Subcommittee on Education
Government Efficiency Task Force
110 Senate Office Building
May 9, 2012
9:00 a.m. – 11:00 a.m.

1) Call to Order

2) Roll Call

3) Discussion of draft Prisoner Education Recommendations

4) Discussion of Florida’s Higher Education System

5) Public Comment

6) Adjourn

Florida Government Efficiency Task Force

Subcommittee on Education ***Draft Recommendations***

Subject Matter: Prison Education Programs Draft Recommendations

Subcommittee Members: Belinda Keiser (Chair), Senator Lizbeth Benacquisto, Ann Duncan, Michael Heekin, and Eric Silagy

DRAFT RECOMMENDATIONS

- ***Individualized Inmate Re-entry Plans:***

  The Subcommittee recommends creating an individualized inmate re-entry plan that, based on information obtained from assessments, outlines programming to be provided during the period of incarceration. The plan should begin at intake, addressing an inmate's needs, and plan for the prisoner's eventual release and reintegration into the community. Based on the risk factors and skill deficits determined by the initial assessment. the plan should identify specific activities to be performed or skills to be acquired to prepare the prisoner for successful re-entry. The plan should be kept electronically.

  The Subcommittee recommends that inmate's educational needs should be considered when determining facility placement. Inmate preparation for successful re-entry to the community should be balanced with the institution's needs, thus effort should be made to place and keep inmates in facilities that have programs commensurate with their educational needs.

- ***Mandatory Literacy Program:***

  The Subcommittee recommends requiring prisoners that meet the requirements of the Mandatory Literacy Program to successfully complete the program by attaining a total battery score of 6.0 on a TABE (Test of Adult Basic Education). Currently, successful completion of the Mandatory Literacy Program requires completion of 150 hours of instruction or achievement of a total battery score of 6.0 or higher on the TABE. The Subcommittee recommends that achievement of a total battery score of 6.0 on a TABE be the only method for successfully completing this program.

- ***Online Education Opportunities:***

  The Subcommittee recommends the Department of Corrections investigate opportunities to introduce online and e-learning education and vocation training in prisons. To address funding and capacity constraints that limit access to education and vocational training programs, policies should be revised to support development and expansion of Internet-based and electronic platforms for the delivery of education.

The Subcommittee recommends the Department of Corrections set up a pilot program to develop widely-acceptable security protocols for Internet access. This pilot program should serve as a model for all Florida prisons.

- ***Mission Driven Prisons:***

The Subcommittee recommends converting some of Florida's prisons to institutions that focus on chemical dependency, literacy and basic education, and vocational education. Currently, Florida operates faith and character-based and reentry institutions. Expanding on that concept, this recommendation will work in conjunction with the above recommendation for individualized inmate re-entry plans. An inmate's initial assessments should determine the type of facility best suited to the inmate's needs.

The Subcommittee recommends aligning the mission of vocational education prisons to meet the needs of the employment market. An advisory group should be created for each prison consisting of representatives of local employers, economic development agencies, workforce investment boards, One-Stops, educational institutions, and targeted community-community based organizations. The group should use its familiarity with the local job market to provide input on correctional programs to ensure that participants obtain skills needed to find employment in that job market when they re-enter the community. Additionally, by focusing on the needs of employers in the community, prisoners can attain skills for industries in high demand outside the prison.

Program Efficiency

The Subcommittee recommends the Department of Corrections adopt policies regarding the eligibility of educational and vocational programs to inmates whose likelihood of recidivism will be most improved as a result of this instruction. Criteria should be developed to prioritize candidates who will be able to complete a class before release, as well as inmates who are most likely to find gainful employment after release (i.e. younger inmates with non-violent crimes).

The Subcommittee recommends the Department of Corrections expand its vocational education programs. These programs have been proven to reduce recidivism, be cost effective, and increase ex-offender employment success. Additionally, these programs give the department the ability to partner with local businesses for additional job training.

The Subcommittee recommends the Department of Corrections research implementation of a double-track education system. A two track system would enable the department to use the entry assessments to identify a track for the educational or vocational programs in the inmate's reentry plan. One track should consist of basic academic, life-skill and vocational education programs designed specifically for inmates incarcerated for less than one year. The program for this track should be designed to be completed in less than nine months. The second track should provide basic academic and vocational programs for inmates incarcerated for more than one year.

- ***Metrics and Statistics***

The Subcommittee recommends the Department of Corrections evaluate their rehabilitative programs, such as educational and vocational programs, by conducting a cost-benefit analysis. These studies should assess outcomes of cohorts of inmates who participate in the department's various programs and track these inmates after release. This would help identify programs that show the greatest return on investment in terms of improving ex-inmate employment outcomes and reducing recidivism.

The Subcommittee recommends the Department of Corrections develop a regular report on the cost-effectiveness of rehabilitative programs, including those provided by entities outside of the department. This report should provide an assessment of the programs' effectiveness in reducing recidivism and providing cost-effective services. This would provide the department and the Legislature standardized and transparent information for comparing the effectiveness of programs and providers.

