

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/CS/HB 839 Higher Education

**SPONSOR(S):** Higher Education Appropriations Subcommittee, Higher Education & Career Readiness Subcommittee, Rodrigues, R.

**TIED BILLS:** None **IDEN./SIM. BILLS:** SB 1296

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Higher Education & Career Readiness Subcommittee	10 Y, 5 N, As CS	D'Souza	Bishop
2) Higher Education Appropriations Subcommittee	9 Y, 2 N, As CS	Crowley	Lloyd
3) Education Committee			

### SUMMARY ANALYSIS

The bill:

- Requires the Board of Governors (BOG) to annually, by September 1, report on the intellectual freedom and viewpoint diversity at each institution by conducting a survey of students, faculty and administrators.
- Revises the data used to determine whether an institution is designed as preeminent or emerging preeminent to provide for more timely performance data.
- Modifies state university performance funding metrics to include metrics that focus on the success rate of Pell eligible students and 2+2 Associate in Arts (AA) degree transfer students; and prohibits the adjustment of such metrics once data has been received.
- Requires the State Board of Education and the Florida College System Institutions to submit recommendations to the Legislature regarding the development of a fully performance-based funding model.
- Requires the BOG's Office of the Inspector General to annually verify the data used to implement performance funding and preeminence funding.
- Requires the BOG to enter into an agreement with the Department of Economic Opportunity (DEO) for access to individual reemployment assistance wage reports for auditing and evaluation purposes.
- Extends the restrictions on the transfer of state appropriations by a university board of trustees (BOT) to any direct-support organization (DSO) to its not-for-profit subsidiaries and affiliates.
- Requires the University of South Florida (USF) ST. Petersburg and USF Manatee/Sarasota to maintain branch campus status when the accreditation of each campus is consolidated into a single accreditation for all USF campuses.
- Requires a reverse transfer agreement for Florida College System (FCS) associate in arts degree (AA) transfer students who transfer to a state university prior to earning the AA degree.
- Requires the BOG legislative budget request to include 5-year trend information on the number of faculty and administrators at each university and specifies that the growth rate of administrators may not exceed the growth rate of faculty.

The bill would have minimal fiscal impact.

The bill is effective July 1, 2019.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### Present Situation

##### **Intellectual and Viewpoint Diversity**

In 2006, the American Association of Colleges and Universities (AAC&U) issued a statement on academic freedom and educational responsibility<sup>1</sup>. According to AAC&U:

*In any education of quality, students encounter an abundance of intellectual diversity—new knowledge, different perspectives, competing ideas, and alternative claims of truth. This intellectual diversity is experienced by some students as exciting and challenging, while others are confused and overwhelmed by the complexity. Liberal education, the nation’s signature educational tradition, helps students develop the skills of analysis and critical inquiry with particular emphasis on exploring and evaluating competing claims and different perspectives.*

Diversity is defined by Webster’s dictionary as “the condition of having or being composed of differing elements” and “the inclusion of different types of people (such as people of different races or cultures) in a group or organization.”<sup>2</sup> Colleges and universities have long sought to foster diversity on campus. However, recent events on multiple college campuses across the country have raised the question of whether diversity of thought is included in what appears to be an evolving definition of diversity.

##### **Board of Governors (BOG) Powers and Duties Relating to Accountability**

The BOG is required to develop a strategic plan specifying goals and objectives for the State University System (SUS) and each constituent university, including each university’s contribution to overall system goals and objectives.<sup>3</sup>

The strategic plan must include criteria for designating baccalaureate degree and master’s degree programs at specified universities as high-demand programs of emphasis.<sup>4</sup> Fifty percent of the criteria for designation as high-demand programs of emphasis must be based on achievement of performance outcome thresholds determined by the BOG, and 50 percent of the criteria must be based on achievement of performance outcome thresholds specifically linked to:<sup>5</sup>

- job placement in employment of 36 hours or more per week and average full-time wages of graduates of the degree programs 1 year and 5 years after graduation; and
- data-driven gap analyses, conducted by the BOG, of the state’s job market demands and the outlook for jobs that require a baccalaureate or higher degree.

