

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Appropriations Subcommittee on Education

BILL: CS/SB 1720

INTRODUCER: Education Committee and Senator Galvano

SUBJECT: College Instructions

DATE: March 18, 2013 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Harkey	Klebacha	ED	Fav/CS
2.	Bryant	Elwell	AED	Pre-meeting
3.			AP	
4.				
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

CS/SB 1720 enhances the delivery of postsecondary education in Florida by providing students better access to degree programs and by establishing standards for university research preeminence.

The BOG and the DOE may have to reprioritize their use of existing funding to implement various provisions in the bill. Additionally, because the bill repeals the authorization for Florida College System institutions to offer non-credit college preparatory courses, the colleges will no longer incur the direct instructional costs associated with these courses, which was approximately \$67.9 million in 2011-12.

The enhancements for delivery of postsecondary education include:

- Requiring flexibility in the delivery of developmental education by Florida College System institutions to permit students to begin credit courses immediately while they simultaneously develop the particular skills they need to successfully perform college work;

- Allowing Florida colleges to waive all or a portion of tuition and fees in order to provide a bachelor's degree program to Florida residents for \$10,000;
- Establishing the academic and research excellence standards for the Preeminent State Research Universities Program;
- Authorizing the Board of Governors (BOG) to create an on-line arm of a preeminent research university; and
- Establishing the Degree Completion Pilot Program as a permanent degree completion program called Complete Florida Degree Program.

In addition, the bill repeals the requirement that Bright Futures Scholarship recipients must file a Free Application for Student Financial Aid (FASFA) form, codifies the authority of the Board of Governors over state universities in regard to audit findings, and revises general education requirements.

The bill creates science, technology, engineering, arts, and mathematics (STEAM) zones for economic development, workforce training and educational programs in counties where certain research universities are located. District school boards are authorized in the bill to contract with a non-profit organization or state or local governmental unit to provide a STEAM school to integrate technology and the arts in the school's academic program.

Also, the bill repeals authorization Florida College System Institutions to offer non-credit college preparatory (remedial) courses.

The bill takes effect July 1, 2013.

The bill substantially amends the following sections of the Florida Statutes: 11.45, 1001.02, 1001.64, 1004.02, 1004.58, 1004.93, 1006.735, 1007.23, 1007.25, 1007.263, 1007.271, 1008.30, 1008.34, 1008.37, 1009.22, 1009.23, 1009.26, 1009.285, 1009.286, 1009.40, 1009.53, 1009.531, and 1011.84.

The bill creates the following sections of the Florida Statutes: 288.126, 1001.7065, 1002.312, 1008.02, and 1008.322.

The bill repeals section 1009.28, Florida Statutes.

II. Present Situation:

College Remediation

All first-time-in-college (FTIC) degree-seeking students, who have not already demonstrated college readiness, must be evaluated in reading, writing, and math prior to initial registration in a public postsecondary educational institution.¹ Students may demonstrate college readiness by meeting specified cut scores on one of four approved assessment tools.²

¹ Rule 6A-10.0315(1), F.A.C.

² Rule 6A-10.0315(1), (2), F.A.C.

Students who are unable to achieve any of the cut scores established by rule must enroll in developmental (also known as remedial or college-preparatory) instruction courses. A degree-seeking student who is required to complete a developmental education course must successfully complete the required developmental education studies by the time the student has accumulated 12 hours of lower-division college credit degree coursework; however, a student may continue enrollment in degree-earning coursework provided the student maintains enrollment in college-preparatory coursework for each subsequent semester until college-preparatory coursework requirements are completed.³

The vast majority of students needing developmental education attend Florida College System (FCS) institutions. With the exception of Florida Agricultural and Mechanical University, state universities are not permitted to offer developmental education courses but may contract with FCS institutions to provide developmental education services for their students in need of remediation.⁴

The practice of requiring students to enroll in non-credit remedial classes before attempting college classes for credit frequently does not lead to student success. Complete College America reports that, “Graduation rates for students who started in remediation are deplorable: Fewer than 1 in 10 graduate from community colleges within three years and little more than a third complete bachelor’s degrees in six years.”⁵ Complete College America, Inc. recommends that extra academic help be a corequisite, not a prerequisite, to college credit instruction.⁶ A joint statement by the Charles A. Dana Center, Complete College America, Inc., the Education Commission of the States, and Jobs for the Future, calls for new core principals to reform remedial education that include completing gateway courses that align with the student’s program of study, integrating academic support with a gateway college-credit course, requiring students to enter a meta-major when they enroll in college and begin a program of study in their first year, using multiple measures to assess students’ preparedness for college-level work, and providing accelerated routes for students who are significantly underprepared to enter programs of study.⁷