Florida Government Efficiency Task Force

Subcommittee on Education ***Idea Summary***

Subject Matter: Three-year degrees

Subcommittee Members: Belinda Keiser (Chair), Senator Lizbeth Benacquisto, Ann Duncan, Michael Heekin, and Eric Silagy

IDEA SUMMARY

With the economic downturn, more pressure has been placed on the higher education system to reduce tuition costs. Although not a new idea, the three-year degree has recently become more popular among colleges and universities. Ohio Governor John Kasich has ordered Ohio state universities "to investigate ways for students to get a bachelor's degree in three years."[1] In his 2008 State of the State address, Ohio Governor Ted Strickland announced a new dual enrollment initiative, "Seniors to Sophomores."[2] This program allows high school seniors to earn both high school and college credit at the same time by enrolling in college classes at a University System of Ohio campus. This provides the opportunity to earn a year's worth of both high school and college credit at no cost to the student. In 2009, the Rhode Island Legislature passed "The Rhode Island Bachelor's Degree in Three Program Act,[3]"[4] which enabled students in Rhode Island to apply advanced placement (AP), dual enrollment and other credit-bearing courses taken in high school to their college program. Ideally, this credit will reduce a year of their college education, and lower their overall tuition costs.[5]

According to Lamar Alexander, "the three-year degree could become the higher-education equivalent of the fuel-efficient car."[6] Eliminating an extra year of school can save students 25 percent in costs.[7] Students must still earn the same number of credits required for a bachelor's degree, but the programs typically cost less because they eliminate an extra year of room-and-board and other non-tuition costs.[8] Several U.S. colleges and universities currently offer three-year degree programs. The University of North Carolina Greensboro launched "UNCG in 3" in the fall of 2010.[9] This program is open to students in 17 departments and requires that students enter the program with 12 hours of college credit gained in high school.[10] Florida State University has offered a three-year program since 2000.[11] From 2007 to 2009, the enrollment in this program rose 73%, from 71 students to 123 students.[12]

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[1] Abramson, Larry, "Ohio Universities Told To Develop 3-Year Degrees", *NPR.org,* April 19, 2011, http://www.npr.org/2011/04/19/135545481/ohio-universities-told-to-develop-3-year-degrees (last visited 5/4/2012).
[2] University System of Ohio, "Seniors to Sophomores", http://pilot.uso.edu/opportunities/seniors2soph/index.php (last visited 5/4/2012).
[3] 2009-H 5286 and 2009-S 1052.
[4] Szyba, Randall T., "Three years to a college degree in Rhode Island", *Rhode Island General Assembly,* October 29, 2009, http://www.rilin.state.ri.us/news/pr1.asp?prid=5939 (last visited 5/4/2012).
[5] *Id.*
[6] Alexander, Lamar, "The Three-Year Solution", *Newsweek*, October 16, 2009, http://www.thedailybeast.com/newsweek/2009/10/16/the-three-year-solution.html(last visited 5/4/2012).
[7] *Id.*
[8] Shellenbarger, Sue, "Speeding College to Save $10,000", *Wall Street Journal,* May 12, 2010, http://online.wsj.com/article/SB10001424052748703565804575238341696523742.html,(last visited 5/4/2012).
[9] De Vise, Daniel, "Three-year degrees: A closer look", *Washington Post,* June 16, 2011, http://www.washingtonpost.com/blogs/college-inc/post/three-year-degrees-a-closer-look/2011/06/16/AGSM62XH_blog.html,(last visited 5/4/2012).
[10] *Id.*
[11] Shellenbarger, Sue, "Speeding College to Save $10,000", *Wall Street Journal,* May 12, 2010, http://online.wsj.com/article/SB10001424052748703565804575238341696523742.html (last visited 5/4/2012).
[12] *Id.*

Florida Government Efficiency Task Force

Subcommittee on Education ***Background Brief***

Subject Matter: Higher Education

Subcommittee Members: Belinda Keiser (Chair), Senator Lizbeth Benacquisto, Ann Duncan, Michael Heekin, and Eric Silagy

ISSUE SUMMARY

- Florida's State University System (SUS) enrolls over 324,000 students; offers nearly 1,800 degree programs at the baccalaureate, graduate, and professional levels; and annually awards over 73,000 degrees at all levels.
- This year, the Legislature passed HB 7135, which:
  - expands the specific performance metrics and standards used to evaluate institutions at the system level in the major areas of instruction, research, and public service, while recognizing the differing mission of each of the state universities;
  - outlines the formula by which the Board of Governors (BOG) must review and rank each state university that applies for the $15 million in performance funding allocated by the Legislature for Fiscal Year 2012-13; and
  - requires the Department of Economic Opportunity (DEO) to prepare an annual *Economic Security Report* of employment and earning outcomes including information on graduates, degrees, education delivery system, public assistance, student loan debt, employment, income, continuing education, and graduate degrees for all students who earn a degree in the State University System, Florida College System, and those who hold industry certifications.
- In April, Governor Scott vetoed HB 7129, which would have exempted state research universities of national preeminence from statutory limits on the amount of tuition and fees that can be charged to undergraduate students and would have authorized the universities to establish undergraduate and graduate tuition at differentiated and market rates.
- On May 4, 2012, Governor Scott issued an executive order creating the Blue Ribbon Task Force on State Higher Education Reform to advance the SUS's Constitutional charge to operate, regulate, control, and be fully responsible for the management of the whole university system.

FULL ISSUE(S) ANALYSIS

I. BACKGROUND

A. State University System of Florida

The State University System of Florida (SUS) provides students with undergraduate and graduate level instruction leading to baccalaureate, masters, doctoral and professional degrees. Additionally, SUS institutions conduct research and engage in public service.[1] The 11 universities[2] that currently comprise the SUS are: [3]

- The Florida Agricultural and Mechanical University (FAMU)
- The Florida Atlantic University (FAU)
- The Florida Gulf Coast University (FGCU)
- The Florida International University (FIU)
- The Florida State University (FSU)
- New College of Florida (New College)
- The University of Central Florida (UCF)
- The University of Florida (UF)
- The University of North Florida (UNF)
- The University of South Florida (USF)
- The University of West Florida (UWF)

Currently, state universities have over 324,000 students enrolled; offer nearly 1,800 degree programs at the baccalaureate, graduate, and professional levels; and annually award over 73,000 degrees at all levels.[4]