The BOG is also required to develop an accountability plan for the SUS and each constituent university. The accountability plan must be submitted as part of the legislative budget request and address institutional and system achievement goals and objectives specified in the strategic plan.<sup>6</sup>

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<sup>1</sup> American Association of Colleges and Universities, *Academic Freedom and Educational Responsibility* (Washington DC: Association of Colleges and Universities, 2006), available at <https://www.aacu.org/about/statements/academic-freedom>.

<sup>2</sup> Merriam-Webster Dictionary. Available at: <https://www.merriam-webster.com/dictionary/diversity>

<sup>3</sup> Section 1001.706(5)(b), F.S.

<sup>4</sup> Section 1001.706(5)(b)4., F.S.

<sup>5</sup> *Id.*

<sup>6</sup> Section 1001.706(5)(c), F.S.

## Preeminent State Research Universities Program

The Preeminent State Research Universities Program is a collaborative partnership between the BOG and the Legislature to raise the academic and research preeminence of the highest performing state research universities in Florida.<sup>7</sup> A state university that meets 11 of the 12 academic and research excellence standards specified in law<sup>8</sup> is designated a “preeminent state research university.”<sup>9</sup> Currently, the University of Florida (UF), Florida State University, and the University of South Florida (USF) are designated as preeminent state research universities.<sup>10</sup>

A state research university that meets at least 6 of the 12 standards is designated as an “emerging preeminent state research university.”<sup>11</sup> Each designated emerging preeminent state research university receives an amount of funding that is equal to one-quarter of the total increased amount awarded to each designated preeminent state research university.

Currently, data from the Integrated Postsecondary Education Data System (IPEDS), which is used to make the determination of whether institutions qualify as emerging preeminent or preeminent, has a significant time lag.

## State University System (SUS) Performance-Based Incentive

Each fiscal year, the amount of funds available for allocation to the state universities based on the performance-based funding model consists of the state’s investment in performance funding plus institutional investments, which include funds deducted from the base funding of each state university in an amount provided in the General Appropriations Act (GAA).<sup>12</sup>

The SUS Performance-Based Incentive is awarded to state universities using performance-based metrics<sup>13</sup> adopted by the BOG.<sup>14</sup> The current metrics selected by the BOG include the following:<sup>15</sup>

- Percent of bachelor’s graduates employed (earning \$25,000+) and/or continuing their education further 1 year after graduation;
- Median average full-time wages of undergraduates employed in Florida 1 year after graduation;
- Average cost to the student (net tuition and fees per 120 semester credit hours);
- Four year graduation rate (full-time and part-time First Time In College);
- Academic progress rate (2<sup>nd</sup> year retention with GPA above 2.0);
- Bachelor’s degrees awarded in areas of strategic emphasis (includes STEM);
- University access rate (percent of undergraduates with a Pell grant);
- Graduate degrees awarded in areas of strategic emphasis (includes STEM)<sup>16</sup>;
- Percent of Bachelor’s Degrees without excess hours

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<sup>7</sup> Section 1001.7065(1), F.S.

<sup>8</sup> Section 1001.7065(2), F.S. The standards include: incoming freshman academic characteristics (average weighted GPA and average SAT score); institutional ranking nationally; freshman retention rate; four-year graduation rate; national academy membership of institution faculty; research expenditures (2 measures); research expenditure national ranking; patents awarded annually; doctoral degrees awarded annually; postdoctoral appointees annually; and institutional endowment.

<sup>9</sup> Section 1001.7065(3)(a), F.S.

<sup>10</sup> Board of Governors, State University System of Florida, *System Summary of University Work Plans 2016*, at 10, available at [http://www.flbog.edu/about/doc/budget/workplan\\_2016/2016\\_SYSTEM\\_WORK\\_PLAN\\_2016-09-09.pdf](http://www.flbog.edu/about/doc/budget/workplan_2016/2016_SYSTEM_WORK_PLAN_2016-09-09.pdf).

