

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: SB 7046

INTRODUCER: Education Pre-K - 12 Committee

SUBJECT: Education

DATE: April 1, 2015

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
	_____	Klebacha	_____	ED SPB 7046 as introduced
1.	Sikes	Elwell	AED	Pre-meeting
2.	_____	_____	AP	_____

I. Summary:

SB 7046 modifies fiscal policy aspects relating to education with respect to preeminent state research universities; intensive reading instruction; teacher bonus funding; and performance funding for state universities and Florida colleges.

Specifically, the bill:

- Requires a state university seeking designation as a preeminent state research university to enter into and maintain a formal agreement with the National Merit Scholarship Corporation.
- Extends and expands the requirement of providing an additional hour of intensive reading instruction daily to students enrolled in the 300 lowest performing elementary schools.
- Increases maximum available public school teacher bonus funding, including establishing two new tiers of bonuses available to CAPE industry certification teachers.
- Establishes performance funding models for the State University System (SUS) and Florida College System (FCS) institutions.

The bill contains several provisions which have funds appropriated for their purpose in SB 2500, the Senate's Fiscal Year 2015-2016 proposed General Appropriations Bill. A total of \$90 million is appropriated for intensive reading instruction in the 300 lowest performing elementary schools, \$400 million is appropriated for SUS performance funding, and \$60 million is appropriated for FCS performance funding.

The effective date of the bill is July 1, 2015.

II. Present Situation:

Preeminent State Research Universities

The preeminent state research university program is a collaborative partnership between the Board of Governors (BOG) of the SUS of Florida and the Legislature to elevate the academic and research preeminence of Florida's highest performing state research universities.¹ A state research university that meets at least 11 of the 12 academic and research excellence standards specified in law is designated as a preeminent state research university.²

The academic and research excellence standards are:³

- An average weighted grade point average of 4.0 or higher on a 4.0 scale and an average SAT score of 1800 or higher for fall semester incoming freshmen, as reported annually.
- A top-50 ranking on at least two well-known and highly respected national public university rankings, reflecting national preeminence, using most recent rankings.
- A freshman retention rate of 90 percent or higher for full-time, first-time-in-college students, as reported annually to the Integrated Postsecondary Education Data System (IPEDS).
- A 6-year graduation rate of 70 percent or higher for full-time, first-time-in-college students, as reported annually to the IPEDS.
- Six or more faculty members at the state university who are members of a national academy, as reported by the Center for Measuring University Performance in the Top American Research Universities (TARU) annual report.
- Total annual research expenditures, including federal research expenditures, of \$200 million or more, as reported annually by the National Science Foundation (NSF).
- Total annual research expenditures in diversified nonmedical sciences of \$150 million or more, based on data reported annually by the NSF.
- A top-100 university national ranking for research expenditures in five or more science, technology, engineering, or mathematics fields of study, as reported annually by the NSF.
- One hundred or more total patents awarded by the United States Patent and Trademark Office for the most recent 3-year period.
- Four hundred or more doctoral degrees awarded annually, as reported in the BOG Annual Accountability Report.
- Two hundred or more postdoctoral appointees annually, as reported in the TARU annual report.
- An endowment of \$500 million or more, as reported in the BOG Annual Accountability Report.

A preeminent research university receives \$5 million in recurring funds annually, subject to appropriation in the General Appropriations Act (GAA).⁴ Currently, only the Florida State University and University of Florida meet the standards for preeminent state research university designation and are Florida's only two preeminent state research universities.⁵

¹ Section 1001.7065(1), F.S.

² Section 1001.7065(3), F.S.

³ Section 1001.7065(2), F.S.

⁴ Section 1001.7065, F.S.

⁵ Florida Board of Governors, *Preeminent State Research University Benchmark Plans, Board of Governors Strategic Planning Committee*. November 20, 2013, available at

http://www.flbog.edu/documents_meetings/0184_0752_5480_399%20SPC%20Packet.pdf

Intensive Reading Instruction

A school district that has one or more of the 300 lowest performing elementary schools based on the state reading assessment is required to provide an additional hour of intensive reading instruction beyond the normal school day for each day of the entire school year in those schools.⁶ Funds for this program are designated in the Supplemental Academic Instruction and the Research-Based Reading Instruction Allocation categoricals in the Florida Education Finance Program (FEFP) within the GAA.⁷

Bonus Funding

Bonus funding is authorized for school districts and for teachers if a student earns a qualifying score on the following examinations and certifications: International Baccalaureate (IB) examinations; Advanced International Certificate of Education (AICE) examinations; Advance Placement (AP) examinations; and CAPE industry certifications.⁸

School District Bonus Funding

School district bonus funding is awarded as follows:⁹

- 0.16 FTE bonus funding for every qualifying score earned on an IB or AP examination or full-credit AICE examination.
- 0.8 FTE bonus funding for every qualifying score earned on a half-credit AICE examination.
- 0.1, 0.2, 0.3, 0.5, or 1.0 FTE for CAPE industry certifications.

