reporting requirements, which culminated in insufficient oversight of the expenditure of appropriated state funds.

Effect of Changes

The bill requires the FFMT to annually report to the Department of Education the balance of the corporation's assets and cash reserves. Also, to enable better collection of defaulted scholarships, a requirement for the FFMT to use a contingency collection agency is included.

Due to budgetary constraints, the proposed appropriation for the 2012-13 Fiscal Year is reduced by \$885,468, leaving \$100,000 in General Revenue funding for FFMT. This will require the FFMT to utilize reserve funding to provide scholarships and administer the Minority Teacher Scholarship Program in the 2012-13 Fiscal Year.

Florida Education Fund³⁶

Current Situation

McKnight Doctoral Fellowship Program

The Florida Education Fund's (FEF) McKnight Doctoral Fellowship Program (MDF) was established in 1984 to increase the representation of minorities in faculty and administrative positions in higher education in Florida and to increase the number of highly educated minorities in leadership positions in Florida's business and professional enterprises. The FEF provides up to 50 fellowships renewable for up to five years to students pursuing doctoral degrees at one of nine participating institutions in the State of Florida. Each fellowship consists of \$17,000 per year in tuition, fees, and stipends.³⁷ The FEF provided the following information about the program:

- Since 1984, 784 doctoral fellowships have been awarded. 42 new fellows began their Ph.D. programs in the Fall 2011 semester.
- To date, 372 Fellows have earned their doctoral degrees.
- Currently, 276 Doctoral Fellows are matriculating at nine participating Florida institutions.
- 44 percent of the current McKnight Fellows are in the sciences or related fields, including physical, life, computer and health sciences, math and engineering.
- Approximately 85% work or have previously worked in a Florida college, university, or other educational institution for a minimum of two years.
- McKnight Fellows have completed their Ph.D.s in an average of 5.2 years, instead of the seven-year national average.
- Value flows back to universities, the State, and communities through MDF scholars' participation as teaching assistants, lecturers, instructors, and research assistants at universities. MDF scholars also provide pre-college program services in which the fellows design/teach summer camp programs, teach SAT prep courses, and tutor and mentor K-12 students.

McKnight Junior Faculty Fellowship Program

The program was intended to encourage excellence in teaching and research by women, African Americans, Hispanics, and Native Americans. To date, the FEF has awarded 194 Fellowships. At least 33 fellows have obtained tenure, 32 fellows have completed their doctoral degrees, and 36 fellows have earned promotions.

Funds appropriated in the Office of Student Financial Aid budget in the Transfer to Florida Education Fund category are specifically appropriated to be used for the McKnight Doctoral Fellowship and McKnight Junior Faculty Fellowship programs. Originally, the FEF was funded by a major grant of \$10 million from the McKnight Foundation of Minneapolis, Minnesota. The grant required a state match of \$5 million which was appropriated in two installments of \$2.5 million in Fiscal Years 1985-86 and 1986-

³⁶ The Florida Education Fund was originally known as the "McKnight Programs in Higher Education"

³⁷ <http://www.fefonline.org/mdf.html> (\$5,000 per year tuition/fees; \$12,000 stipend)

87.³⁸ In 1989-90, \$100,000 was appropriated for the Florida Endowment for Higher Education; proviso included that the funds were to be used to match private sources at a \$1 state match to \$2 from private sources³⁹. This appropriation was vetoed by the Governor.⁴⁰

In Fiscal Year 1990-91, substantive changes were made that required a \$1 dollar for each \$2 contributed by private sources and required certification of donations contributed between July 1, 1990 and June 30, 1991.⁴¹ These changes specified that only the new donations above the certified base were to be calculated for state matching funds during the first year of the program. In subsequent years, only the new donations above the prior year certified base were to be calculated for state matching funds.

It is not readily apparent whether the certifications occurred since funds were not appropriated again to the FEF until 1997-98. Varying amounts totaling \$19.9 million have been appropriated to the Transfer to Florida Education Fund appropriation category between Fiscal Years' 1997-98 and 2011-12, in the General Appropriations Acts for those years. When asked about the matching funds from private sources, the FEF stated that the matching requirements were for the original grant and not for appropriations since. From Fiscal Years 2007-08 through 2010-11, the state appropriated \$8.1 million; documentation received from the FEF shows non-state contributions of \$1.2 million were received from non-state grants/contributions.