<sup>11</sup> Section 1001.7065(3)(b), F.S.

<sup>12</sup> Section 1001.92(2), F.S.

<sup>13</sup> Board of Governors, *Performance Funding Model Overview*, available at [http://www.flbog.edu/about/budget/docs/performance\\_funding/Overview-Doc-Performance-Funding-10-Metric-Model-Condensed-Version.pdf](http://www.flbog.edu/about/budget/docs/performance_funding/Overview-Doc-Performance-Funding-10-Metric-Model-Condensed-Version.pdf).

<sup>14</sup> Section 1001.92(1), F.S.

<sup>15</sup> Board of Governors, *Performance Funding Model Overview*, available at [http://www.flbog.edu/about/budget/docs/performance\\_funding/Overview-Doc-Performance-Funding-10-Metric-Model-Condensed-Version.pdf](http://www.flbog.edu/about/budget/docs/performance_funding/Overview-Doc-Performance-Funding-10-Metric-Model-Condensed-Version.pdf).

<sup>16</sup> New College of Florida substitutes freshman graduating in Top 10% of high school class for this metric.

- Board of Trustees (BOT) choice.

The BOG must adopt benchmarks to evaluate each state university's performance on the metrics.<sup>17</sup> The evaluation measures a state university's achievement of institutional excellence or need for improvement, which determines the university's eligibility to receive performance funding.<sup>18</sup>

The BOG assigns points for both excellence and improvement and the higher point value on each metric is counted toward each university's total score. A university must earn more than 50 points (out of a possible 100) to be eligible for the state investment in performance funding. However, the three lowest scoring institutions are not eligible for the state's investment in performance funding regardless of whether they earn more than 50 points. In addition, any university that earns 50 points or less has its institutional investment withheld and is required to submit an improvement plan to the BOG. If improvement is demonstrated according to the approved improvement plan, the institutional investment will be restored.<sup>19</sup>

### **Florida College System (FCS) Performance-Based Incentives**

The 2016 Florida Legislature codified the Florida College System Performance-Based Incentive program into s.1001.66, Florida Statutes, effective July 1, 2016. The law awards a performance-based incentive to Florida College System institutions using performance-based measures adopted by the State Board of Education. The law requires the model include four measures:

- Retention Rates
- Completion Rates
- Job Placement/Continuing Education rates
- Entry-Level Wages

It also requires the State Board of Education to adopt a rule to administer the program, develop benchmarks for evaluation of institutional performance, establish minimum requirements to receive state investment funds, and monitor colleges with performance improvement plans. The current rule for the legislation was approved by the State Board of Education on July 17, 2017.<sup>20</sup>

### **State University Direct Support Organizations (DSOs)**

A university direct-support organization is a Florida corporation not-for-profit incorporated under the provisions of chapter 617 and approved by the Department of State.<sup>21</sup> Each of the 12 state universities have at least one DSO. The DSOs are organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to, or for the benefit of, a state university or for the benefit of a research and development park or research and development authority affiliated with a state university.<sup>22</sup> Each DSO has been reviewed and certified by the university BOT to be operating in a manner consistent with the goals of the university and in the best interest of the state.<sup>23</sup>

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<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> Board of Governors, *Performance Funding Model Overview*, available at [http://www.flbog.edu/about/budget/docs/performance\\_funding/Overview-Doc-Performance-Funding-10-Metric-Model-Condensed-Version.pdf](http://www.flbog.edu/about/budget/docs/performance_funding/Overview-Doc-Performance-Funding-10-Metric-Model-Condensed-Version.pdf)

<sup>20</sup> Florida College System, *2018-19 Performance Funding Model*, available at [https://www.floridacollegesystem.com/resources/publications/performance\\_funding\\_model\\_2018-19.aspx](https://www.floridacollegesystem.com/resources/publications/performance_funding_model_2018-19.aspx)

<sup>21</sup> Section 1004.28(1)(a)(1), F.S.

<sup>22</sup> Section 1004.28(1)(a)(2), F.S.