Governance

The governing body for the SUS is the Board of Governors (BOG).[5] The BOG is made up of 17 members, including the Commissioner of Education, the chair of the Advisory Council of Faculty Senates, the Florida Student Association president, and 14 citizen-appointments made by the Governor and confirmed by the Florida Senate.[6] Locally, each institution is governed by a board of trustees[7] comprised of 13 members (the chair of the faculty senate, the president of the institution's student body, six members appointed by the Governor and confirmed by the Florida Senate, and five members appointed by the BOG and confirmed by the Florida Senate).[8] The local boards of trustees are responsible for governing their

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[1] Art. IX, s. 7, Fla. Const.; part IV, ch. 1001, F.S.; part II, ch. 1004, F.S

[2] The Legislature passed SB 1994, which the Governor signed into law, creating the 12th state university – Florida Polytechnic University. See http://flsenate.gov/Session/Bill/2012/1994/BillText/er/PDF (last visited 5/3/2012). *See also* Ch. 2012-129, L.O.F.

[3] Section 1000.21(6), F.S

[4] *See* Governor's Executive Order Number 12-104, May 4, 2012, (copy on file with Government Efficiency Task Force staff).

[5] Article XI, s. 7(d), Fla. Const.

[6] Art. IX, s. 7(d), Fla. Const.; s. 1001.71(2) and (3), F.S.

[7] Art. IX, s. 7(c), Fla. Const.; s. 1001.71(1), F.S.

[8] Section 1001.71(1), F.S.

institutions in accordance with BOG rules and regulations.[9] Each local board's responsibilities include, but are not limited to, strategic planning and adopting policies regarding admissions, educational programming, administration, personnel, contracts, grants, and facilities.[10]

The BOG is the constitutionally created body required to "operate, regulate, control, and be fully responsible for the management of the whole university system."[11] The BOG's responsibilities include, but are not limited to:

- Defining the distinctive mission of each constituent university.
- Defining the articulation of each constituent university in conjunction with the Legislature's authority over the public schools and Florida College System institutions.
- Ensuring the well-planned coordination and operation of the SUS.
- Avoiding wasteful duplication of facilities or programs within the SUS.
- Accounting for expenditure of funds appropriated by the Legislature for the SUS as provided by law.
- Submitting a budget request for legislative appropriations for the institutions under the supervision of the BOG as provided by law.
- Adopting strategic plans for the SUS and each constituent university.
- Approving, reviewing, and terminating degree programs of the SUS.
- Governing admissions to the state universities.
- Serving as the public employer to all public employees of state universities for collective bargaining purposes.
- Establishing a personnel system for all state university employees; however, the Department of Management Services shall retain authority over state university employees for programs established in ss. 110.123, 110.1232, 110.1234, 110.1238, and 110.161, and in chapters 121, 122, and 238, F.S.
- Complying with, and enforcing for institutions under the board's jurisdiction, all applicable local, state, and federal laws.

Legislature

The BOG's oversight of the SUS is subject to the Legislature's power to appropriate funds, as well as the Legislature's responsibility to provide for the establishment, maintenance, and operation of institutions of higher learning and other public education programs that the needs of the people may require.[12] The Legislature is responsible for:[13]

- Making provision by law for the establishment, maintenance, and operation of institutions of higher learning and other public education programs that the needs of the people may require.
- Appropriating all state funds through the General Appropriations Act or other law.
- Establishing tuition and fees.

[9] Art. IX, s. 7(c), Fla. Const.; *see also* Florida Board of Governors Regulation 1.001 (Feb. 16, 2012).
[10] Florida Board of Governors Regulation 1.001(3)-(7).
[11] Art. IX, s. 7(d), Fla. Const.
[12] Art. IX, s. 1(a) and 7(d), Fla. Const.; ss. 1001.705 and 1001.706, F.S.
[13] Section 1001.705(3), F.S.

- Establishing policies relating to merit and need-based student financial aid.
- Establishing policies relating to expenditure of, accountability for, and management of funds appropriated by the Legislature or revenues authorized by the Legislature. This includes, but is not limited to, policies relating to: budgeting; deposit of funds; investments; accounting; purchasing, procurement, and contracting; insurance; audits; maintenance and construction of facilities; property; bond financing; leasing; and information reporting.
- Maintaining the actuarial and fiscal soundness of centrally-administered state systems by requiring state universities to continue to participate in programs such as the Florida Retirement System, the state group health insurance programs, and the state casualty insurance program.
- Establishing and regulating the use of state powers and protections, including, but not limited to, eminent domain, certified law enforcement, and sovereign immunity.
- Establishing policies relating to the health, safety, and welfare of students, employees, and the public while present on the campuses of institutions of higher learning.

State University System Governance Agreement

On March 24, 2010, in response to a lawsuit against the Legislature regarding the BOG's constitutional authority, the Chair of the BOG, the Chancellor of the SUS, legislative leaders and the Governor signed a SUS Governance Agreement acknowledging their shared constitutional authority for the state universities as set forth in the Constitution of the State of Florida. The components of the SUS Governance Agreement include: master planning and coordination of Florida's higher education systems; strategic planning; university governance; financial aid programs; the Administrative Procedures Act and BOG regulations; tuition; and fees. Specific provisions adopted include, but are not limited to:

- Creating the Higher Education Coordinating Council to serve as an advisory board to the Legislature, the State Board of Education (SBE), and the BOG.
- Acknowledging the BOG is responsible for the personnel programs for university employees.
- Requiring the BOG to confirm the presidential selection of a university board of trustees.
- Acknowledging the BOG's authority to adopt regulations when acting pursuant to its constitutional duties and responsibilities.
- Requiring the BOG to comply with the Administrative Procedure Act when acting pursuant to statutory authority, unless specifically authorized or required to adopt regulations.
- Authorizing the BOG to approve university board of trustees' proposals to implement flexible tuition policies.
- Requiring the BOG to consider certain factors when reviewing fee proposals and flexible tuition policies.
- Requiring the BOG to submit an annual report of tuition and fee proposals, and subsequent actions, to the President of the Senate, the Speaker of the House of Representatives, and the Governor.[14]

[14] Ch. 2010-78, L.O.F.