Over the past several years, the Legislature made reductions to many programs due to budgetary constraints. In scrutinizing programs, the Legislature has required stricter oversight of state contracts and expenditures.⁴² Section 1009.70, Florida Statutes, currently does not include financial reporting requirements. According to an audited June 30, 2011 FEF financial statement, the FEF had investments totaling \$14.8 million. Of this amount, approximately \$8.5 million is invested in equities, mutual funds, preferred stock and other liquid accounts. In the absence of a state appropriation in Fiscal Year 2012-13, it appears that the FEF could utilize some of these funds to continue scholarships at the same level as provided in Fiscal Year 2011-12.

Minority Participation in Legal Education

The Minority Participation in Legal Education (MPLE) program was created by the Legislature in 1994 to address underrepresentation of minorities in the state's legal profession. The FEF was authorized to administer the program.⁴³ Funding was provided specifically for this program in the General Appropriations Act from Fiscal Years 1994-1995 through 2004-2005 totaling \$37.3 million. Funding was phased out when Florida Agricultural and Mechanical University (FAMU) and Florida International University (FIU) law schools were established.

Effect of Changes

The bill clarifies language relating to state matching funds, requiring a dollar-for-dollar state match to private contributions and requires expenditure of appropriated funds to be matched dollar-for-dollar from private sources. The bill requires the FEF to annually provide the Department of Education with a copy of its certified financial statement and annual report, and to post these documents on its website. The FEF is also required to provide scholarship data to the department. The bill deletes obsolete language pertaining to a law school scholarship program for which the FEF no longer receives funding for, or provides scholarships. Other statutory cross references pertaining to the law scholarship are removed, and technical changes to correct the name of the McKnight Doctoral Fellowship Program and the McKnight Junior Faculty Fellowship Programs are made. Finally, the bill authorizes the Florida Education Fund to use available cash reserves to continue funding scholarships in the 2012-13 Fiscal Year at the same level as funded in the 2011-12 Fiscal Year.

³⁸ General Appropriations Acts 1984-85 and 1985-86 Specific Appropriations 339 and 352 respectively

³⁹ <http://fefonline.org/about.html>: FEF originally known as McKnight Programs in Higher Education

⁴⁰ Chapter 89-253, Laws of Florida, Specific Appropriation 382A

⁴¹ Chapter 90-365, s. 240.498, F.S.

⁴² Section 287.058, F.S.

⁴³ Section 1009.70(8)

Match Requirement for Matching Grant Scholarship Programs.

Current Situation

The Jose Marti Scholarship Challenge Grant Fund⁴⁴ is a need-based merit scholarship that provides financial assistance to eligible Hispanic-American students attending Florida public or eligible private institutions. The Legislature is not obligated to appropriate funds for the program; however, in the instance of appropriation, the moneys shall be allocated by the Department of Education on the basis of one \$5,000 challenge grant for each \$2,500 raised from private sources.

The Mary McLeod Bethune Scholarship Program⁴⁵ provides financial assistance to undergraduate students who meet scholastic requirements, demonstrate financial need and attend Bethune-Cookman University, Edward Waters College, Florida A&M University, or Florida Memorial University. The Legislature is not obligated to appropriate funds for the program; however, in the instance of appropriation, the moneys shall be allocated by the Department of Education on the basis of one \$2,000 challenge grant for each \$1,000 raised from private sources.

Effect of Changes

The bill revises matching requirements for the Jose Marti and Mary McLeod Bethune Scholarship Programs to require that matching funds be allocated on a dollar-for-dollar basis. This will provide consistency among challenge/matching grant scholarship programs such as the First Generation Matching Grant Program which requires a dollar-for-dollar match.

The bill provides that the Jose Marti Scholarship Challenge Grant Program will require a \$5,000 state match for each \$5,000 contribution from private sources. The Mary McLeod Bethune Scholarship Program will require a state match of \$2,000 for each \$2,000 contribution from private sources.