<sup>23</sup> Section 1004.28(1)(a)(3), F.S.

Each state university BOT is authorized to permit the use of property, facilities, and personal services at any state university by any university DSO and DSOs may establish accounts with the State Board of Administration for investment of funds.<sup>24</sup>

The BOT, in accordance with regulations and guidelines of the BOG, must prescribe, through regulation, the conditions with which a university DSO must comply in order to use property, facilities, or personal services at any state university.<sup>25</sup> Such regulations shall provide for budget and audit review and oversight by the BOT including thresholds for approval of purchases, acquisitions, projects, and issuance of debt. No later than July 1, 2019, the transfer of a state appropriation by the BOT to any DSO must only include funds pledged for capital projects.<sup>26</sup> Beginning July 1, 2019, and annually thereafter, each university BOT shall report to the Legislature the amount of state appropriations transferred to any DSO during the previous fiscal year, the purpose for which the funds were transferred, and the remaining balance of any funds transferred.<sup>27</sup>

### **Statewide Articulation Agreement**

The SBE and the BOG are required to enter into a statewide articulation agreement to preserve Florida's "2+2" system of articulation, facilitate the seamless articulation of student credit across and among Florida's education entities, and reinforce the articulation and admission policies specified in law.<sup>28</sup>

The articulation agreement must provide that every associate in arts graduate of an FCS institution has met all general education requirements, has indicated a baccalaureate institution and program of interest by the time the student earns 30 semester hours, and must be granted admission to the upper division, with certain exceptions,<sup>29</sup> of a state university or an FCS institution that offers a baccalaureate degree.<sup>30</sup> However, eligibility for admission to a state university does not provide to a transfer student guaranteed admission to the specific university or degree program that the student chooses.<sup>31</sup>

### **UF Spring and Summer Term Enrollment**

Subject to approval by the Board of Governors, the UF may plan and implement a student enrollment pilot program for the spring and summer terms for the purpose of aligning on-campus student enrollment and the availability of instructional facilities.<sup>32</sup> The pilot program must provide for a student cohort that is limited to on-campus enrollment during the spring and summer terms. Students in this cohort are not eligible for on-campus enrollment during the fall term.<sup>33</sup>

Students who are enrolled in the pilot program and who are eligible to receive Bright Futures Scholarships must be eligible to receive the scholarship award for attendance during the spring and summer terms. This student cohort must also be eligible to receive Bright Futures Scholarships for the fall semester term to be used for off-campus or online coursework, if Bright Futures Scholarship funding is provided by the Legislature for three terms for that academic year for other eligible students.<sup>34</sup>

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<sup>24</sup> Section 1004.28(2)(a), F.S.

<sup>25</sup> Section 1004.28(2)(b), F.S.

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

<sup>28</sup> Section 1007.23(1), F.S.

<sup>29</sup> Section 1007.23(2)(a), F.S., exceptions include limited access programs, teacher certification programs, and those requiring an audition.

<sup>30</sup> Section 1007.23(2)(a), F.S.

<sup>31</sup> Board of Governors Regulation 6.004(2)(b)

<sup>32</sup> Section 1009.215(1), F.S.

<sup>33</sup> Section 1009.215(2), F.S.

<sup>34</sup> Section 1009.215(3), F.S.

However, the provision of law allowing eligible students to receive Bright Future Scholarships for the fall term expires on July 1, 2019. At that time, the law will revert back to previous law, which limits the number of semesters that eligible pilot program students may receive Bright Future Scholarships to two.<sup>35</sup>

## **SUS Faculty/Administrator Ratios**

From 2010 through 2014, universities reduced the ratio of students to administrators (meaning the number of administrators was growing faster than the number of students) while student to full-time faculty ratios increased slightly.<sup>36</sup> The number of staff with administrative duties has increased at a faster rate than that of students or full-time faculty.<sup>37</sup>

