

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 Committee on Education Pre-K - 12

BILL: SPB 7046

INTRODUCER: For consideration by the Education Pre-K - 12 Committee

SUBJECT: Education

DATE: March 10, 2015

REVISED: _____

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Hand	Klebacha		Pre-meeting

I. Summary:

SPB 7046 modifies fiscal policy aspects regarding preeminent state research universities; intensive reading instruction; teacher bonus funding; and performance funding for universities and state colleges.

Specifically, the bill:

- Requires a state university seeking to be designated as a preeminent state research university to enter into and maintain a formal agreement with the National Merit Scholarship Corporation.
- Extends the additional hour of daily elementary grade intensive reading instruction through the 2017-2018 academic year, and authorizes a summer program as an equivalency.
- 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.

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 of the State University System of Florida (BOG) 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

¹ Section 1001.7065(1), F.S.

² Section 1001.7065(3), F.S.

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

Intensive Reading Instruction

A school district that has one or more of the 300 lowest-performing elementary schools based on the state reading assessment must to provide an extra hour of instruction in intensive reading beyond the normal school day for each day of the entire school year in the lowest performing schools.⁶

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*

⁶ Section 1011.62 (1)(f) and (9), F.S.

Funds for the intensive reading instruction 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 for each student taught by the IB teacher who receives a qualifying score on the IB examination.¹¹ An additional bonus of \$500 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 shall be \$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 for each student taught by the AICE teacher in each full-credit AICE course who receives a qualifying score on the AICE examination.¹⁴ A bonus in the amount of \$25 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 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

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.*

¹⁴ *Id.*

¹⁵ *Id.*

\$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 for each student taught by the AP teacher who receives a qualifying score on the AP examination.¹⁸ An additional bonus of \$500 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 shall be \$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 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 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

Performance Funding

Performance funding at the public postsecondary level addresses funding at both the state university system and the state college system.²⁵

State University System

In the 2013-2014 fiscal year, performance funding of \$20 million was provided in the GAA for three metrics: percentage of graduates employed or enrolled in further education, average wages of employed graduates, and average cost per graduate.²⁶

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

²³ *Id.*

²⁴ *Id.*

²⁵ Ch. 2013-40, L.O.F.; Ch. 2014-51, L.O.F.

²⁶ Ch. 2013-40, L.O.F.

In the 2014-2015 GAA, proviso specifically required performance funding be allocated based on the BOG's model approved on January 16, 2014.²⁷ The BOG model is comprised of 10 performance metrics, which included the:²⁸

- 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 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 STEM);
- 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:
 - BOG and
 - University Board of Trustees

Two hundred million dollars were appropriated 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.²⁹

Florida College System

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 (FCS) institutions.³⁰ 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.³¹ At a minimum, the measures were to include job placement rates, cost per degree, and graduation/ retention rates.³² In January 2015, these recommendations were finalized and included the required measures, as well as additional measures for:³³

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

²⁷ Ch. 2014-51, L.O.F.

²⁸ 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

²⁹ Ch. 2014-51, L.O.F.

³⁰ *Id.*

³¹ *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).

³² *Id.*

³³ 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).

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

III. Effect of Proposed Changes:

SPB 7046 modifies fiscal policy aspects regarding preeminent state research universities; intensive reading instruction; teacher bonus funding; and performance funding for universities and state colleges.

Specifically, the bill:

- Requires a state university seeking to be designated as a preeminent state research university to enter into and maintain a formal agreement with the National Merit Scholarship Corporation.
- Extends the additional hour of daily elementary grade intensive reading instruction through the 2017-2018 academic year, and authorizes a summer program as an equivalency.
- 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 requires a state university that meets the required academic and research excellence standards for consideration of preeminent status to also enter into a formal agreement with the National Merit Scholarship Corporation to offer College-sponsored Merit Scholarship® awards in order to be, or remain, designated as a preeminent state research university.

A preeminent state research university must maintain its formal agreement with the National Merit Scholarship Corporation to offer College-sponsored Merit Scholarship® awards to retain its preeminent status.

Intensive Reading Instruction

The bill extends 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 authorizes participating schools to implement a summer program with an equivalent number of hours of instruction in lieu of an additional hour of daily instruction.

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.

Bonus Funding

The bill increases the maximum annual bonus for teachers providing instruction in courses leading to CAPE industry certifications from \$2,000 to \$4,000, and establishes two new tiers of bonuses available to CAPE industry certification teachers:

- A teacher who provided 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 who provided 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.

Performance Funding

State University System

The bill statutorily establishes a State University System (SUS) performance funding formula, which will be composed of new funding, plus an amount of funds redistributed from the SUS base funding, as determined in the General Appropriations Act (GAA). SUS institutions will be evaluated for their performance based on benchmarks adopted by the Board of Governors (BOG) for achievement of excellence or improvement on specified metrics. These 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 other metrics approved by the BOG.

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 State University System, 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

The bill establishes a Florida College System (FCS) performance funding formula, which will be composed of new funding, plus an amount of funds redistributed from the FCS base funding, as determined in the GAA. FCS institutions will be evaluated for their performance based on benchmarks adopted by the State Board of Education (SBE) for achievement of excellence or improvement on specified metrics. These metrics include, but are not limited to, metrics that measure retention; program completion and graduation rates; student loan default rates; job placement; post-graduation employment, salaries, or further education; and any other metrics approved by the SBE.

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:

None.

C. Government Sector Impact:

None.

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, 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.

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