Co-Enrollment in Adult General Education

Current Situation

Florida statutes permit adult education programs to serve currently enrolled high school students. The definition of an adult student includes high school students who are taking an adult education course required for high school graduation.⁴⁶ The majority of school districts' adult education programs offer the co-enrollment option to high school students. In the 2008-2009 school year, 60,000 high school students were also taking adult education courses. In the 2008-2009 school year, 33 of 56 districts providing adult education programs had 10 or more co-enrolled high school students. These 33 school districts spent approximately \$29 million from workforce education funding on these programs.⁴⁷

The Division of Career and Adult Education within the Department of Education, conducted a survey on district adult high school co-enrollment policies. Surveys returned represented 98 percent, or 58,960 of the 60,000 students co-enrolled in adult education programs. Reasons for providing the co-enrollment option varied among districts. School districts reported that co-enrollment was offered as a dropout prevention measure, providing credit recovery to meet graduation requirements; or as grade replacement, which could also provide assistance to students in meeting Bright Futures eligibility requirements. Some districts limit the total number and type of courses; others limit participation by grade levels. 52 percent of the districts who responded allow coursework hours beyond standard diploma requirements.⁴⁸

In Fiscal Year 2011-12, the General Appropriations Act included a budget reduction of \$11.8 million related to co-enrollment, and temporary authority was provided to allow school districts to report certain co-enrolled students or funding for the 2011-12 fiscal year.

⁴⁴ Section 1009.72

⁴⁵ Section 1009.73

⁴⁶ Section 1004.02, Florida Statutes

⁴⁷ OPPAGA Research Memorandum, School District Co-Enrollment for 2008-09, February 14, 2011

⁴⁸ School district survey by Career and Adult Education, Department of Education

Effect of Changes

The bill continues a provision from Fiscal Year 2011-12 related to the prohibition of a full-time student co-enrolled in a K-12 education program and an adult general education program from being reported for funding in an adult education program. In Fiscal Years 2012-2013 and 2013-14, students may be co-enrolled, however, use is limited to two courses per year per student for core coursework, and may only be used for credit recovery and dropout prevention purposes. The provision only applies for students who do not have a pattern of excessive absenteeism or habitual truancy or a history of disruptive behavior in school.

College and University Limits on Salaries Paid from Appropriated Funds

Current Situation

Section 1012.885(2), F.S., provides a limitation on state funds used for compensation for college presidents at \$225,000. Section 1012.975(2), F.S., provides the same cap for university presidents from public funds. Section 1012.886 and 1012.976, F.S. was established in Fiscal Year 2011-12 to limit compensation from public funds for administrative employees for that year. Also in Fiscal Year 2011-12 the presidents' cap was reduced to \$200,000 for that year. University teaching faculty or medical school faculty and staff are excluded from the salary limitation.

Effect of Changes

The bill extends the \$200,000 salary cap amount in the aforementioned statutes for an additional year, Fiscal Year 2012-13.

B. SECTION DIRECTORY:

Section 1. Amends s. 282.201, F.S., conforming name change to align with changes made in this bill.

Section 2. Amends s. 1000.21(3)(z), F. S., revising the name of a Florida College System institution.

Section 3. Amends s. 1001.706(4), F.S., authorizing transfers of appropriations by the Board of Governors.

Section 4. Amends s. 1001.73, F.S., restricting transfers of appropriations in excess of \$1 million by the State University System.

Section 5. Amends s. 1003.4156(1)(a), F.S., conforming name change to align with changes made in this bill.

Section 6. Repeals s. 1004.09, F.S.

Section 7. Repeals s. 1004.091, F.S.

Section 8. Amends s. 1004.39(5), F.S., conforming to align with changes made in this bill.

Section 9. Amends s. 1004.40(5), F.S., conforming to align with changes made in this bill.

Section 10. Amends s. 1006.72, F.S., conforming name change to align with changes made in this bill.

Section 11. Creates s. 1006.73, F.S., establishing the Florida Virtual Campus, assisting joint oversight of the campus to the chancellors of the State University System and the Florida College System, and identifying the services and resources to be provided by the campus.