BOG Authority Over State Universities

The Auditor General is required to annually conduct financial audits of state universities, and at least every three years, conduct operational audits.⁸ The audits determine whether financial resources are properly accounted for; whether public officials comply with applicable laws, rules, regulations and other legal requirements; whether proper and effective internal controls are in place over operations; and whether assets are appropriately safeguarded.

³ s. 1008.30(4)(a), F.S.

⁴ s. 1008.30(4)(b), F.S.

⁵ “Remediation: Higher Education’s Bridge to Nowhere”, Complete College America, Inc., 2012, p. 3, readable at : <http://www.completecollege.org/docs/CCA-Remediation-final.pdf>

⁶ *Ibid.*, p. 3.

⁷ “Core Principals for Transforming Remedial Education: A Joint Statement, Charles A. Dana Center, Complete College America, Inc., the Education Commission of the States, and Jobs for the Future, December 2012, p. 6., readable at: <http://www.ecs.org/docs/STATEMENTCorePrinciples.pdf>

⁸ s. 11.45(2), F.S.

BOG Regulation 1.001 requires each board of trustees to establish an audit committee and appropriate policies and procedures for conducting audits of university operations. In addition to internal audits, pursuant to section 11.45(7)(j), F.S., the Auditor General is required to notify the Joint Legislative Audit Committee (JLAC) of any audit review that indicates a state university has failed to take corrective action in response to a recommendation that was included in the two preceding audit reports. If the JLAC determines that the university has failed to take full corrective action for which there is no justifiable reason or has failed to comply with committee requests, the committee may proceed under section 11.40(2), F.S. While section 11.40(2), F.S. provides for JLAC to refer these matters to the appropriate governing authorities for charter schools and special districts, the statute does not address referral to the Board of Governors for university-related matters or to the State Board of Education for college-related matters.

Under s. 1008.32, F.S., the State Board of Education's (SBE) oversight enforcement authority for the Florida College System (FCS) includes the authority to request information, data, and reports from FCS institutions. The Commissioner of Education may investigate allegations of noncompliance with law or SBE rule and determine probable cause and report such findings to the SBE. Once a determination of probable cause for violation of a law or rule is reported to the SBE, the SBE must require the FCS institution's board of trustees to document compliance with the law or rule. If the board of trustees cannot satisfactorily document compliance, the SBE may order compliance within a specified time frame.

Preeminent State Research University/On-line University

The 2012 Legislature provided funds to the Board of Governors to obtain the services of a consulting firm that would study on-line education in Florida. Through a competitive bidding process, the contract was awarded to The Parthenon Group. The Scope of Services provided that the study would include, among other requirements, a description of the nature and extent of existing on-line postsecondary programs in Florida; an assessment of educational opportunities needed to boost Florida's economy; options for expanding the awarding of degrees; and, for each option, a ten-year plan for start-up and operating costs, enrollments, degree production, and revenue generated.⁹ The report by the Parthenon Group provided four options for on-line postsecondary programs: institutions continuing to independently offer on-line courses and programs; coordinating on-line education state-wide through a single coordinating body; having a lead institution drive the development of new on-line offerings in targeted degrees; or creating a new on-line institution.¹⁰

The BOG Strategic Planning committee discussed the findings of the Parthenon report and heard testimony from various experts in on-line programs. The committee recommended that the BOG:

- Use the Strategic Plan preeminence metrics to designate the university which would create a separate arm to provide on-line degree programs of the highest quality, and that funds be requested of the Legislature to support such an effort. The preeminence metrics would be those passed by the 2012 Legislature and approved by the Board for use in the 2012-2013 university work plans. Further, the selected university would create an innovation and

⁹ Florida Board of Governors, http://www.flbog.edu/resources/publications/on-line_university.php

¹⁰ "Summary: Post-Secondary On-line Expansion in Florida", The Parthenon Group, November 7, 2012.

research center to (1) ensure the State is a leader in the development of cutting-edge technology and instructional design for the on-line programs and (2) conduct research that would help strengthen on-line degree programs and the success of on-line students.

