

**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.)

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

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BILL: SB 1798

INTRODUCER: Senator Perry

SUBJECT: Higher Education

DATE: April 7, 2021

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Westmark</u>	<u>Bouck</u>	<u>ED</u>	<b>Favorable</b>
2.	<u>Underhill</u>	<u>Elwell</u>	<u>AED</u>	<b>Recommend: Favorable</b>
3.	_____	_____	<u>AP</u>	_____

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**I. Summary:**

SB 1798 establishes a waiver of 100 percent of tuition and fees for one course in a program of strategic emphasis for every course in such a program for which a student pays the full tuition and fees. In order to qualify for the waiver, a student must:

- Be a resident for tuition purposes.
- Initially enroll full-time at a state university for the fall academic term immediately following high school graduation.
- Earn at least 60 semester credit hours towards a baccalaureate degree within two years after initial enrollment.
- Enroll in a program of strategic emphasis as specified by the Board of Governors (BOG).

In addition, the bill specifies that a waiver so granted is applicable only for upper-level courses and up to 110 percent of the number of required credit hours of the baccalaureate degree program.

The bill requires the BOG to adopt regulations to administer the above, and requires each state university to report to the BOG the number and value of all such waivers granted annually.

The bill does not require a state appropriation. However, state universities will have reduced revenues from tuition and fees for each eligible student who enrolls in a program of strategic emphasis. See Section V.

The bill takes effect July 1, 2021.

## II. Present Situation:

### **Tuition and Fees**

Tuition is the basic fee a student is charged for instruction provided by a public postsecondary educational institution in Florida.<sup>1</sup> All students are charged fees except students who are exempt or whose fees are waived. State university boards of trustees are authorized to establish fees, which include activity and service, health, and athletic fees; a technology fee; a distance learning fee; a financial aid fee; and a tuition differential fee.<sup>2</sup>

### ***Residency for Tuition Purposes***

To qualify as a resident for tuition purposes, a person or, if that person is a dependent child, his or her parent or parents must have established legal residence in this state and must have maintained legal residence in this state for at least 12 consecutive months immediately prior to his or her initial enrollment in an institution of higher education.<sup>3</sup>

### ***Tuition and Fee Rate***

The State University System (SUS) resident undergraduate tuition is set in law at \$105.07 per credit hour.<sup>4</sup> The 2020-2021 SUS average resident undergraduate tuition and fees is \$199.72 per credit hour. The tuition and fees at Florida International University is \$218.71 per credit hour, whereas the tuition and fees at Florida Polytechnic University is \$164.65 per credit hour.<sup>5</sup>

### ***Fee Waivers***

Each university board of trustees is authorized to waive tuition and out-of-state fees for purposes that support and enhance the mission of the university. All fees waived must be based on policies that are adopted by university boards of trustees pursuant to regulations adopted by the Board of Governors (BOG). Each university must report the purpose, number, and value of all fee waivers granted annually in a format prescribed by the BOG.<sup>6</sup>

### **Board of Governors**

The BOG is fully responsible for the operation, regulation, control, and management of the whole university system.<sup>7</sup> The BOG must exercise its authority in a manner that supports, promotes, and enhances a K-20 education system that provides affordable access to postsecondary educational opportunities for residents of the state.<sup>8</sup>

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<sup>1</sup> Section 1009.01(1), F.S.

<sup>2</sup> Section 1009.24(2), (4), (5), (7) through (13), (14), (16), and (17) F.S.

<sup>3</sup> Section 1009.21(2)(a), F.S. A person may establish legal residence by maintaining residence in this state for the preceding year, purchasing a home which is occupied by him or her as his or her residence, or establishing a domicile in this state as specified in law. Section 1009.21(1)(d), F.S.

<sup>4</sup> Section 1009.24(4)(a), F.S.

<sup>5</sup> State University System of Florida, *Tuition and Required Fees, 2020-2021*, available at <https://www.flbog.edu/wp-content/uploads/2020-2021-SUS-Tuition-and-Fees-Report-1.pdf>, at 1.

<sup>6</sup> Section 1009.26(9), F.S.

<sup>7</sup> Art. IX, s. 7(d), Fla. Const.

<sup>8</sup> Section 1001.70(3), F.S.

