

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** PCB SUPC 10-01 Postsecondary Education Funding

**SPONSOR(S):** State Universities & Private Colleges Appropriations Committee

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

	<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR</b>
Orig. Comm.:	State Universities & Private Colleges Appropriations Committee	11 Y, 0 N	Trexler	Trexler
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**SUMMARY ANALYSIS**

PCB SUPC 10-01 revises provisions relating to the Children and Spouses of Deceased or Disabled Veterans (CSDDV) Program. The bill clarifies the use of funds, the award amounts, and the eligible institutions at which a recipient may use an award.

The bill provides a new process for the coordinated licensing of electronic library resources for use by secondary and postsecondary students.

The bill requires that students enrolled in workforce education programs must be classified as residents or nonresidents for tuition purposes.

The bill creates an exemption from payment of the state university tuition differential fee for students who are recipients of prepaid postsecondary tuition scholarships.

The bill continues the flat award policy for Bright Futures Scholarships through the 2010-2011 academic year.

The bill revises the Workers' Compensation Administrative Trust Fund within the Department of Education, establishing a reversion schedule for any unencumbered and/or undisbursed funds that were transferred from the Department of Financial Services Workers' Compensation Administration Trust Fund.

The bill eliminates statutory requirements for separate funding of baccalaureate programs within the Florida College System, allowing for such funding to be transferred to the Community College Program Fund. The bill also creates a requirement for separate reporting of upper-division enrollment and upper-division expenditures.

The bill revises provisions relating to workforce education fees to authorize, rather than require, rule adoption by the State Board of Education for the calculation of cost borne by students.

The bill aligns the submission date for requests relating to the community college and state university facilities enhancement challenge grant programs with the October 15 legislative budget request submission deadline.

This bill provides an effective date of July 1, 2010.

This bill substantially amends, creates, or repeals the following sections of the Florida Statutes: 295.02, 295.04, 1006.72, 1009.22, 1009.24, 1009.534, 1009.535, 1009.536, 1009.5385, 1009.984, 1010.87, 1011.32, 1011.80, 1011.83, 1011.84, and 1013.79.

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

**STORAGE NAME:** pcb01a.SUPC.doc

**DATE:** 3/17/2010

## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### **Children and Spouses of Deceased or Disabled Veterans (CSDDV)**

###### Current Situation

Current law provides for a scholarship program for the children and spouses of deceased or disabled veterans in Chapter 295 – Laws Relating to Veterans, Florida Statutes.<sup>1</sup> This chapter establishes the criteria for eligibility for an award, authorizes the State Board of Education to adopt rules to administer the program, clarifies how funds may be used, and bases the award amounts on the funds provided in the General Appropriations Act. In addition to Chapter 295, F.S., s. 1009.5385, F.S., also addresses how the scholarship funds of CSDDV award recipients may be used, requiring CSDDV funds to be used according to the same criteria stipulated for the Bright Futures Scholarship Program.

###### Proposed Changes

The CSDDV and Bright Futures Scholarship programs are distinct in the purposes they serve, the populations they serve, and the eligibility criteria for awards. Therefore, the bill repeals s. 1009.5385, F.S., removing the requirement that CSDDV funds be subjected to the criteria in the Bright Futures Scholarship Program. The bill clarifies how funds may be used, providing that they may but are not required to be used on tuition and registration fees, board, room rent, and books and supplies. The bill also clarifies the types of institutions that a student must attend to utilize the award as those described in s. 1009.533, F.S. The bill also establishes award amounts: for students in public postsecondary institutions, awards are equal to the amount required to pay tuition and registration fees or the amount established in the General Appropriations Act; award amounts for students in nonpublic postsecondary institutions are equal to the amount required to pay the average tuition and registration fees in a public postsecondary institution or the amount specified in the General Appropriations Act.

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<sup>1</sup> Section 295.01, F.S.