- Direct the Chancellor to form a system wide work group that would report back to the Strategic Planning Committee and continue to work with our colleges and universities and the other delivery systems to determine ways in which services and on-line degree programs, including market-based job analyses, can be better coordinated to ensure state and student needs are being met in a cost-efficient and effective manner.¹¹

In a February 21, 2103 conference call the BOG approved the Strategic Planning Committee's recommendations.

Currently, 10 of Florida's 12 state universities offer on-line courses and on-line degree programs. Each institution has its own, independent on-line strategy, with its own marketing, course design, instruction, support services, and IT capabilities. System wide, state universities offer a total of 389 on-line programs for undergraduate and graduate certificates, bachelor's degrees, master's degrees, and doctorate degrees. Of the 389 on-line programs currently offered by state universities, only 46 are baccalaureate programs. The majority of these consist of only upper-division courses.¹²

Performance Metrics

The SUS Annual Accountability Report includes metrics including, but not limited to, student retention, graduation rates, degrees granted by level, research expenditures, patents and licenses, and national rankings which are included in university work plans. In addition, the average high school grade point average (GPA) and average SAT scores for each university are calculated annually and published as part of the State University System on-line Fact Book. Additionally, universities regularly report data on performance to a number of nationally recognized organizations including the National Science Foundation (NSF) and the Center for Measuring University Performance¹³

Currently, students who enroll at state universities frequently bring with them several hours of accelerated college credit earned through Advanced Placement (AP), International Baccalaureate (IB), or dual enrollment courses while in high school. Florida law and the Statewide Articulation Agreement require that these students be given college credit for any such course that counts towards their degree.

\$10,000 College Degree at Florida College System Institutions

On November 26, 2012, Florida Governor Rick Scott issued a challenge to the FCS institutions to develop baccalaureate degree programs that would cost students no more than a total of

¹¹ Florida Board of Governors, http://www.flbog.edu/documents_meetings/0176_0683_5273_204%20BOG_SPC%20On-line%20Ed_AI.pdf

¹² Florida Board of Governors bill analysis for SB 1720, on file with the Senate Education Committee.

¹³ *Ibid.*

\$10,000.¹⁴ All 23 Florida College System institutions currently offering baccalaureate degree programs have announced their support for the challenge¹⁵.

Florida College System institution boards of trustees establish the rate of tuition and out-of-state fees for their respective institutions within parameters established by the Legislature. The rate established by the board of trustees may vary by up to 15 percent above or 10 percent below the combined total of the standard tuition and fees set by law.¹⁶ Tuition and out-of-state fees for upper-division courses must reflect the fact that FCS institutions have a less expensive cost structure than that of state universities.¹⁷ Florida College System boards of trustees are authorized to establish a number of fees including an activity and service fee, financial aid fee, technology fee, and capital improvement fee.¹⁸

Degree Completion Pilot Project

The 2012 Legislature created the Degree Completion Pilot Project to recruit, recover, and retain the state's adult learners and assist them in completing an associate or baccalaureate degree that is aligned to high-wage, high-skill workforce needs¹⁹. The Pilot is led by the University of West Florida, in collaboration with other FCS and SUS institutions statewide. However, funding for the pilot, set by the 2012 General Appropriations Act at approximately \$2.5 million, was vetoed by the Governor.

General Education Requirements

The 2012 Legislature reduced the number of required general education course credit hours from 36 to 30, for the purpose of providing institutions with flexibility in developing a solid foundation for students enrolled in their undergraduate programs, beginning with students initially entering a FCS institution or state university in 2014-2015.²⁰ However, the Southern Association of Colleges and Schools (SACS) Commission on Colleges informed institutions that a reduction in general education credit hours would constitute a substantive change requiring SACS approval. Each FCS institution and state university would be required, for accreditation purposes, to submit to SACS formal notice of the reduction at least six months in advance of implementation in 2013.