Teacher Bonus Funding

Teacher bonus funding is awarded for IB, AICE, and AP examinations, and CAPE industry certifications.¹⁰ For IB examinations, a bonus in the amount of \$50 is awarded for each student taught by the IB teacher who receives a qualifying score on the IB examination.¹¹ An additional bonus of \$500 is awarded to each IB teacher in a school designated with a grade of “D” or “F” who has at least one student earning a qualifying score on the IB examination.¹² IB bonuses must not exceed \$2,000 given to a teacher in any given school year. However, the maximum bonus is \$3,000 if at least 50 percent of the students enrolled in a teacher’s course earn a qualifying score in a school designated with a grade of “A,” “B,” or “C”; or if at least 25 percent of the students enrolled in a teacher’s course earn a qualifying score in a school designated with a grade of “D” or “F.”¹³

For AICE examinations, a bonus in the amount of \$50 is awarded for each student taught by the AICE teacher in each full-credit AICE course who receives a qualifying score on the AICE

⁶ s. 1011.62 (1)(f), (9), F.S.

⁷ ch. 2014-51, L.O.F.

⁸ Sections 1011.62 (1)(l)-(o), F.S.

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

examination.¹⁴ A bonus in the amount of \$25 is awarded for each student taught by the AICE teacher in each half-credit AICE course who receives a qualifying score on the AICE examination.¹⁵ An additional bonus of \$500 is awarded to each AICE teacher in a school designated with a grade of “D” or “F” who has at least one student earning a qualifying score on the full-credit AICE examination, or \$250 each to teachers of half-credit AICE classes in a school designated with a grade of “D” or “F” which has at least one student earning a qualifying score on the half-credit AICE examination.¹⁶ AICE bonuses must not exceed \$2,000 given to a teacher in any given school year.¹⁷

For AP examinations, a bonus in the amount of \$50 is awarded for each student taught by the AP teacher who receives a qualifying score on the AP examination.¹⁸ An additional bonus of \$500 is awarded to each AP teacher in a school designated with a grade of “D” or “F” who has at least one student earning a qualifying score on the AP examination.¹⁹ AP bonuses must not exceed \$2,000 given to a teacher in any given school year.²⁰ However, the maximum bonus is \$3,000 if at least 50 percent of the students enrolled in a teacher’s course earn a qualifying score in a school designated with a grade of “A,” “B,” or “C”; or if at least 25 percent of the students enrolled in a teacher’s course earn a qualifying score in a school designated with a grade of “D” or “F.”²¹

For CAPE Industry Certifications, a bonus in the amount of \$25 is awarded for each student taught by a teacher who provided instruction in a course that led to the attainment of a CAPE industry certification on the CAPE Industry Certification Funding List with a weight of 0.1.²² A bonus in the amount of \$50 is awarded for each student taught by a teacher who provided instruction in a course that led to the attainment of a CAPE industry certification on the CAPE Industry Certification Funding List with a weight of 0.2, 0.3, 0.5, and 1.0.²³ CAPE industry certification bonuses must not exceed \$2,000 given to a teacher in any given school year.²⁴

State University System Performance Funding

In the 2014-2015 General Appropriations Act (GAA), proviso specifically required performance funding be allocated based on the Board of Governors (BOG) model approved on January 16, 2014.²⁵ This model is comprised of 10 performance metrics, which include the following:²⁶

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

²³ *Id.*

²⁴ *Id.*

²⁵ Ch. 2014-51, L.O.F.