## Electronic Library Resources

### Current Situation

There are four automated library systems and services in Florida that provide centralized automated library services for different constituents as follows:<sup>2</sup>

- Florida Center for Library Automation (FCLA) – State University System
- College Center for Library Automation (CCLA) – Florida College System
- SUNLINK – K-12 public schools
- Florida Electronic Library (FEL) – Florida public libraries

Each system provides, in part, access to commercial electronic resources through subscription contracts with publishers. Currently, there is ad hoc coordination among the automated library systems; however, there is no standardized process to ensure there is no duplication in the licensing of electronic library resources. There is also no coordination to ensure that all baccalaureate degree seeking students have access to the same electronic library resources.

### Proposed Changes

The bill creates a new process for the coordinated licensing of electronic library resources for use by secondary and postsecondary students in Florida. The bill requires the FCLA, CCLA, and FEL to identify on an annual basis the electronic library resources that will be licensed and made available to K-12 students and teachers and to postsecondary students enrolled in the Florida College System or the State University System.

## Calculation of Costs Borne By Workforce Education Students

### Current Situation

The State Board of Education (SBE) is required to adopt, by rule, the definitions and procedures that district school boards and community college boards of trustees shall use in the calculation of cost borne by students.<sup>3</sup> Because the Legislature in recent years has specified student costs, rule has not been needed.

### Proposed Changes

The bill authorizes the SBE to adopt definitions and procedures by rule when needed, but does not require them to do so.

## Prepaid Tuition Scholarship Exemption from Tuition Differential

### Current Situation

#### *Tuition Differential*

Each state university is authorized to assess a tuition differential fee to promote improvements in the quality of undergraduate education and to provide need-based financial aid to undergraduate students.<sup>4</sup> All universities are charging a tuition differential fee for Fiscal Year 2009-10.<sup>5</sup> Seventy percent of the tuition differential fee revenues must be expended for purposes of undergraduate education. The remaining 30 percent of the revenues, or the equivalent amount from private sources, must be spent to provide need-based aid to undergraduates.

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<sup>2</sup> Joint Library Planning Committee, "A plan providing options and recommendations for cooperative library automation activity," available at <http://www.fldoe.org/cc/pdf/jlpc-report-1.pdf> (accessed March 12, 2010).

<sup>3</sup> Sections 1009.22(3)(g) and 1009.22(11), F.S.

<sup>4</sup> Section 1009.24(16), F.S.

<sup>5</sup> Board of Governors Tuition Differential Fee Report (December 23, 2009).

Universities are not permitted to charge the tuition differential fee to any student who was enrolled in the university prior to July 1, 2007, and who maintains continuous enrollment. Beneficiaries with Prepaid contracts in effect on July 1, 2007, which remain in effect, are exempt from payment of the fee. In addition, universities are permitted to waive the fee for students who meet the eligibility requirements for the need-based Florida public student assistance grant.

#### *Project STARS Prepaid Tuition Scholarship Program*

The Stanley Tate Project STARS Prepaid Tuition Scholarship Program provides economically disadvantaged youth with prepaid postsecondary tuition scholarships.<sup>6</sup> Recipients must maintain satisfactory academic progress and remain drug- and crime-free to receive a prepaid scholarship upon high school graduation. Scholarships are purchased with private donations and associated state matching funds, which are provided on a dollar-for-dollar basis.

#### Proposed Changes

The bill creates a new exemption from payment of the tuition differential fee for students enrolled in a state university who have a prepaid postsecondary tuition scholarship pursuant to s. 1009.984, F.S. The bill allows the total amount of tuition differential exempted for students with prepaid postsecondary tuition scholarships and the total amount of tuition differential waived by the university on behalf of students who meet the eligibility requirements for the Florida public student assistance grant to be counted toward the 30 percent expenditure requirement for need-based aid.

#### **Bright Futures Awards**

##### Current Situation

During the 2009 Legislative Session, Bright Futures Scholarship awards were established at specified amounts in the General Appropriations Act, rather than at the amounts specified in statute.<sup>7</sup> The Legislature implemented this policy for one year. Beginning July 1, 2010, the awards will revert to the original amounts, covering 75 percent or 100 percent of tuition and eligible fees, pending legislative action to either extend the flat awards or provide some other funding solution.