FASFA Requirement

The 2011 Legislature required students who receive funds under the Florida Bright Futures Scholarship Program, the William L. Boyd, IV, Florida resident access grant (FRAG), and the Access to Better Learning and Education (ABLE) Grant Program, to submit a complete and error-free Free Application for Federal Student Aid (FAFSA) as a condition of eligibility. The

¹⁴ Executive Office of the Governor, news release, readable at: <http://www.flgov.com/2012/11/26/governor-rick-scott-announces-governors-10000-degree-challenge-to-make-college-more-affordable/>

¹⁵ Executive Office of the Governor, news release, readable at: <http://www.flgov.com/2013/01/28/gov-scott-announces-all-23-florida-state-colleges-with-baccalaureate-degrees-have-accepted-10k-degree-challenge/>

¹⁶ s. 1009.23(4), F.S.

¹⁷ s.1009.23(2)(b), F.S.

¹⁸ s. 1009.23, F.S.

¹⁹ s. 1006.735, F.S.

²⁰ ch. 2012-195, L.O.F.

Bright Futures Scholarship is a merit scholarship, whereas the FRAG and ABLE grants are tuition assistance payments that are not based on merit or need. The Legislature required students to submit the FASFA to gather more comprehensive data on students who are provided state student financial aid in programs that are not based on the student's financial need. Some parents of Bright Futures Scholarships complained that they did not want to be compelled to disclose family financial information in order for their child to be eligible for a merit-based scholarship.

High School Grades²¹

For Florida's high school grading system, the state assessment-based components are weighted at 50 percent of the high school grade,²² while the other 50 percent of the available school grade points are weighted toward component areas that directly measure, or are otherwise essential to, career and college readiness (i.e., graduation rate, participation and performance in advanced curricula, including national industry certifications), and postsecondary readiness in reading and mathematics.²³ These additional components for measuring high school performance were implemented beginning in 2009-2010 to provide a more comprehensive measure of high schools' effectiveness in preparing students for success after graduation.

The high school grading formula includes points for accelerated coursework participation and performance for students in grades 9-12, which is based on Advanced Placement (AP), International Baccalaureate (IB), Advanced international Certificate of Education Program (AICE), dual enrollment, and industry certification²⁴ exams and courses.²⁵

Research Universities

The significance and status of university research is measured in a number of ways: by the accomplishments of its research faculty, the volume of research conducted at the institution, and the amount of funds expended on research, among other measures. In the United States, rankings of universities by the Carnegie Foundation for the Advancement of Teaching,²⁶ the Center for Measuring University Performance,²⁷ and U.S. News and World Report²⁸ contribute to the public perception of a research university's standing in relation to other universities. The University of Florida is the only one of Florida's state universities in the Association of American Universities (AAU),²⁹ an organization of 61 top research universities in the United States and Canada.

²¹ s. 1008.34(3)(b), F.S.

²² s. 1008.34(3)(b)1., F.S.

²³ s. 1008.34(3)(b)3., F.S.

²⁴ Industry courses and exams are those leading to national industry certification identified in the Industry Certification Funding List, pursuant to SBE rules.

²⁵ s. 1008.34(3)(b)3.b., F.S.

²⁶ <http://classifications.carnegiefoundation.org/index.php?key=782>

²⁷ <http://mup.asu.edu/research.html>

²⁸ <http://colleges.usnews.rankingsandreviews.com/best-colleges>

²⁹ <http://www.aau.edu>

Enterprise Zones

The Legislature established the state's enterprise zone program in 1982³⁰ to encourage economic development in economically distressed areas of the state by providing incentives and inducing private investment. There are currently 65 enterprise zones designated throughout the state.³¹ The program is set to expire on December 31, 2015.³²

The Department of Economic Opportunity (DEO) reported that from October 1, 2010, through September 30, 2011, 4,103 new businesses moved into or were created in state enterprise zones. DEO also reported that 11,559 new jobs were created by businesses located within state enterprise zones, and that \$22,950,900 in state tax incentives were approved by the Department of Revenue (DOR) during this time period. The total amount of tax incentives approved decreased from \$67,602,482 during the 2009/2010 period. Local governments provided over \$33 million in incentives for the enterprise zone program during the 2010/2011 time period.³³

Sections 290.001-290.016, F.S., authorize the creation of an enterprise zone and establish criteria and goals for the program. Prior to submitting an application for an enterprise zone, a local government body must determine that an area:

- Has chronic extreme and unacceptable levels of poverty, unemployment, physical deterioration, and economic disinvestment;
- Needs rehabilitation or redevelopment for the public health, safety, and welfare of the residents in the county or municipality; and
- Can be revitalized through the inducement of the private sector.