²⁶ Florida Board of Governors, *Meeting Archives Florida Board of Governors Meeting January 15-16 2014 Florida Gulf Coast University*, http://www.flbog.edu/pressroom/meeting_items.php?id=185&agenda=765&type=Past (last visited March 9, 2015); Florida Board of Governors, *Minutes: Board of Governors January 16, 2014*, available at http://www.flbog.edu/documents_meetings/0187_0790_5874_10.2.2%20BOG%202014_01_16_Board_of_Governors_minutes.pdf

- Percent of bachelor's degree graduates employed and/or continuing their education;
- Average wages of employed baccalaureate graduates;
- Cost per undergraduate degree;
- Six-year graduation rate (full-time and part-time first time in college (FTIC));
- Academic Progress Rate (second year retention with a grade point average above 2.0);
- Bachelor's degrees awarded in areas of strategic emphasis (including Science, Technology, Engineering and Math (STEM) education);
- University access rate (percent of undergraduates with a Pell Grant);
- Graduate degrees awarded in areas of strategic emphasis (including STEM);
- Two additional metrics, one chosen by each of the following:
 - Board of Governors, and
 - University Board of Trustees

State University System institutions will be evaluated for their performance based on benchmarks adopted by the BOG for achievement of excellence or improvement these specified metrics. The 2014-2015 GAA appropriated \$200 million for State University Performance Based Incentives in the 2014-2015 fiscal year, which included \$100 million in new funding and \$100 million redistributed from the state university's base funds.²⁷ Institutions qualifying for new funding also have their base funding restored. Any institution which fails to meet the minimum threshold set by the BOG will have a portion of its base funding withheld and must submit an improvement plan to the BOG. The BOG must approve the improvement plan and conduct progress monitoring of the improvement plan's implementation. An institution will have its full base funding restored upon BOG approval of the improvement plan monitoring report. Any institution that fails to make satisfactory progress will not have its full base funding restored.

Florida College System Performance Funding

In the 2014-2015 GAA, proviso directed the Commissioner of Education (commissioner) to recommend a performance funding formula that may be used to allocate funds to Florida College System institutions.²⁸ The commissioner's recommendations were to include up to ten performance measures, appropriate performance benchmarks for each measure, and a detailed methodology for allocating performance funds to the colleges.²⁹ At a minimum, the measures were to include job placement rates, cost per degree, and graduation/ retention rates.³⁰ In January 2015, these recommendations were finalized and included the required measures, as well as additional measures for:³¹

- Pell Grant student graduation rate.
- Program completer entry level wages.
- Time to degree.

²⁷ ch. 2014-51, L.O.F.

²⁸ *Id.*

²⁹ *Id.*, Florida Department of Education, *Florida College System Performance Funding Commissioner's Recommendations*, http://www.floridahighereducation.org/doc_meetings/20150223/Senate-Education-Appropriations-Commissioners-FCS-Performance-Funding.pptx (last visited March 10, 2015).

³⁰ *Id.*

³¹ Florida Department of Education, *Florida College System Performance Funding Commissioner's Recommendations*, http://www.floridahighereducation.org/doc_meetings/20150223/Senate-Education-Appropriations-Commissioners-FCS-Performance-Funding.pptx (last visited March 10, 2015).

- Credit milestones.
- Local measure selected by each college's board of trustees.

III. Effect of Proposed Changes:

The bill modifies fiscal policy aspects relating to education with regard to preeminent state research universities; intensive reading instruction; teacher bonus funding; and performance funding for state universities and Florida colleges.

Specifically, the bill:

- Requires a state university seeking designation as a preeminent state research university to enter into and maintain a formal agreement with the National Merit Scholarship Corporation.
- Extends and expands the requirement of providing an additional hour of intensive reading instruction daily to students enrolled in the 300 lowest performing elementary schools.
- Increases maximum available public school teacher bonus funding, including establishing two new tiers of bonuses available to CAPE industry certification teachers.
- Establishes performance funding formulas for the State University System and Florida College System institutions.

Preeminent State Research Universities

The bill specifies that any institution that meets the required academic and research excellence standards for consideration of preeminent status must also enter into, and maintain, a formal agreement with the National Merit Scholarship Corporation to offer College-sponsored Merit Scholarship® awards to be designated as a preeminent state research university.

Intensive Reading Instruction

The bill amends s. 1011.62(1)(f) and (9), F.S., to extend the requirement of providing an additional hour of intensive reading instruction daily for students enrolled in the 300 lowest performing elementary schools through the 2017-2018 academic year.

The bill also requires participating schools to implement a summer program with an equivalent number of hours of instruction in addition to the hour of instruction provided during the school year. The bill requires participating schools to continue to provide an additional hour of instruction to all students who have Level 1 or Level 2 reading assessment scores in the subsequent year after the school is no longer classified as one of the 300 lowest performing elementary schools.