Higher Education Coordinating Council

The Higher Education Coordinating Council (HECC) was created by the Legislature in 2010 to identify unmet needs and to facilitate solutions to disputes regarding the creation of new degree programs and the establishment of new institutes, campuses, or centers.[15] The HECC is required to act as an advisory board to the Legislature, the SBE, and the BOG. Recommendations of the HECC must be consistent with the following guiding principles:

- To achieve within existing resources a seamless academic educational system that fosters an integrated continuum of kindergarten through graduate school education for Florida's students;
- To promote consistent education policy across all educational delivery systems, focusing on students;
- To promote substantially improved articulation across all educational delivery systems;
- To promote a system that maximizes educational access and allows the opportunity for a high-quality education for all Floridians; and
- To promote a system of coordinated and consistent transfer of credit and data collection for improved accountability purposes between the educational delivery systems.[16]

HECC is comprised of the following members: the Commissioner of Education; the Chancellor of the State University System of Florida; the Chancellor of the Florida College System; the Executive Director of the Commission for Independent Education; the Executive Director of the Independent Colleges and Universities of Florida; and two members representing the business community, one appointed by the President of the Senate and one appointed by the Speaker of the House of Representatives.[17]

On December 31, 2011, the HECC submitted a report[18] that specifically included recommendations for legislative consideration during the 2012 Legislative Session.[19] The HECC was required to make detailed recommendations relating to:

- The primary core mission of public and nonpublic postsecondary education institutions;
- Performance outputs and outcomes designed to meet annual and long-term state goals;
- Florida's articulation policies and practices; and
- A plan to align school district and Florida College System (FCS) workforce development education programs and improve the consistency of workforce education data collection and reporting by colleges and school districts.[20]

The report contained recommendations which included:

- The institutions of the State University System need to identify their primary areas of research expertise based on the unique strengths and missions of its individual institutions.

[15] Section 1004.015(1), F.S.
[16] Section 1004.015(3), F.S.
[17] Section 1004.015(2), F.S.
[18] Higher Education Coordinating Council, "A Report to the Florida Legislature The Office of the Governor The State Board of Education And the Florida Board of Governors", December 2011, http://www.floridahighereducation.org/_doc/HECC-FINAL-REPORT-12-14-11.pdf. (last visited 5/4/2012).
[19] Section 1004.015(5), F.S
[20] Section 1004.015(4), F.S.

- The HECC should receive an annual list of prospective programs that are being planned by postsecondary education sectors to increase coordination. The offerings will be guided by comparative cost analyses and employment demand.
- The educational sectors should be charged with setting goals for increased degree completion, with a particular emphasis on STEM degree production. Incentives should be provided to encourage STEM education.
- The Legislature should create authority for state colleges and universities to establish and have oversight of their own charter schools pre-K through 12.
- The Legislature should align financial aid and grant programs to encourage and accelerate access, graduation, and time-to-degree. The grants should be available for summer sessions.
- A new funding formula for the SUS and the FCS needs to be examined based on performance-based accountability.[21]

B. Recent Legislation

HB 7135 – Post Secondary Education

State University Accountability and Strategic Plan

The State University System Strategic Plan 2005-2013 outlined seven accountability measures for the SUS: graduation rates, degree production, meet statewide and professional workforce needs, enroll underserved populations, licensure passage, academic learning compacts, and build world-class nationally recognized programs.[22] HB 7135[23] expands the specific performance metrics and standards used to monitor the performance at the system level in each of the major areas of instruction, research, and public service, while recognizing the differing mission of each of the state universities. The following metrics are to be included in the SUS strategic plan, and university and system progress will be reported annually in the accountability plans. The bill does not delineate the specific performance metrics and standards common to all institutions or metrics and standards unique to institutions depending on institutional core missions, but specifies the following metrics and standards (not exclusive):

- Student admission requirements;
- Graduation;
- Retention;
- Employment;
- Continuing education;
- Licensure passage;

[21] Higher Education Coordinating Council, “Higher Education Coordinating Council Releases Recommendations”, December 19, 2011, http://www.floridahighereducation.org/20111219.php (last visited 5/4/2012).
[22] Board of Governors. “State University System Strategic Plan 2005-2013” 2005, p. 42, http://www.flbog.org/about/_doc/strategicplan/StrategicPlan_05-13.pdf (last visited 5/2/2012).
The most recent strategic plan *State University System Strategic Plan 2012-2025*, published in November 2011, includes 28 BOG identified performance indicators to measure progress toward the SUS 2025 goals. *See* http://www.flbog.edu/pressroom/_doc/2011-11-28_Strategic_Plan_2012-2025_FINAL.PDF. (last visited 5/2/2012).
[23] Florida Legislature. “HB 7135”. 2012. *See* http://flsenate.gov/Session/Bill/2012/7135/BillText/er/PDF (last visited 5/3/2012). *See also* Ch. 2012-196, L.O.F.

- Excess hours;
- Student loan burden and default rates;
- Faculty awards;
- Total research funding;
- Patents;
- Licenses and royalties;
- Intellectual property;
- Start-up companies;
- Annual giving;
- Endowments; and
- Well-known, highly-respected national rankings for institutional and program achievements.