The Department of Economic Opportunity (DEO) is responsible for approving applications for enterprise zones, and also approves changes in enterprise zone boundaries when authorized by the Legislature. As part of the application process for an enterprise zone, the county or municipality in which the designation will be located also is responsible for creating an Enterprise Zone Development Agency and an enterprise zone development plan.

Florida's enterprise zones qualify for various incentives from local governments. Examples include: utility tax abatement, reduction of local business taxes, reduced building permit fees or land development fees, and local funds for capital projects.

³⁰ Ch. 82-119, L.O.F.

³¹ Ch. 2012-32, L.O.F., authorized Citrus County and Charlotte County to apply to DEO for enterprise zone designation. Both enterprise zones were approved by DEO with an effective date of January 1, 2013.

³² The program is repealed by ch. 2005-287, L.O.F.

³³ Department of Economic Opportunity, *Florida Enterprise Zone Program Annual Report, October 1, 2010 – September 30, 2011*, (March 1, 2012, reissued April 2, 2012), available at: http://www.floridajobs.org/about%20awi/open_government/2012_EnterpriseZoneAnnual.pdf, (last visited on January 23, 2013).

Available state sales tax incentives for enterprise zones include:

- Building Materials Used in the Rehabilitation of Real Property Located in an Enterprise Zone: Provides a refund for sales taxes paid on the purchase of certain building materials, up to \$5,000 or 97 percent of the tax paid.³⁴
- Business Equipment Used in Enterprise Zones: Provides a refund for sales taxes paid on the purchase of certain equipment, up to \$5,000 or 97 percent of the tax paid.³⁵
- Rural Enterprise Zone Jobs Credit against Sales Tax: Provides a sales and use tax credit for 30 or 45 percent of wages paid to new employees who live within a rural county.³⁶
- Urban Enterprise Zone Jobs Credit against Sales Tax: Provides a sales and use tax credit for 20 or 30 percent of wages paid to new employees who live within the enterprise zone.³⁷
- Business Property Used in an Enterprise Zone: Provides a refund for sales taxes paid on the purchase of certain business property, up to \$5,000 or 97 percent of the tax paid per parcel of property, which is used exclusively in an enterprise zone for at least 3 years.³⁸
- Community Contribution Tax Credit: Provides a 50 percent sales tax refund for donations made to local community development projects.³⁹
- Electrical Energy Used in an Enterprise Zone: Provides a 50 percent sales tax exemption to qualified businesses located within an enterprise zone on the purchase of electrical energy.⁴⁰

Available state corporate income tax incentives for enterprise zones include:

- Rural Enterprise Zone Jobs Credit against Corporate Income Tax: Provides a corporate income tax credit for 30 or 45 percent of wages paid to new employees who live within a rural county.⁴¹
- Urban Enterprise Zone Jobs Credit against Corporate Income Tax: Provides a corporate income tax credit for 20 or 30 percent of wages paid to new employees who live within the enterprise zone.⁴²
- Enterprise Zone Property Tax Credit: Provides a credit against Florida corporate income tax on ad valorem taxes paid on the new or improved property. The credits may not exceed total ad valorem taxes paid. Credits may not exceed \$25,000 in a single year or \$50,000 if at least 20 percent of a business's employees live in the enterprise zone.⁴³
- Community Contribution Tax Credit: Provides a 50 percent credit on Florida corporate income tax or insurance premium tax, or a sales tax refund, for donations made to local community development projects.⁴⁴

³⁴ Section 212.08(5)(g), F.S.

³⁵ Section 212.08(5)(h), F.S.

³⁶ Section 212.096, F.S.

³⁷ *Id.*

³⁸ *Supra*, note 6.

³⁹ Section 212.08(5)(p), F.S.

⁴⁰ Section 212.08(15), F.S.

⁴¹ Section 220.181, F.S.

⁴² *Id.*

⁴³ Section 220.182, F.S.

⁴⁴ *See* ss. 220.183 and 624.5105, F.S.

In addition to the abovementioned incentives, participants in the Qualified Target Industry Tax Refund program who locate their project in an enterprise zone are eligible to receive a double tax refund payment per eligible job created.⁴⁵

III. Effect of Proposed Changes:

Remedial Education in Colleges and Universities

CS/SB 1720 replaces college preparatory instruction with developmental education. The bill repeals the authority for Florida College System institutions to provide college preparatory instruction as stand-alone non-credit courses and requires instead developmental education—skill-building instruction—that is co-requisite with credit courses. The bill repeals the authorization for institutions to use Florida College System program funds for remedial education and authorizes using the funds for developmental education.