The BOG, or the BOG's designee, is responsible for cost-effective policy decisions appropriate to each constituent university's mission, the implementation and maintenance of high-quality education programs within law, the measurement of performance, the reporting of information, and the provision of input regarding state policy, budgeting, and education standards. Further, the BOG is required to develop a strategic plan specifying goals and objectives for the SUS and each constituent university, including each university's contribution to overall system goals and objectives. The strategic plan must include:

- Performance metrics and standards common for all institutions and metrics and standards unique to institutions depending on institutional core missions.
- Criteria for designating baccalaureate degree and master's degree programs at specified universities as high-demand programs of emphasis.<sup>9</sup>

### ***Programs of Strategic Emphasis***

The Programs of Strategic Emphasis exist as one of several tools for aligning the degree production goals of the SUS with the economic and workforce needs of Florida.<sup>10</sup> Florida law specifies that 50 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>11</sup>

- Job placement in employment of 36 hours or more per week and average full-time wages of graduates of the degree programs one year and five years after graduation, based in part on data provided in the economic security report of employment and earning outcomes produced annually.
- 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.<sup>12</sup>

The BOG periodically updates the list of identified programs of strategic emphasis, and most recently updated the list in September 2020,<sup>13</sup> identifying 868 such programs.<sup>14</sup> The BOG categorizes programs of strategic emphasis into five areas:

- Critical Workforce - Education: comprised of the State Board of Education critical teacher shortage areas.
- Critical Workforce - Health: comprised of workforce projections by the Florida Department of Economic Opportunity.

<sup>9</sup> Section 1001.706(1) and (5)(b), F.S.

<sup>10</sup> Florida Board of Governors, *Methodology for Updating Programs of Strategic Emphasis in the State University System of Florida, Board of Governors 2019 Mid-Course Correction - 2025 Strategic Plan* (Sept. 2019), available at [https://www.flbog.edu/wp-content/uploads/SPC\\_06c\\_2019\\_PSE\\_Methodology\\_and\\_list\\_CE.pdf](https://www.flbog.edu/wp-content/uploads/SPC_06c_2019_PSE_Methodology_and_list_CE.pdf), at 1.

<sup>11</sup> Section 1001.706(5)(b)4., F.S.

<sup>12</sup> See also Florida Board of Governors, *State University System Workforce Initiatives*, Presentation to the House of Representatives Post-Secondary Education & Lifelong Learning Subcommittee (Feb. 10, 2021), available at <https://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=3109&Session=2021&DocumentType=Meeting%20Packets&FileName=pe1%202-10-21.pdf>, at 6.

<sup>13</sup> Florida Board of Governors, *Programs of Strategic Emphasis*, <https://www.flbog.edu/resources/academic/programs-of-strategic-emphasis/> (last visited March 24, 2021).

<sup>14</sup> Florida Board of Governors, *Approved PSE List 2020-2021* (Sept. 2020), available at <https://www.flbog.edu/wp-content/uploads/Current-PSE-list-approved-by-the-BOG-at-its-September-2020-meeting-XLSX.xlsx>.

- Critical Workforce - Gap Analysis: programs leading to occupations projected to be critically under-supplied in the BOG analysis of labor market projections and related degree production.
- Economic Development - Global Competitiveness: programs that assist in making the SUS globally competitive.
- Economic Development - Science Technology Engineering and Math: programs identified on at least two program lists published by the Florida Department of Economic Opportunity, the Department of Homeland Security, the National Science Foundation, and the Washington State Education Research and Data Center.<sup>15</sup>

The programs of strategic emphasis are used by the BOG to develop annual accountability plans, coordinate academic programs, and approve new academic programs.<sup>16</sup> Programs of strategic emphasis are also a component of SUS performance-based funding.<sup>17</sup> For the 2019-2020 academic year, 54 percent of bachelor's degrees awarded by the SUS and 63 percent of graduate degrees awarded by the SUS were in programs of strategic emphasis.<sup>18</sup>

### ***State University System Performance-Based Incentive***

The State University System Performance-Based Incentive is awarded to state universities using performance-based metrics adopted by the BOG. Beginning with the BOG's determination of each university's performance improvement and achievement ratings, and the related distribution of annual fiscal year appropriation, the performance-based metrics must include all of the following:<sup>19</sup>

- The four-year graduation rate for first-time-in-college students.
- Beginning in fiscal year 2021-2022, the two-year graduation rate for associate in arts transfer students.
- Retention rates.
- Postgraduation education rates.
- Degree production.
- Affordability.
- Postgraduation employment and salaries, including wage thresholds that reflect the added value of a baccalaureate degree.
- Access rate, based on the percentage of undergraduate students enrolled during the fall term who received a Pell Grant during the fall term.