The university system accountability process requires each board of trustees to submit to the BOG a university annual report that describes progress regarding articulated goals and summarizes other key data, including the abovementioned performance metrics, with accompanying narrative to highlight or explain information. The plan must also include student enrollment and performance data by method of instruction including traditional, online, and distance learning. The BOG must submit an annual report to the Governor, the President of the Senate, and the Speaker of the House of Representatives. This accountability process provides for the systematic, ongoing evaluation of quality and effectiveness of state universities by the BOG. The strategic plan must also consider reports and recommendations of the HECC and the Articulation Coordinating Committee (ACC).

Performance Funding

For Fiscal Year 2012-13, the Legislature allocated $15 million for Performance Funding for State Universities.[24] HB 7135 outlines the formula by which the BOG must review and rank each state university that applies for performance funding:

- Twenty-five percent of a state university's score must be based on the percentage of employed graduates who have earned degrees in the following programs:
    - Computer and information science;
    - Computer engineering;
    - Information system technology; and
    - Management information systems.
- Twenty-five percent of a state university's score must be based on the percentage of graduates who earned baccalaureate degrees in computer and information science, computer engineering, information systems technology, and management information systems and who earn industry

[24] Florida Legislature. "HB 5001". 2012. See http://flsenate.gov/Session/Bill/2012/5001/BillText/er/PDF (Last visited 5/3/2012). *See also* Ch. 2012-118, L.O.F.

certifications in a related field from a FCS institution or state university before beginning a baccalaureate degree program.

- Fifty percent of a state university's score must be based on factors determined by the BOG that relate to increasing the probability that graduates who have earned degrees in computer and information science, computer engineering, information systems technology, and management information systems will be employed in high-skill, high-wage, and high-demand jobs.

The BOG must award up to $15 million to the highest-ranked state universities from funds appropriated for this purpose. The minimum amount awarded to a state university must be at least 25 percent of the total amount appropriated. Beginning December 31, 2012, the BOG is required to annually submit a report containing the rankings and award distributions to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

Economic Security Report

HB 7135 requires the Department of Economic Opportunity (DEO) to prepare, or contract with an entity to prepare, an annual *Economic Security Report* of employment and earning outcomes report using Florida Education and Training Placement Information Program (FETPIP) data, FCS data, SUS data, and the Integrated Postsecondary Education Data System (IPEDS). The report will include information on graduates, degrees, education delivery system, public assistance, student loan debt, employment, income, continuing education, and graduate degrees for all students who earn a degree in the SUS, the FCS, and those who hold industry certifications.

Beginning in the 2014-15 academic year and each year thereafter, SUS institutions and FCS institutions will be required to provide students with the DEO report by the time of course registration. Each state university is also required to provide students with information detailing the top 25 percent and lowest 10 percent of degrees in regard to earnings. Beginning in the 2014-15 school year, each middle school and high school student, or the student's parent, must be provided with a two-page summary and electronic access to the Economic Security Report prior to registration.

Differential Tuition

The tuition differential fee was created in statute in 2007.[25] The differential allows universities to increase tuition to a maximum of 15 percent (combination of base tuition and tuition differential) over the prior year, not to exceed the national average. Five state universities charged a differential fee in the 2008-09 academic year, and all eleven state universities charged a differential in 2009. The BOG is responsible for approving and monitoring each university's tuition differential fee. Seventy percent of the revenues from the tuition differential must be expended for the purposes of enhancing undergraduate education. The remaining 30 percent of the tuition differential must be used to provide financial assistance to undergraduate students who exhibit financial need.

HB 7135 allows the BOG to waive or modify the requirements for the use of the tuition differential fee under s. 1009.24(16), F.S. The requirements to spend 70 percent on undergraduate education and the remaining 30 percent on financial aid may be waived. The BOG may also request a waiver or modification of specific statutory requirements, including percentage and dollar amount limitations relating to state university

[25] Section 1009.24(16), F.S. *See also* Ch. 2007-225, L.O.F.

student fees, from the Legislature. Regulatory or statutory flexibilities authorized or sought by the BOG related to waiving or modifying tuition differential must be disclosed in the accountability plan.

HB 7129 – State University of Academic and Research Excellence and National Preeminence

HB 7129 would have exempted state research universities of national preeminence (defined as those meeting 11 of the 14 criteria identified below) from statutory limits on the amount of tuition and fees that could be charged to undergraduate students and would have authorized the universities to establish undergraduate and graduate tuition at differentiated and market rates. During 2011-12, the tuition and fee average for Florida's public universities was $5,626 per year, making Florida 45th in the nation for average tuition cost.[26] The national average for the same period of time was $8,244.[27]

The 14 standards of excellence, of which a university must meet at least 11 to be eligible, are:

1. An average weighted grade point average of 3.8 or higher on a 4.0 scale and an average SAT score of 1800 or higher for incoming freshman during the fall term, as reported annually.
2. A top 50 ranking on at least two well-known and highly respected national public university rankings reflecting national preeminence using the most recent rankings.
3. A freshman retention rate of 70 percent or higher for full-time, first-time college students, as reported annually to the IPEDS.
4. A 6-year graduation rate of 70 percent or higher for full-time, first-time-in-college (FTIC) students, as reported annually to the IPEDS.
5. 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.[28]
6. Total annual research expenditures, including federal research expenditures, of $200 million or more, as reported in the TARU annual report.
7. Total annual research expenditures in diversified 98 nonmedical sciences of $100 million or more, based on data reported annually by the National Science Foundation (NSF).[29]
8. A top 100 public university national ranking for research expenditures in five or more science, technology, engineering, or mathematics fields of study, as reported annually by the NSF.
9. One hundred or more total patents awarded by the United States Patent and Trademark Office for the most recent 3-year period.
10. Two hundred fifty or more doctoral degrees awarded annually, as reported in the TARU annual report.