The bill changes requirements related to testing, placement, and instructional requirements and options for preparing students with communication and computation skills necessary to succeed in college-level work and directs state and local boards to develop rules and requirements to implement the change from college preparatory education to developmental education.

Developmental education may be implemented through an accelerated course structure which allows students to attain specific skills at their own pace and through co-requisite education, which means that developmental education is required along with a credit course. Developmental education may be provided through modularized instruction or embedded in the credit-bearing course. The credit course may be offered over an extended period of time, such as two semesters instead of one. Entering students will be able to enroll in gateway courses, the entry-level courses for their meta-major. A meta-major is a group of programs of study that share common foundational skills. By October 1, 2013, The State Board of Education in conjunction with the BOG must approve a series of meta-majors and identify the gateway courses required for success in each meta-major.

By January 1, 2014, the State Board of Education must adopt rules to implement developmental education which must include:

- Student achievements that may be considered by institutional boards, such as performance on college placement tests, grade point averages, work history, military experience, career interests, degree major declaration;
- Recommended options for students performing at levels indicating adult education as an appropriate place for students to develop needed college-entry skills;
- Sufficient flexibility for local professional judgment and determinations of appropriate student options for achieving necessary skills; and
- Limits on credit course enrollment for students indicating the need for college preparatory assistance in two or more content areas.

⁴⁵ Section 288.106, F.S. A business approved by DEO for the Qualified Target Industry Tax Refund program normally receives a tax refund of \$3,000 per eligible job. This amount is doubled to \$6,000 per job if the business is located in an enterprise zone.

The bill authorizes colleges to charge fees for developmental education and repeals the authorization to charge fees for non-credit remedial courses. The current requirement for a student to pay 100 percent of the cost of a college-credit course after taking the course twice is changed to require a student to pay 100% of cost of instruction after taking a credit course once except for students enrolled in a gateway course.

\$10,000 College Degree at Florida College System Institutions

The bill authorizes a Florida College System institution to waive any or all of tuition and the fees that are indexed to tuition, plus the distance-learning user fee when applicable, in order to provide a baccalaureate degree for Florida residents that costs no more than \$10,000 for tuition and specified fees.

Repeal of FASFA Requirement for Bright Futures Scholarship Recipients

The bill repeals the requirement for Bright Futures Scholarship recipients to submit a Free Application for Federal Student Aid (FAASFA) form in order to be eligible to receive the scholarship.

Preeminent University/On-line Postsecondary Education

The bill grants the BOG authority to designate a qualifying institution as a preeminent state research university if it has met the benchmarks for 11 of the 12 specified standards. The state university that has attained the highest level on the academic and research standards for preeminence must establish a fully on-line arm of the university, subject to funds appropriated by the Legislature. The bill creates a board of directors to develop, implement, and oversee the business aspects of the university's on-line arm. The academic quality, accreditation, and curricular standards of the on-line arm are the responsibility of the university president and board of trustees, in conjunction with the Board of Governors.

Membership of the on-line arm's board of directors is specified, with appointments being made by the university president, chair of the Board of Trustees, the Governor, the Senate President, the House Speaker, the chair of the Board of Governors, and the chair of the Florida Polytechnic Board of Trustees. The university president and the Board of Trustees chair appoint "permanent" members.

The proposed language requires the university to offer, as part of its on-line arm, a fully on-line Masters in Business Administration degree program. The board of directors may set market rate tuition for nonresident students for all programs to be offered through the on-line arm. Currently, an institution's Board of Trustees submits a proposal to the Board of Governors for approval to set market rate tuition for graduate-level on-line programs or graduate-level programs offered through a university's continuing education program.

The state research university that attains the second highest level on the academic and research standards for preeminence is required to recruit National Academy Members, expedite provision of a master's degree in cloud virtualization, and institute an entrepreneurs-in-residence program throughout its campus, subject to funds appropriated by the Legislature.