## **USF Branch Campuses**

In 2018, the Legislature passed legislation to end the separate SACSCOC accreditation of the branch campuses of USF, USF St. Petersburg and USF Sarasota/Manatee, while retaining separate campus boards and regional chairs for USF St. Petersburg and USF Sarasota/Manatee.<sup>38</sup> Additionally, the Legislature established the membership and powers and duties of each campus board, and required that campus board chairs be represented on the USF BOT. The University of South Florida Planning and Implementation Task Force was established and required to submit recommendations to the USF Board of Trustees by February 15, 2019.<sup>39</sup> After considering the recommendations of the Task Force, the USF Board of Trustees must submit an implementation plan to the Board of Governors. All campuses and other component units of the university must operate under a single institutional accreditation by July 1, 2020.<sup>40</sup>

## **Effect of Proposed Changes**

### **Intellectual and Viewpoint Diversity**

The bill requires the BOG to annually report on the intellectual freedom and viewpoint diversity at each institution by conducting a survey of students, faculty and administrators. The survey must be selected or created by the BOG and be objective, non-partisan, and statistically valid. The survey must be used by each institution to assess the extent to which members of the university community feel comfortable expressing their beliefs and viewpoints on campus and in the classroom. The first report must be published by September 1, 2020 and annually thereafter.

### **Board of Governors Powers and Duties Relating to Accountability**

The bill requires the BOG to match individual student information with information from state and federal agencies that maintain educational and employment records. Additionally, the BOG must enter into an agreement with DEO that allows access to reemployment assistance wage reports maintained by DEO. The agreement must protect individual privacy and provide that student information obtained through the agreement may be used only for the purposes of auditing and evaluating higher education

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<sup>35</sup> *Id.*

<sup>36</sup> Office of Program Policy Analysis and Government Accountability, *OPPAGA Research on State University System Administrative Positions and Salaries*, Presentation to the House Higher Education Appropriations Subcommittee (March 14, 2017), available at <http://www.oppaga.state.fl.us/monitordocs/Presentations/P17-17.pdf>.

<sup>37</sup> *Id.*

<sup>38</sup> Florida House Education Committee, *CS/CS/HB 423 Final Bill Analysis* (March 22, 2018), available at <https://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?FileName=h0423z.PSE.DOCX&DocumentType=Analysis&BillNumber=0423&Session=2018>.

<sup>39</sup> Section 1004.35(4), F.S.

<sup>40</sup> Section 1004.35(5), F.S.

programs offered by state universities. This access will decrease the BOG response time for legislative requests.

### **Preeminent State Research Universities Program**

The bill requires that data reported annually in the BOG Accountability Plan be used to determine whether an institution is designated as preeminent or emerging preeminent. Currently, data from the IPEDS is used for the determination, but there is a significant time lag. The data in the annual BOG Accountability Plan is more timely.

### **SUS Performance-Based Incentive**

The bill, in an effort to better reflect the progress and outcomes of ALL students, revises existing performance funding metrics, beginning in fiscal year 2020-2021 to include:

- 2-year graduation rate for 2+2 transfer students;\*
- 6-year graduation rates for Pell Grant-eligible students as compared with non-Pell Grant-eligible students;\* and
- Percent of students graduating without excess hours (for all institutions).

\*Points will be deducted if a university decreases its enrollment of such students to ensure that institutions do not shrink the cohort in an effort to achieve better outcomes.

The following metrics remain unchanged:

- 4-year graduation rates
- Retention rates
- Postgraduation education rates: percent of graduates employed (earning \$25,000+) and/or continuing their education further 1 year after graduation;
- Degree production: bachelor's degrees awarded in strategic areas of emphasis (includes STEM)
- Affordability: average cost to the student (net tuition and fees per 120 semester credit hours); and
- Postgraduation employment and salaries, including wage thresholds that reflect added value of a bachelor's degree: median average full-time wages of undergraduates employed in Florida 1 year after graduation.

The bill requires the BOG's office of the inspector general to annually verify the accuracy of the data used to implement performance funding and preeminence funding. Additionally, the bill prohibits benchmarks and metrics from being adjusted after the BOG has received university and performance data.