Section 12. Creates s. 1006.735, F.S., relating to the Florida Virtual Campus collaborating with certain public postsecondary educational institutions in the implementation of the Degree Completion Pilot Project.

Section 13. Amends s. 1007.01(3)(h), F.S., correcting cross reference.

Section 14. Amends s. 1007.27(1), F.S., conforming name change to align with changes made in this bill.

Section 15. Repeals s. 1007.28, F.S.

Section 16. Amends s. 1009.215(3), F.S., clarifying eligibility for use of Bright Futures scholarship funds.

Section 17. Amends s. 1009.23, F.S., conforming a name change to align with changes made in the bill.

Section 18. Amends s. 1009.24, F.S., correcting a cross reference.

Section 19. Amends s. 1009.286, F.S., decreasing postsecondary education excess hours.

Section 20. Amends s. 1009.531, F.S., revising eligibility requirements for Bright Futures scholarships.

Section 21. Amends s. 1009.532(3), F.S., revising eligibility requirements for Bright Futures scholarships.

Section 22. Amends s. 1009.534, F.S., revising eligibility requirements for Florida Academic Scholars.

Section 23. Amends s. 1009.535, F.S., revising eligibility requirements for Florida Medallion Scholars.

Section 24. Amends s. 1009.536, F.S., revising eligibility requirements for Florida Gold Seal Vocational Scholars.

Section 25. Amends s. 1009.60, F.S., revising requirements to the Florida Fund for Minority Teachers, Inc. relating to collections of defaulted scholarships.

Section 26. Amends s. 1009.605(2)(b), F.S., requiring financial reporting of the Florida Fund for Minority Teachers, Inc.,

Section 27. Amends s. 1009.70, F.S., revising requirements and duties of the Florida Education Fund.

Section 28. Amends s. 1009.72(4), revising matching fund requirements for the Jose' Marti Scholarship Challenge Grant Program.

Section 29. Amends s. 1009.73(4), revising matching fund requirements for the Mary McLeod Bethune Scholarship Program.

Section 30. Amends s.1011.80(10), extending provisions relating to co-enrolled students.

Section 31. Amends s. 1012.885(4), reenacting limitations relating to remuneration of Florida College System Institution presidents.

Section 32. Amends s. 1012.886(4), reenacting limitations relating to remuneration of Florida College System Institution administrative employees.

Section 33. Amends s. 1012.976(4), F.S., reenacting limitations relating to remuneration of state university presidents.

Section 34. Amends s. 1012.976(4), F.S., reenacting limitations relating to remuneration of state university administrative employees.

Section 35. Provides an effective date.

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 bill decreases student scholarship opportunities by increasing the level of difficulty for eligibility for the Bright Futures Scholarship program. This may result in an increased cost to students to cover a larger portion of the cost of attendance.

Increasing the tuition surcharge for excess credit hours will increase fees for students who register for courses in excess of 110 percent of their required program of study. The House proposed General Appropriations Act establishes the base tuition rate per credit hour for Florida colleges at \$74.04 and \$111.59 for state universities. A student would be charged the full tuition rate plus the equivalent surcharge for each excess credit hour.

D. FISCAL COMMENTS:

Florida Virtual Campus

The Florida Virtual Campus is appropriated \$16.9 million to support the newly established program; these funds were transferred from the Florida Distance Learning Consortium, the Florida Higher Education Distance Learning Catalog, Florida's Academic Counseling and Tracking for Students system, the Florida Center for Library Automation, and the College Center for Library Automation. Of these funds \$5 million is appropriated for student access and degree completion pilots.

It is anticipated that consolidating the services and resources currently provided by the Florida Distance Learning Consortium, the Florida Higher Education Distance Learning Catalog, Florida's Academic Counseling and Tracking for Students system, the Florida Center for Library Automation, and the College Center for Library Automation into the Florida Virtual Campus will result in cost savings due to similar operational responsibilities and functions also being consolidated.