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[26] State University System of Florida, Board of Governors, "New National Rankings released for States' Tuition and Fees," October 26, 2011, http://flbog.edu/pressroom/news.php?id=418 (last visited 5/3/2012).
[27] *Id.*
[28] The Center for Measuring University Performance (Center) is a research enterprise focused on comparative performance of major research universities. The Center publishes an annual report, *The Top American Research Universities* (TARU), which provides analysis and data to assess the performance of research universities based on nine research-specific measures. *See* http://mup.asu.edu/index.html (last visited 4/12/2012).
[29] NSF is an independent federal agency created by Congress in 1950 'to promote the progress of science; to advance the national health, prosperity, and welfare; to secure the national defense...' NSF, as the National Center for Science and Engineering Statistics, ranks institutions based on research and development expenditures in science and engineering fields. National Science Foundation, "About the National Science Foundation" http://www.nsf.gov/about (last visited 4/12/ 2012).

11. Two hundred or more postdoctoral appointees annually, as reported in the TARU annual report.
12. A national ranking in quality better than predicted by available financial resources, as reported annually by U.S. News and World Report.
13. An endowment of $400 million or more, as reported in the TARU annual report.
14. Annual giving of $50 million or more, as reported in 116 the TARU annual report.

At this time only the University of Florida and Florida State University meet 11 of the 14 preeminence measures.[30]

Veto

On April 27, 2012, the Governor vetoed HB 7129 citing concerns about the increased debt burden on students and a lack of evidence that the increased tuition would provide additional return on investment for students.[31] The Governor stated that in order to move the SUS toward excellence for the good of Florida, the university system will need to develop a statewide plan and distinctive mission tied to degree production, geographic location, and excellence for each university, and conduct an operational review of each university to identify potential cost savings and efficiencies.

C. Blue Ribbon Task Force

On May 4, 2012 Governor Scott issued an executive order creating the Blue Ribbon Task Force on State Higher Education Reform (Task Force).[32] The vision for the Task Force is to advance the SUS's Constitutional charge to operate, regulate, control, and be fully responsible for the management of the whole university system.[33] The Task Force's responsibilities include, but are not limited to:

- Catalog and consolidate the recommendations of the various efforts addressing Florida's higher education system with respect to the SUS;
- Assess strengths and weaknesses of the SUS's governance model related to its Constitutional charge;
- Analyze the ability of state universities to contribute to the SUS 2012-2025 strategic plan;
- Recommend strategies, such as incentive systems and governance improvements, to encourage cooperation between institutions leading to reduced duplication and improved efficiencies;
- Recommend amendments to statutes and BOG regulations necessary to improve accountability and transparency on the part of state universities to the BOG and the BOG to the Legislature and Governor; and
- Conduct a review and analysis of efforts to achieve national preeminence and academic and research excellence by Florida universities, including elements that may be considered for future legislation to advance higher education.[34]

[30] *See* Preeminence Measures by University (chart on file with Government Efficiency Task Force staff).
[31] *See* Governor's veto letter of HB 7129, April 27, 2012 (copy on file with Government Efficiency Task Force staff).
[32] *See* Governor's Executive Order Number 12-104, May 4, 2012, (copy on file with Government Efficiency Task Force staff).
[33] *Id*
[34] *Id.*

The Task Force is required to provide a written report detailing assessments and recommendation to the Governor, Senate President, and Speaker of the House no later than November 15, 2012.[35]