### **Florida College System Performance-Based Incentives**

This bill would require the State Board of Education along with the FCS institutions to provide recommendations to the Legislature for the development of a fully performance-based funding model. The report must be submitted by October 1, 2020.

### **State University Direct Support Organizations**

The bill extends the restrictions on the transfer of state appropriations by a university BOT to any direct-support organization to its not-for-profit subsidiaries and affiliates.

As is the case for all other state university DSOs, the bill requires the UF BOT to approve all appointments to the boards of directors for Shands Teaching Hospital and Clinics, Inc., Shands Jacksonville Medical Center Inc., and Shands Jacksonville Healthcare Inc., and their not-for-profit subsidiaries and affiliates.

In addition, beginning July 1, 2019, the bill restricts the transfer of state appropriations by the UF BOT to Shands Teaching Hospital and Clinic, Inc., Shands Jacksonville Medical Center, Inc., Shands Jacksonville Healthcare, Inc., and any of their not-for-profit subsidiaries and affiliates to only funds pledged for capital projects, for delivery of health care services, as matching dollars for intergovernmental services, or for funding graduate medical education.

### **Reverse Transfer Agreements**

The bill requires that the statewide articulation agreement between the SBE and BOG provides for a reverse transfer agreement for FCS associate in arts degree-seeking students who transfer to a state university prior to earning their associate in arts degree. If a student earned a majority of the credit hours toward an associate in arts degree from an FCS institution, then the student must be awarded an associate in arts degree by that FCS institution upon completion of the degree requirements at the state university. State universities must identify the FCS institution students who have completed the requirements for an associate in arts degree and transfer credits earned at the state university so that the associate in arts degree may be awarded by that FCS institution.

### **University of Florida Spring and Summer Enrollment Pilot Program**

The bill allows for students enrolled in the UF Pilot program, pursuant to s. 1009.215, F.S., to be eligible to receive Bright Futures Scholarships for 3 terms if funding is provided to other eligible Bright Futures recipients.

### **SUS Faculty/Administrator Ratios**

The bill requires that the legislative budget request for each state university must include 5-year trend information on the number of faculty and administrators at each university. The BOG must define faculty and administrative personnel classifications in regulation and these definitions must be included in the legislative budget request. The bill specifies that the growth rate of administrators at any state university may not exceed the growth rate of faculty.

### **University of South Florida**

The bill requires USF St. Petersburg and USF Manatee/Sarasota to maintain branch campus status when the accreditation of each campus is consolidated into a single accreditation for all USF campuses.

## **B. SECTION DIRECTORY:**

**Section 1.** Amends s.1001.706, F.S., requiring the BOG to require state universities to conduct an annual assessment related to intellectual freedom and viewpoint diversity at each state university; providing BOG requirements relating to such assessment; providing requirements for the Office of Inspector General; requiring the BOG to match certain student information with specified education and employment records; requiring the BOG to enter into an agreement with the DEO for certain purposes; and providing requirements for such agreement.

**Section 2.** Amends s. 1001.7065, F.S.; revising the standards for the preeminent state research universities programs; and requiring the BOG to use a certain plan for determining preeminence designations and awards for a specified year.

**Section 3.** Amends s. 1001.92, F.S., revising the SUS performance-based incentives; revising the performance-based metrics to include specific data beginning in a certain fiscal year; authorizing the

BOG to approve other metrics; and prohibiting the adjustment of such metrics once specified data has been received.

**Section 4.** Providing for the future repeal of s. 1001.92(1)(h), F.S., relating to a specific performance-based metric for the SUS Performance-Based Incentive.

**Section 5.** Amends s. 1004.28, F.S., providing that state appropriations transferred to specified entities by state university BOTs may be used only for specified purposes; and revising a specified reporting requirement.

**Section 6.** Amends s. 1004.335, F.S., clarifying that the USF St. Petersburg and the USF Manatee/Sarasota are branch campuses.

**Section 7.** Amends s. 1004.41, F.S., requiring the UF BOT to approve appointments to specified board of directors and other entities relating to the J. Hillis Miller Health center; and providing that state appropriations transferred to certain entities by the UF BOT may be used only for specified purposes.