<sup>15</sup> Florida Board of Governors, *Current CIP 2020 Programs of Strategic Emphasis methodology* (Sept. 2020), available at [https://www.flbog.edu/wp-content/uploads/CIP\\_2020\\_PSE\\_Methodology\\_CE\\_FINAL.pdf](https://www.flbog.edu/wp-content/uploads/CIP_2020_PSE_Methodology_CE_FINAL.pdf), at 3, 4, 5, 6, and 10.

<sup>16</sup> Florida Board of Governors, *Programs of Strategic Emphasis*, <https://www.flbog.edu/resources/academic/programs-of-strategic-emphasis/> (last visited March 24, 2021).

<sup>17</sup> Florida Board of Governors, *Performance Funding Model Overview* (Nov. 2019), available at <https://www.flbog.edu/wp-content/uploads/Overview-Doc-Performance-Funding-10-Metric-Model-Condensed-Version-1.pdf>, at 1. Metric 6 includes bachelor's degrees award in areas of strategic emphasis and Metric 8a. includes graduates degrees awarded in areas of strategic emphasis. See also s. 1001.92, F.S.

<sup>18</sup> Florida Board of Governors, *State University System Workforce Initiatives*, Presentation to the House of Representatives Post-Secondary Education & Lifelong Learning Subcommittee (Feb. 10, 2021), available at <https://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=3109&Session=2021&DocumentType=Meeting%20Packets&FileName=pe1%202-10-21.pdf>, at 11.

<sup>19</sup> Section 1001.92(1), F.S.

- Beginning in fiscal year 2021-2022, the six-year graduation rate for students who are awarded a Pell Grant in their first year.

The BOG must adopt benchmarks to evaluate each state university's performance on the metrics to measure the state university's achievement of institutional excellence or need for improvement and minimum requirements for eligibility to receive performance funding.<sup>20</sup>

### III. Effect of Proposed Changes:

The bill requires, beginning with the 2021-2022 academic year, for every course in a program of strategic emphasis in which a student pays the full tuition and fees, a state university must waive 100 percent of the tuition and fees for another course in a program of strategic emphasis for a student who:

- Is a resident for tuition purposes.
- Initially enrolls full-time at a state university for the fall academic term immediately following high school graduation.
- Earns at least 60 semester credit hours towards a baccalaureate degree within two years after initial enrollment.
- Enrolls in a program of strategic emphasis in one of the following categories as identified by the Board of Governors (BOG):
  - Science, technology, engineering, or math.
  - Critical workforce education.
  - Critical workforce healthcare.
  - Critical workforce and undersupplied.

In addition, the bill specifies that:

- A waiver so granted is applicable only for upper-level courses and up to 110 percent of the number of required credit hours of the baccalaureate degree program for which the student is enrolled. For example, for a 120-credit hour state university baccalaureate degree program, the waiver is applicable up to 132 credit hours.
- Tuition and course fees waived in this manner may not be reported for state funding purposes.
- A state university that fails to comply with the waiver requirements as specified is ineligible for the State University System Performance-Based Incentive.

The bill requires the BOG to adopt regulations to administer the waiver, and requires each state university to report to the BOG the number and value of all such waivers granted annually.

The bill may provide students an incentive to select a program identified as a critical need.

The bill takes effect July 1, 2021.

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<sup>20</sup> Section 1001.92(1), F.S.

**IV. Constitutional Issues:**

## A. Municipality/County Mandates Restrictions:

None.

## B. Public Records/Open Meetings Issues:

None.

## C. Trust Funds Restrictions:

None.

## D. State Tax or Fee Increases:

None.

## E. Other Constitutional Issues:

None.

**V. Fiscal Impact Statement:**

## A. Tax/Fee Issues:

None.

## B. Private Sector Impact:

A student enrolled in an identified program of strategic emphasis may realize a substantial cost savings from the waiver. For example, a student who completes the last 60 credit hours of a 120 credit hour program in a program of strategic emphasis may realize an average savings of \$5,991.79 in tuition and fees.<sup>21</sup>

## C. Government Sector Impact:

The exact number of students who will qualify for and make use of the tuition and fees waiver is unknown. The negative fiscal impact to each state university would continue for up to 110 percent of the number of required credit hours of the baccalaureate degree program. However, the waivers would only apply to upper-level courses in identified programs of strategic emphasis.

**VI. Technical Deficiencies:**

None.

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<sup>21</sup> See Florida Board of Governors, *State University System of Florida, Tuition and Required Fees, 2020-21*, available at <https://www.flbog.edu/wp-content/uploads/2020-2021-SUS-Tuition-and-Fees-Report-1.pdf>.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 1009.26 of the Florida Statutes.

**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.

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

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