##### Proposed Changes

The bill extends the flat award policy for the Bright Futures Scholarship Program for another year, to expire on July 1, 2011.

#### **Workers' Compensation Trust Fund, Department of Education**

##### Current Situation

The Department of Education - Division of Vocational Rehabilitation currently receives a non-operating transfer from the Workers' Compensation Trust Fund at the Department of Financial Services (DFS) to the Workers' Compensation Trust Fund at the Department of Education (DOE). These funds are for the sole purpose of administering the Injured Workers Program at the Division of Vocational Rehabilitation.<sup>8</sup> Any funds that are not used during the fiscal year remain in the Workers' Compensation Trust Fund at the DOE for future use in administering the program.<sup>9</sup>

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<sup>6</sup> Section 1009.984, F.S.

<sup>7</sup> Sections 1009.534, 1009.535, and 1009.536, F.S.; Specific Appropriation 3, s. 2 of ch. 2009-81, L.O.F.

<sup>8</sup> Section 1010.87(1), F.S.

<sup>9</sup> Section 1010.87(2), F.S.

## Proposed Changes

The bill requires unspent and unencumbered funds in the Workers' Compensation Trust Fund at DOE to revert back to the Workers' Compensation Trust Fund at DFS. The bill stipulates that funds unencumbered as of June 30 and unspent as of September 30 shall revert to DFS for reappropriation.

## **Residency Determination for Tuition Purposes in Workforce Education Programs**

### Current Situation

Current law requires that fees for students who are nonresidents for tuition purposes must offset the full cost of instruction.<sup>10</sup> However, unlike Florida colleges and state universities, school districts have no clear direction to determine residency for students in workforce education programs.

In February 2010, the Office of Program Policy and Government Accountability (OPPAGA) released a report that found school districts had incentive not to "rigorously enforce residency requirements for these programs" because the funding model "penalizes districts that charge higher tuition" (such as those for nonresidents).<sup>11</sup> The lack of clear statutory direction leaves districts to develop their own policies regarding residency.

The OPPAGA report suggests amending statute to require districts to use the same residency standards for workforce education programs as those used by colleges and universities. The agency response from the Department of Education to the OPPAGA report states that "(t)he Department agrees that consistent policies on residency for tuition purposes are important."

### Proposed Changes

The bill creates a requirement that students in workforce education programs be classified as residents or nonresidents for tuition purposes in the same manner as prescribed for college and university students.<sup>12</sup>

## **Baccalaureate Funding**

### Current Situation

Florida colleges are authorized to offer specified baccalaureate degree programs to meet district, regional or statewide workforce needs.<sup>13</sup> Funding for these baccalaureate programs "shall be specified in the General Appropriations Act (GAA)."<sup>14</sup> The Community College Program Fund (CCPF) is established to "comprise all appropriations made by the Legislature for the support of the current operating program."<sup>15</sup>

In the FY 2009-10 General Appropriations Act, funding for baccalaureate programs is provided separately from the CCPF funding. Current law prohibits the use of funds specifically appropriated to baccalaureate programs for any other purpose, but there is no restriction on using funds appropriated through the CCPF for baccalaureate programs.<sup>16</sup>

Colleges are tasked to serve community needs by providing access to undergraduate education including baccalaureate programs, and to do so in the most efficient manner possible. The policy of the Legislature is to decentralize authority and provide "local operational flexibility", both of which would

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<sup>10</sup> Section 1009.22(3)(a), F.S.

<sup>11</sup> Office of Program Policy Analysis & Government Accountability Report 10-24, February 2010

<sup>12</sup> See s. 1009.21, F.S.

<sup>13</sup> Section 1007.33, F.S.

<sup>14</sup> Section 1011.83, F.S.

<sup>15</sup> Section 1011.81, F.S.