[35] *Id.*

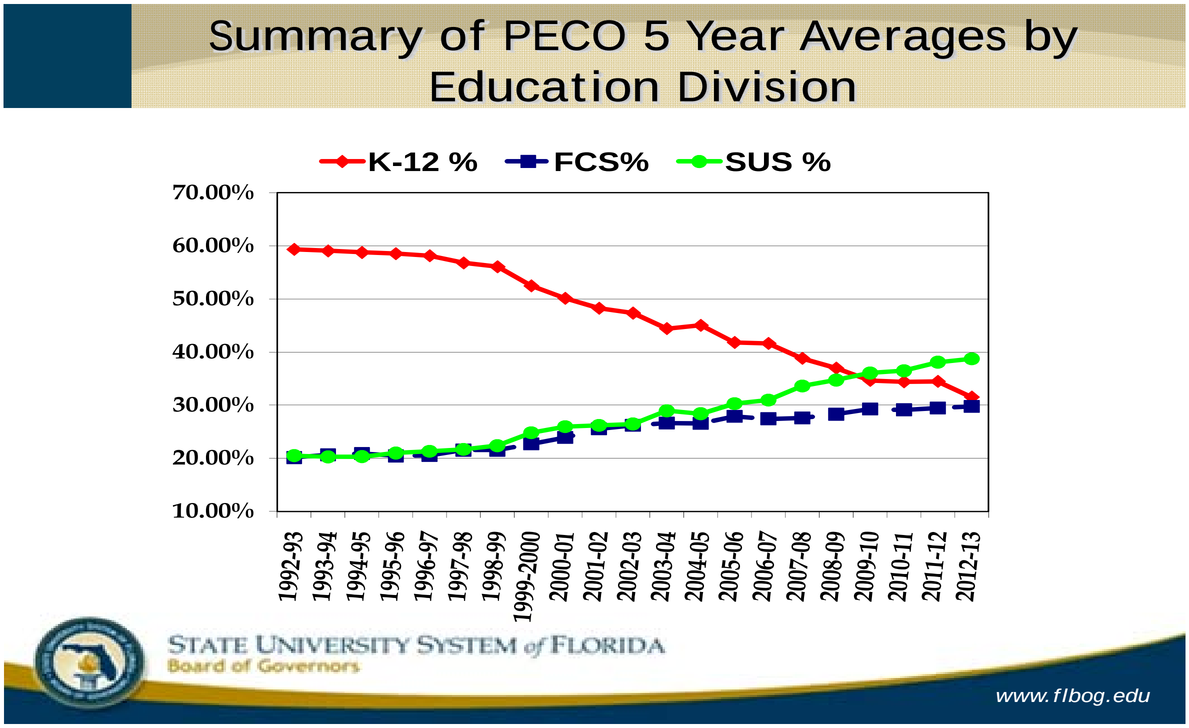
September 29, 2011

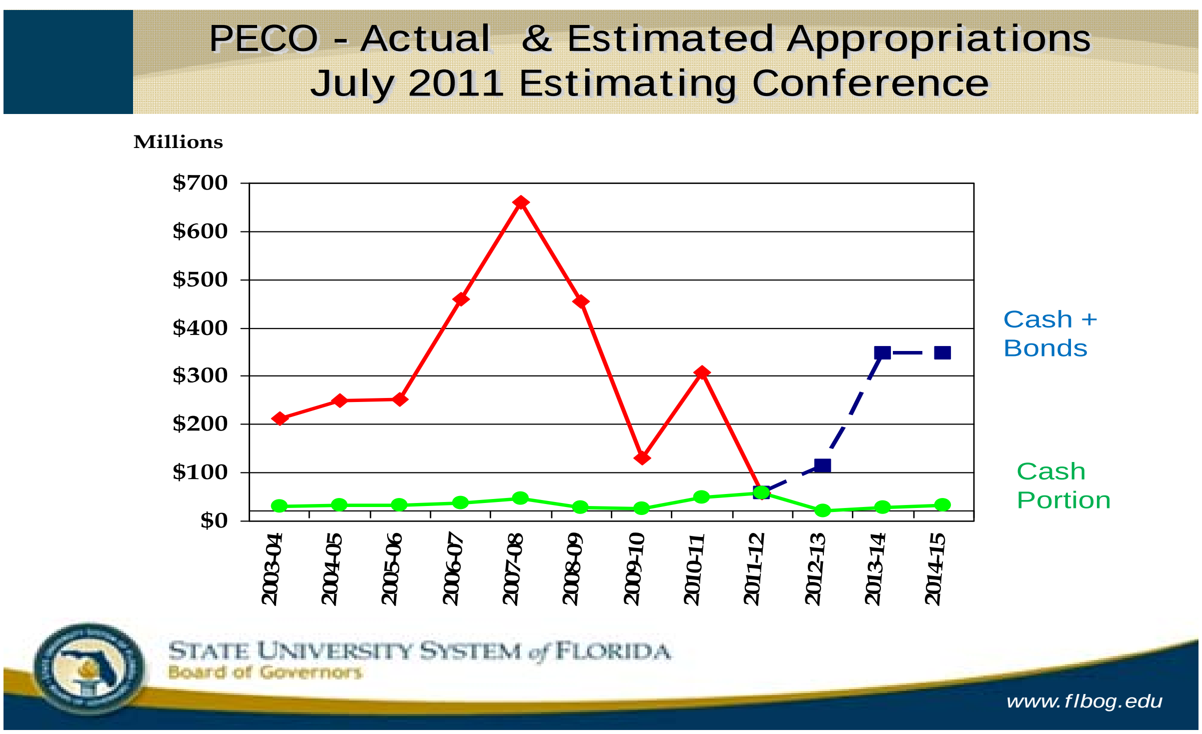
FACT SHEET: Public Education Capital Outlay (PECO)

The state's **Public Education Capital Outlay** program was established in 1963 through an amendment to the Florida Constitution to fund public higher education construction and maintenance projects. In 1974, K-12 was added into the program through a constitutional amendment. PECO works to fund Florida's long-term need for education facilities with a portion of the gross receipts tax (GRT) on utilities, including electricity, telecommunications and cable. The GRT is utilized to borrow money at very low interest rates by issuing tax-exempt PECO bond offerings. No more than 90 percent of revenues from the GRT may be committed toward the repayment of PECO borrowing – this ensures a conservative debt ratio. The municipal bond exemption benefit to states and investors is important because the interest earnings normally would be taxed by the federal government. Some national media coverage and "expert" forecasts to the contrary, municipal bonds have continued to maintain much lower default rates than corporate debt or other private securities. PECO is Florida's largest bond program, and has maintained the highest rating, AAA or "triple A" – for many years.

Florida's Office of Economic and Demographic Research explains the PECO program on its website: "*The Gross Receipts Tax is a relatively stable, if slow growing, tax source, making it an ideal revenue source for financing the sale of bonds. This stability helps make PECO bonds more marketable, lowering interest costs, and assuring bond buyers that the cash flow to make the interest payments on the bonds is reliable. However, it has been observed that the amount available for appropriation to the PECO program can and has fluctuated substantially from one year to the next. It may seem counter-intuitive that funding for a program can go up and down as much as PECO funding can, while at the same time the tax source supporting the program continues to grow.*"

PECO is the primary source of facility funding for the State University System, which utilizes the funds both for new teaching and research facilities, and to keep existing buildings functional with deferred maintenance spending. The Florida Board of Governors continues to express significant concern that critical facility needs and PECO resources are not aligned. There are now large delays in funding even the highest-priority projects, while major preventative maintenance activity is not happening on schedule. The following tables provide a summary of appropriation trends. The Board approves a three-year PECO list because it is required by statute. The list is based on the 5-year Capital Improvement Plan submitted by each University's Board of Trustees, also required by law, (F.S. 1013). **Further PECO reductions not only will severely limit growth, but translate to reductions in the amount of usable space available.**