Preeminent State Research University Special Courses

The bill authorizes a preeminent state research university to establish special course requirements for incoming first-time-in-college students to take a 9-to-12 credit set of courses specifically determined by the university. The university may stipulate that credit for such courses may not be earned through any acceleration mechanism pursuant to ss. 1007.27 or 1007.271, F.S., or other transfer credit. Any accelerated credits earned up to the limits specified in ss. 1007.27 and 1007.271, F.S., must be applied toward graduation at the student's request.

University Flexibility

The Board of Governors is instructed to identify and grant all reasonable feasible authority and flexibility to keep designated preeminent universities free from unnecessary restrictions. It is the Board's constitutional responsibility to "operate, regulate, control, and be fully responsible for the management of the whole university system. These responsibilities shall include, but not be limited to ensuring the well-planned coordination and operation of the system, and avoiding wasteful duplication of facilities or programs."⁴⁶ The bill also encourages the Board of Governors to identify individual programs within state universities that objectively reflect national excellence and to make recommendations to the Legislature as to how any such programs could be enhanced and promoted.

Revision of General Education Requirements

The bill extends implementation of the revised core course requirements for one year, from 2014-15 to 2015-16. This extension will allow additional time for each institution's faculty review, approval, and implementation processes for academic curricular revisions to occur. The bill also allows for the inclusion of an additional core course option, if recommended by a faculty discipline committee and approved by the Articulation Coordinating Committee. This amendment will provide a deliberative process for specific courses to be reviewed and proposed for inclusion in the general education core under the oversight of faculty in each academic discipline.

The bill reinstates the general education credit hour requirement to 36 semester hours from the proposed 30 hours. The core general education requirements will remain at 15 semester hours while the institutionally-specific portion will be provided the additional six hours of flexibility, thereby raising that component of the general education requirements to 21 semester hours. The reinstatement of the 36 credit hour requirement will also address accreditation concerns identified by SACS.

High School Grades

The bill revises the procedure for calculating high school grades to require that equal weight be assigned to the participation and performance of students who participate in a certified school-wide college readiness system that includes enrollment in an elective class recognized in the Course Code Directory. The course must be designed to provide students who are taking college preparatory or advanced course with academic instruction and other support.

⁴⁶ Art. IX, s. 7(d), Florida Constitution.

BOG Oversight of Universities

The bill provides the Board of Governors with the same oversight enforcement authority over state universities that the SBE has over FCS institutions. The bill amends s. 1008.32, F.S., to conform language concerning the withholding of discretionary lottery funds to new s. 1008.322, F.S. The bill also provides for the JLAC to refer college and university-related matters to the SBE and Board of Governors, respectively, in the event JLAC determines that a college or university has failed to take full corrective action.

Complete Florida Degree Program

The Degree Completion Pilot Project is renamed as the Complete Florida Degree Program, and the implementation date is changed to 2013-2014, with a project work plan being submitted by September 1, 2013. The University of West Florida remains the lead institution and is directed to coordinate with other Florida College System institutions, state universities, and private postsecondary institutions in the implementation of the program. Language is deleted which would have transferred the pilot to the Florida Virtual Campus.

An evaluation report must be submitted to the participating institutions, the chairs of the legislative appropriations committees, and the Executive Office of the Governor. A detailed project plan is to be submitted to the chairs of the legislative appropriations committee, but no mention is made of the chancellors or their respective boards.

STEAM Zones

The bill requires the Department of Economic Opportunity to create science, technology, engineering, arts, and mathematics (STEAM) zones in counties where state universities classified by the Carnegie foundation as research universities with very high research activity⁴⁷ are located. The STEAM zones would be economic development zones similar to the state's enterprise zones which are created under ch. 290, F.S. Each county in which the research university is located is required to appoint a STEAM zone development agency which must be a non-university, not-for-profit corporation.

The bill requires the STEAM zone development agency to appoint a STEAM zone development board of 9-12 commissioners and provides for membership and duties of the board. The board's duties include:

- Identifying ways to remove regulatory barriers;
- Offering incentives to a school district, charter school, or private school to implement and fully use an industry certification program in STEAM;
- Working with state universities and colleges to incorporate industry certification programs and internships for students who are pursuing degrees in STEAM fields; and
- Working with companies within the STEAM zone to develop training and industry certification programs that are needed locally.

⁴⁷ The four research universities classified by the Carnegie foundation as having very high research activity are Florida State University, the University of Central Florida, the University of Florida, and the University of South Florida. Thus the four counties where a STEAM zone would be established are Alachua, Hillsborough, Leon, and Orange Counties.