<sup>16</sup> Section 1011.83(3), F.S.

seem to support allowing colleges (through their boards of trustees and presidents) to allocate their funding in such manner as to best meet the needs of their individual communities.<sup>17</sup>

The Florida Community Colleges' Council of Presidents has recommended moving baccalaureate funding into the CCPF.<sup>18</sup>

### Proposed Changes

The bill repeals provisions relating to the specific appropriation of baccalaureate funding<sup>19</sup> to allow funding for baccalaureate programs to be transferred to the CCPF. The bill also creates a requirement that enrollment and expenditures for the upper-division be reported separately from enrollment and expenditures for the lower-division.

## **Facility Enhancement Challenge Grant Programs**

### Current Situation

The Community College Facility Enhancement Challenge Grant Program and the University Facility Enhancement Challenge Grant Program are state matching programs wherein a Florida college or a state university solicits private donations to construct an educational facility.<sup>20</sup> Subject to legislative appropriation, private donations are matched with state funds on a dollar-for-dollar basis.

Current law requires the State Board of Education to transmit the list of community college projects meeting the eligibility requirements for a state match to the Legislature no later than September 1 of each year.<sup>21</sup> The Board of Governors is required to transmit the list of state university eligible projects no later than October 1 of each year.<sup>22</sup>

### Proposed Changes

The bill provides a transmittal date of October 15 for each program, which is also consistent with the submission date for the Legislative Budget Request.<sup>23</sup>

## **B. SECTION DIRECTORY:**

**Section 1.** Amends s. 295.02; revising provisions relating to the use of funds to pay postsecondary education expenses for children and spouses of certain members of the military.

**Section 2.** Amends s. 295.04; providing a definition; providing educational benefit award amounts for students at public and nonpublic eligible postsecondary education institutions.

**Section 3.** Creates s. 1006.72; providing requirements for the licensing of electronic library resources; requiring a process to annually identify electronic library resources for specific core categories; providing requirements for statewide, postsecondary, 4-year degree, and 2-year degree core resources.

**Section 4.** Amends s. 1009.22; requiring students in workforce education programs to be classified as residents or nonresidents for tuition purposes; revising requirement of State Board of Education to adopt definitions and policies by rule.

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<sup>17</sup> Sections 1001.60(a), 1001.64(1), 1000.02(1)(e), 1000.03(1) and 1000.02(2)(e), F.S.

<sup>18</sup> Council of Presidents Meeting, November 18, 2009, Orlando, Florida

<sup>19</sup> Subsections (2), (3), (4) and (5) of section 1011.83, F.S.

<sup>20</sup> See s. 1011.32 and s. 1013.79, F.S.

<sup>21</sup> Section 1011.32(8), F.S.

<sup>22</sup> Section 1013.79(8), F.S.

<sup>23</sup> See s. 216.023, F.S.

**Section 5.** Amends s. 1009.24; providing an exemption from payment of the tuition differential fee for students who have been awarded a prepaid tuition scholarship pursuant to 1009.984; requiring certain reporting; authorizing calculations for expenditures for need-based financial aid.

**Section 6.** Amends s. 1009.534; providing that award amounts for Florida Academic Scholars shall be specified in the 2010-2011 General Appropriations Act.

**Section 7.** Amends s. 1009.535; providing that award amounts for Florida Medallion Scholars shall be specified in the 2010-2011 General Appropriations Act.

**Section 8.** Amends s. 1010.536; providing that award amounts for Florida Gold Seal Vocational Scholars shall be specified in the 2010-2011 General Appropriations Act.

**Section 9.** Amends s. 1009.984; providing an exemption from payment of the tuition differential fee for students who have been awarded a prepaid tuition scholarship.

**Section 10.** Amends s. 1010.87; providing that certain funds transferred to the Workers' Compensation Administration Trust Fund in the Department of Education shall revert to the Workers' Compensation Administration Trust Fund in the Department of Financial Services.

**Section 11.** Amends s. 1011.32; revising the date for transmittal to the Legislature of information relating to the Community College Facility Enhancement Challenge Grant Program.

**Section 12.** Amends s. 1011.80; requiring workforce education programs to classify students as residents or nonresidents for tuition purposes.