Excess Credit Hour Surcharge

A surcharge for excess credit hours was first implemented for students who entered a college or university for the first time in 2009-2010. In Fiscal Year 2011-12, the surcharge was increased from 50 percent to 100 percent of tuition for excess hours. Although the fiscal impact of the surcharge has not been realized to the full extent, OPPAGA has estimated that reducing the allowable credit hours to 110% will further reduce the state's burden by an additional \$11 million in Fiscal Year 2012-13. Increasing the applicable excess credit hours for the surcharge is anticipated to bring in additional

revenues of \$11 million to be generated for universities.⁴⁹ These revenues are anticipated to decrease as students modify their behavior in an effort to avoid having to pay for this charge. Should a significant number of affected students graduate sooner, this would contribute to the efficiency of the system by freeing up capacity and increasing graduation rates.

Florida Bright Futures Scholarship Program Eligibility for Renewal Awards

Increasing the grade point average eligibility requirements for renewal of the Florida Bright Futures Scholarship ensures that state expenditures are provided to Florida students who continue to excel in their postsecondary coursework. Because statutory changes to the Bright Futures Program are prospective, and must be applied to the cohort affected from this point forward, OPPAGA estimates that savings to the State of Florida will not be realized until Fiscal Year 2013-14. OPPAGA estimates a state savings of \$10.4 million, or 3.1%, in the 2013-14 Fiscal Year, and increasing to \$14.8 million in Fiscal Year 2014-15.⁵⁰

Florida Bright Futures Gold Seal Vocational Scholarship

Limiting the use of the Gold Seal Vocational Scholarship award to be used for career-focused educational programs which include Applied Technology Diploma Programs, Technical Degree Education Programs, and Career Certificate Programs will provide savings of at least \$337,554. These programs are not offered at public state universities, but are offered at Florida Colleges and school district technical centers. In Fiscal Year 2010-11, 28 percent of Gold Seal Vocational Scholars used the award at a four year public state university.⁵¹ The Legislative Office of Economic and Demographic Research estimated a savings of \$337,554 in Fiscal Year 2012-13 if initial awardees were switched to two-year or vocational schools.⁵²

Other Scholarship Program Savings

Recurring General Revenue appropriations for the Minority Teacher Scholarship Program and the McKnight Doctoral Fellowship Program are reduced by approximately \$1.9 million in Fiscal Year 2012-13. This will require these programs to utilize reserve program funds to continue scholarships.

College and University Salary Limitations

The continuation of the university president salary limitation for the 2012-13 fiscal year at \$200,000, maintains the reduced amount of public funds expended by \$252,584 since all eleven university presidents were funded at the cap amount of \$225,000 prior to the change. The bill also maintains the statutory cap of \$200,000 from appropriated state funds that can be used for salaries of university administrative employees, excluding medical school faculty and staff, which results in a savings of \$1.3 million.⁵³

By maintaining the reduction from \$225,000 to \$200,000 in the amount of appropriated state funds that can be used for Florida college presidents' salaries, \$487,000 in general revenue will be saved in the 2012-13 fiscal year. In Fiscal Year 2010-11, 21 of the 28 presidents' salaries were above \$200,000; 16 of these presidents' salaries were funded with general revenue at the \$225,000 cap. By applying the same funding restriction for college administrative employees, \$42,000 will be saved. In Fiscal Year 2010-11, only three employees had salaries above \$200,000.⁵⁴

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

⁴⁹ OPPAGA Research Memorandum, Excess Hours Fees – 110% Threshold, December 16, 2011

⁵⁰ OPPAGA Research Memorandum, Bright Futures: Increasing GPA Renewal Requirements, December 19, 2011

⁵¹ Florida Department of Education Office of Student Financial Assistance End-of-Year Report 2010-11.

⁵² Email correspondence: Legislative Office of Economic and Demographic Research (12-14-2011)

⁵³ E-Mail correspondence with the Florida Board of Governors

⁵⁴ E-Mail correspondence with the Office of Financial Policy, Florida College System

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

Amendment #1.

The amendment removes language that would have increased the eligibility requirements from a 2.0 to a 2.5 GPA in the lower division courses and from a 2.0 to a 3.0 GPA in upper level courses in order to receive funds under the Florida Resident Access Grant and Access to Better Learning and Education grant programs.