CAPE Teacher Bonus Funding

The bill establishes two new tiers of bonuses available to CAPE industry certification teachers under s. 1011.62 (1)(o), F.S. A teacher providing instruction to a student in a course that led to the attainment of a CAPE industry certification on the CAPE Industry Certification Funding List with a weight of 0.3 will earn a \$75 bonus, which is \$25 more than currently authorized. A teacher providing instruction to a student in a course that led to the attainment of a CAPE industry certification on the CAPE Industry Certification Funding List with a weight of 0.5 or

1.0 will earn a \$100 bonus, which is \$50 more than currently authorized. The maximum total annual bonus for teachers providing instruction in courses leading to these CAPE industry certifications is increased from \$2,000 to \$4,000.

State University System Performance Funding

The bill statutorily establishes a SUS performance funding model, which is based on indicators of institutional attainment of performance metrics adopted by the BOG. These performance metrics include, but are not limited to, metrics that measure graduation and retention rates; degree production; affordability; postgraduation employment, salaries, or further education; student loan default rates; access; and any other metrics approved by the BOG. SUS institutions will be evaluated for their performance based on benchmarks adopted by the BOG for achievement of excellence or improvement on specified metrics.

Each fiscal year, the amount of funds available for allocation to the institutions based upon the performance funding model consists of new funding, plus an amount of funds to be redistributed from the base funding for the SUS, as determined in the GAA. Institutions qualifying for new funding shall also have their base funding restored. Any institution which fails to meet the minimum threshold set by the BOG will have a portion of its base funding withheld and must submit an improvement plan to the BOG. The BOG must approve the improvement plan and conduct progress monitoring of the improvement plan's implementation. An institution will have its full base funding restored upon BOG approval of the improvement plan monitoring report. Any institution that fails to make satisfactory progress will not have its full base funding restored.

Florida College System Performance Funding

The bill establishes a FCS performance funding formula, which is based on indicators of institutional attainment of performance metrics adopted by the State Board of Education (state board). These performance metrics include, but are not limited to, metrics that measure retention; program completion and graduation rates; student loan default rates; job placement; and post-graduation employment, salaries, or further education. FCS institutions will be evaluated for their performance based on benchmarks adopted by the state board for achievement of excellence or improvement on specified metrics.

Each fiscal year, the amount of funds available for allocation to the institutions based upon the performance funding model consists of new funding plus an amount of funds to be redistributed from the base funding for the Florida College System Program Fund, as determined in the GAA. Institutions qualifying for new funding shall also have their base funding restored. Any institution which fails to meet the minimum threshold set by the state board will have a portion of its base funding withheld and must submit an improvement plan to the state board. The state board must approve the improvement plan and conduct progress monitoring of the improvement plan's implementation. An institution will have its full base funding restored upon state board approval of the improvement plan monitoring report. Any institution that fails to make satisfactory progress will not have its full base funding restored.

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:

SB 7046 increases the bonus funding for teachers who provide instruction to a student in a course that led to the attainment of a 0.3, 0.5, or 1.0 weighted industry certification. These teachers are eligible for up to an additional \$2,000 annually in bonus funding.

C. Government Sector Impact:

The bill extends the requirement of providing an additional hour of intensive reading instruction daily to students enrolled in the 300 lowest performing elementary schools through the 2017-2018 academic year, requires participating schools to also provide the required additional instruction through an equivalent number of hours in a summer program, and requires participating schools to continue to provide the additional hour of instruction to all students who have level 1 or 2 reading assessment scores in the subsequent year after the school is no longer classified as one of the 300 lowest performing. This additional hour of reading instruction is funded through the Supplemental Academic Instruction (SAI) and the Research-Based Reading Instruction Allocation categoricals in the FEFP. A total of \$90 million is provided for this instruction in SB 2500, the Fiscal Year 2015-2016 proposed General Appropriations Bill.

The bill statutorily establishes the SUS performance funding model, which is funded at \$400 million in the Senate's proposed General Appropriations Bill for Fiscal Year 2015-2016, SB 2500. This appropriation consists of \$200 million in new funding and \$200 million redistributed from the base funding for the State University System. The funds received by an individual state university will be contingent upon the university's performance on the established metrics.

The bill establishes the FCS Performance Based Incentive, which is funded at \$60 million in SB 2500. This appropriation consists of \$30 million in new funding and \$30 million

redistributed from the base funding for the Florida College System Program Fund. The funds received by each institution will be contingent upon the institution's performance on the established metrics.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: s. 1001.7065 and 1001.62.

This bill creates undesignated sections of the Florida law.

IX. Additional Information:

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

None.

- B. **Amendments:**

None.