**Section 13.** Amends s. 1011.83; repealing language pertaining to specific funding of baccalaureate program; allowing for baccalaureate funding to be provided through Community College Program Fund.

**Section 14.** Amends s. 1011.84; requiring colleges to report enrollment and expenditures for baccalaureate programs separately from lower-division programs.

**Section 15.** Amends s. 1013.79; revising the date for transmittal to the Legislature of information relating to the University Facility Enhancement Challenge Grant Program.

**Section 16.** Repeals s. 1009.5385; relating to the use of certain scholarship funds by children and spouses of deceased or disabled veterans.

**Section 17.** Provides an effective date of July 1, 2010.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

**Bright Futures Awards**

By extending the GAA specified award amounts for the Bright Futures Scholarship Program, the expenditures for this program can be reduced for Fiscal Year 2010-11. If the award amounts were to revert to covering 75 percent or 100 percent of tuition and eligible fees, the estimated cost would be \$479.6 million in Fiscal Year 2010-11, an increase of approximately \$60 million over the 2009-10 appropriation.

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

1. Revenues:

None.

2. Expenditures:

None.

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

None.

**D. FISCAL COMMENTS:**

**Residency Determination for Tuition Purposes**

According to OPPAGA Report 10-24, the establishment of consistent residency determination criteria for workforce education programs may result in savings to the state. Currently, the state subsidizes the cost of instruction for resident students enrolled in workforce education programs; however, nonresidents are required to pay the full cost of instruction through tuition. To the extent the new residency determination criteria result in fewer students being classified as residents for tuition purposes, the state may experience savings of an indeterminate amount. Some students classified as nonresidents may opt not to participate in workforce education programs if they are required to bear a greater share of the cost of instruction.

**Electronic Library Resources**

In Fiscal Year 2008-09, FCLA, CCLA, and FEL spent a total of \$9.7 million to license electronic library resources. Approximately 15 percent of the electronic resources licensed statewide are licensed by multiple automated library systems. It is unknown how many additional electronic library resources are licensed by an individual college or university and are also licensed by either FCLA or CCLA. By requiring the FCLA, CCLA, and FEL to collaborate on licensing of electronic resources, the amount of duplication should decrease, thereby reducing the cost to provide these resources to students.

**Prepaid Tuition Scholarship Exemption from Tuition Differential**

The exemption may result in the loss of tuition differential revenue for state universities; however, the exact amount is indeterminate. The total fiscal impact will vary based on a number of factors, including the number of scholarship recipients who enroll in a state university, the number of credit hours in which each student enrolls, and the amount of the tuition differential charged by the university at the time the student enrolls.

Students whose prepaid postsecondary tuition scholarship plans were purchased prior to July 1, 2007, are exempt from payment of the tuition differential fee pursuant to current law. Since July 1, 2007, a total of 2,833 prepaid postsecondary tuition scholarship plans have been purchased. Of the total, 2,621 are for 2 + 2 plans, which provide for two years at a community college and two years at a university. The remaining 211 plans are 4-year university plans. Also included in the total are 264 tuition differential plans that were purchased for scholarship recipients and would need to be refunded if the exemption is adopted.



## II. COMMENTS

### A. CONSTITUTIONAL ISSUES:

#### 1. Applicability of Municipality/County Mandates Provision:

None.

#### 2. Other:

None.

### B. RULE-MAKING AUTHORITY:

None.

### C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

## IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

On March 16, 2010, the State Universities and Private Colleges Appropriations Committee adopted an amendment that:

- Creates a new exemption from payment of the tuition differential fee for students enrolled in a state university and who have a prepaid postsecondary tuition scholarship pursuant to s. 1009.984, F.S.
- Allows the total amount of tuition differential exempted for students with prepaid postsecondary tuition scholarships and the total amount of tuition differential waived by the university on behalf of students who meet the eligibility requirements for the Florida public student assistance grant to be counted toward the 30 percent expenditure requirement for need-based aid.