STEAM zones would be entitled to incentives and benefits provided for enterprise zones. The local governing body of the STEAM zone would be required to provide up to \$300,000 in state credits, refunds, and exemptions per designated STEAM zone. The local governing body would certify to DOR or DEO that the business is eligible to receive state incentives according to their statutory requirements.

The DEO is also charged with developing a high-tech grant competitive program for a STEAM zone to encourage and reward groundbreaking ideas that greatly expand innovation, commercialization, and new enterprise formation across the state.

STEAM Schools

The bill authorizes a district school board to contract with a non-profit agency or a state or local governmental unit to provide a STEAM school which would provide a full educational STEAM program integrating technology and the arts. A STEAM school must:

- Be provider at the site of the non-profit organization or governmental unit;
- Have a curriculum that is supervised by the district school board's curriculum office;
- Receive a portion of the FTE funding provided to the school district;
- Conduct the highest level of background check for employees and volunteers; and
- Have performance outcomes that demonstrate integration of technology and the arts.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The options provided to students in this bill—more flexibility in achieving necessary academic skills while earning college credit, increased options for on-line education, and degree recovery options for student returning to a university - will benefit students and better prepare them for employment.

C. Government Sector Impact:

The BOG may have to reprioritize its use of existing funding to implement the on-line arm of the preeminent research university.

Both the BOG and the DOE will have to reprioritize their use of existing funding to coordinate the identification of the meta-majors. In addition, college and university faculty will have to engage in the identification of meta-majors.

Under the bill, colleges will no longer be authorized to offer college preparatory non-credit remedial courses. According to the Department of Education, the cost of providing these remedial courses accounted for 8.5 percent of Florida College System Operating expenditures in 2011-2012, which included \$67.9 million in direct instructional costs. Upon this bill becoming law, the colleges will no longer incur these direct costs.

Incentive funding for the development of a program for a master's degree in cloud virtualization and enhancements for the preeminent state research university initiative in the bill is subject to funds appropriated by the Legislature.

There will be a revenue impact due to an increase in available tax credits created within the STEAM zones created in the bill. Responsibility as described in the bill relating to local governing units within the zones will be impacted. It is unclear whether a local governing body can approve and administer state incentives, credits, and refunds.

VI. Technical Deficiencies:

The term "certified schoolwide college readiness system", referenced in section 1008.34, F.S., is undefined.

VII. Related Issues:

The state constitution requires the BOG to establish the powers and duties of the state university boards of trustees. BOG Regulation 1.001(6) requires the board of trustees to be responsible for the financial management of the university. Standard 3.2 of the Southern Association of Colleges and Schools (SACS) requires the institution's governing body (i.e., Board of Trustees) to have legal authority and operating control of the institution, including its fiscal stability. Giving the board of directors of the on-line arm of the preeminent research university the authority to contract and to oversee the business aspect of the on-line arm, with no ultimate accountability to the Board of Trustees, could create concerns for SACS, the institution's accrediting body. According to the BOG, there are four instances in which the Board of Trustees recommends an action to the board of directors, with the board of directors making the final decision. This decision-making structure could generate concerns by SACS because of its Standard 3.2:

- Offering of fully on-line Master's degree programs;
- Development and offering of competency-based courses and programs;
- Expansion of on-line baccalaureate programs; and

- Differentiating tuition by degree program⁴⁸

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Education on March 12, 2013:

The Committee Substitute differs from SB 1720 in the following ways:

- Revises procedures for the on-line university to conform to HB 7057, including:
 - Clarifying that tuition is set in the general Appropriations Act;
 - Removing authorization for the board of directors of the on-line arm to recommend a fee structure for optional services, such as career placement;
 - Requiring the capital improvement trust fund fee to be dedicated to the university's on-line research center;
 - Authorizing charging a student for the cost of a hard-copy textbook or lab supplies;
 - Requiring the university to accept financial aid and advance payment contracts, and does not specify financial aid programs by name; and
 - Not designating that a portion of the revenues from the on-line arm be used for the university's innovation hub.
- Revises the criteria for determining school grades to require that equal weight be given to students who participate and perform in a school-wide college readiness system.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

⁴⁸ Florida Board of Governors bill analysis for SB 1720, on file with the Senate Education Committee.