**Section 8.** Amends s. 1007.23, F.S., requiring the statewide articulation agreement to provide for a reverse transfer agreement; providing for an associate degree to be awarded to certain students by FCS institutions; and providing a requirement for state universities.

**Section 9.** Amends s. 1009.215, F.S.; providing that students enrolled in a specific pilot program who are eligible to receive Bright Futures Scholarships are also eligible for such scholarship funds for designated terms under specified circumstances.

**Section 10.** Amends s. 1009.24, F.S., conforming a cross-reference.

**Section 11.** Amends s. 1011.90, F.S., requiring that the BOG legislative budget request include 5-year trend information on the to the number of faculty and administrators at each university; requiring BOG to provide definitions in regulation; requiring that the growth rate of administrators may not exceed the growth rate of faculty.

**Section 12.** Provides an effective date of July 1, 2019.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

This bill would result in minimal increase in expenditures in order to develop and distribute the survey for students and faculty at each institution.

The BOG currently collects data for validating performance metrics including wage data from 42 states. The requirement to contract with DEO for reemployment information will have minimal impact on workload. The BOG currently tracks student performance at an individual level so the changes in metrics to track “2 plus 2” students and Pell/ Non-Pell students should only require adjustments to reporting queries. The Student Financial Aid Estimating Conference includes UF pilot program students and those costs are included in Bright Futures funding in the House budget. Universities currently report “administration direction and support services” costs with specific FTE

counts. After the BOG develops definitions for administrative personnel, the universities should be able to adjust their human resources classifications at minimal cost.

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

1. Revenues:

None.

2. Expenditures:

None.

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

None.

**D. FISCAL COMMENTS:**

None.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

N/A

2. Other:

N/A

**B. RULE-MAKING AUTHORITY:**

None.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

**IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

On March 13, 2019, the Higher Education & Career Readiness Subcommittee adopted a strike-all amendment and reported the bill favorably as a committee substitute. The committee substitute differs from the bill in the following ways:

- Requires the data reported annually in the BOG Accountability Plan, in lieu of the data reported annually to the IPEDS, to be used to determine whether an institution is designated as preeminent or emerging preeminent.
- Specifies that the following performance-based metrics will begin in fiscal year 2020-2021:
  - 2-year graduation rate for 2+2 transfer students;
  - 6-year graduation rates for Pell Grant-eligible students as compared with non-Pell Grant-eligible students; and
  - Percent of students graduating without excess hours.
- Requires points to be deducted if a university decreases its enrollment of 2+2 transfer students to ensure that institutions do not shrink the cohort in an effort to achieve better outcomes.
- Removes the requirement for the minimum performance funding eligibility threshold for the state's investment to exceed the minimum institutional investment threshold.

- Removes the provision of scoring state universities related to performance-based incentives.
- Repeals the access rate performance-based metric, which is based on the percentage of undergraduate students enrolled during the fall term who received a Pell Grant during the fall term, on June 30, 2020.
- Requires students enrolled in the UF pilot program to be eligible to receive Bright Futures Scholarships for 3 terms if funding is provided to other eligible Bright Futures recipients.
- Revises the provision related to the legislative budget request for each state universities to include 5-year trend information on the number of faculty and administrators at each university.

On March 26, 2019, the Higher Education Appropriations Subcommittee adopted three amendments and reported the bill favorably as a committee substitute. The committee substitute differs from the bill in the following ways:

- Clarifies that, for the purpose of evaluating Performance Funding metrics, 6-year graduation rates of Pell-eligible and non-Pell-eligible students will be compared within each institution, rather than between them.
- Requires that the State Board of Education Florida College System institutions submit recommendations to the Legislature regarding the development and implementation of a fully performance-based funding model.
- Clarifies that some sections of the bill have their own expressed effective date, and that other sections without such are effective July 1, 2019.

The bill analysis is drafted to the committee substitute as adopted by the Higher Education Appropriations Subcommittee.