PECO APPROPRIATIONS BY INSTITUTION

	Actual 2009-10	Actual 2010-11	Actual 2011-12	Requested 2012-13	Requested 2013-14	Requested 2014-15
Total	**130,564,681**	**310,857,541**	**57,338,167**	**144,834,627**	**347,379,894**	**347,844,803**
FAMU	9,629,396	32,531,227	775,488	8,370,148	28,539,294	17,861,493
FAU	10,455,765	25,253,640	775,488	7,620,123	21,574,631	19,711,044
FGCU	8,441,266	15,909,536	1,665,234	7,925,198	16,784,052	14,328,419
FIU	8,762,625	38,678,846	2,791,348	16,212,625	31,639,369	36,513,455
FSU	16,108,562	36,886,635	3,971,314	16,692,781	35,290,934	36,592,722
NCF	2,835,190	3,601,659	1,769,809	7,980,262	6,164,305	8,939,968
SUS	2,093,827	7,816,648	-	3,526,947	18,907,839	36,845,890
UCF	11,557,413	37,169,150	605,158	23,456,997	50,691,346	34,635,658
UF	21,905,291	53,443,267	5,360,561	19,530,127	65,507,157	70,440,098
UNF	8,231,488	21,788,483	451,445	5,530,790	15,921,778	26,065,753
USF	25,821,069	20,558,310	37,009,345	24,157,191	43,152,228	40,989,440
UWF	4,722,789	17,220,140	2,162,977	3,831,438	13,206,961	4,920,863

Note: “Actual” appropriation amounts above are after Governor’s vetoes, if applicable.

Florida Government Efficiency Task Force

Subcommittee on Education ***Idea Summary***

Subject Matter: Year-round university operations

Subcommittee Members: Belinda Keiser (Chair), Senator Lizbeth Benacquisto, Ann Duncan, Michael Heekin, and Eric Silagy

IDEA SUMMARY

Currently, there is a growing movement for universities to re-evaluate their operations to better serve students while lowering costs by moving to year-round operations. Year-round operation requires universities to conduct regular academic programs over the entire year, without lowering the level of academic offerings and services over the summer.[1] Several states have begun instituting the idea of the year-round operations. In 1999, the state of California looked at a year-round university system as a way to facilitate enrollment growth.[2] A report by the California State Legislative Analyst's Office found year-round higher education in California could "serve one-third more students in existing instructional facilities and save several billions of dollars that would be otherwise spent on additional buildings. Year-round operations would have no impact on faculty workload. It would also increase students' access to high-demand campuses and allow students to accelerate their timeline to degree (if they so desired)."[3]

There are many benefits identified with moving to a year-round university schedule. With more classes available each year, students would be able to accelerate their graduation timelines.[4] Businesses and communities near the university would benefit by avoiding the traditional summer sales drop-off.[5] The University would benefit by maximizing the number of students served while minimizing the duplication of departmental overhead expenses.[6]

In January 2012, the president of Purdue University announced that Purdue would begin a shift towards a year-round, trimester-based calendar this summer.[7] Offering a third semester will provide students with the opportunity to complete a four-year degree in as little as three-years, saving students time and money.[8] This move is estimated to create $40 million dollars in additional revenue for the university while making better use of classrooms, residence halls and other campus facilities during the summer months.[9]

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[1] Guyer, P., Kuhn, J., and Breedlove, B, "Year-Round Operation in Higher Education. An LAO Report", *California State Legislative Analyst's Office,* February 1999, p. 2, http://www.eric.ed.gov/PDFS/ED439651.pdf (last visited on 5/4/2012).
[2] *Id* at p. 1.
[3] *Id* at p. 2.
[4] Runner, George, "A Year-Round University Makes Sense", *Los Angeles Times*, February 14, 1999, http://articles.latimes.com/print/1999/feb/14/local/me-8065. (last visited on 5/4/2012).
[5] *Id.*
[6] *Id.*
[7] Schedler, Carrie, "Purdue to move to year-round academic system", *Desert News,* January 11, 2012, http://www.deseretnews.com/article/700214486/Purdue-to-move-to-year-round-academic-system.html. (last visited on 5/4/2012).
[8] Sigurdson, Chris, "Purdue trimester plan will accelerate time-to-degree, enhance educational opportunities", *Purdue University News Source,* January 11, 2012, http://www.purdue.edu/newsroom/academics/2012/120111CordovaTrimester.html. (last visited on 5/4/2012).
[9] *Id.*

Florida Government Efficiency Task Force

Subcommittee on Education ***Background Brief***

Subject Matter: School District Review Mechanisms

Subcommittee Members: Belinda Keiser (Chair), Senator Lizbeth Benacquisto, Ann Duncan, Michael Heekin, and Eric Silagy

ISSUE SUMMARY

- In 1996, the Florida Legislature created the school district performance review program to assist school districts in identifying ways to save funds, improve management, and increase efficiency and effectiveness.

- In 1997, the Legislature directed the Office of Program Policy Analysis and Government Accountability (OPPAGA) and the Auditor General to develop Best Financial Management Practices (BFMP) reviews, the nation's first system for assessing school districts based on a comprehensive set of best practices.

- These Best Financial Management Practices reviews were an assessment system to improve school districts' management and use of resources. These in-depth projects involved reviewing district operations at the individual program level.

- In 2001, the Legislature passed the "Sharpening the Pencil Act" to assist school districts in identifying and realizing cost savings through implementation of best financial management practices.

- These reviews created a total savings of $933,209,474.00 over five years.

FULL ISSUE(S) ANALYSIS

I. BACKGROUND

A. School District Performance Reviews

In 1996, the Florida Legislature created the school district performance review program to assist school districts in identifying ways to save funds, improve management, and increase efficiency and effectiveness.[1] The Legislature annually designated the districts to undergo a review.[2] The reviews were required to examine the following 11 broad school district management and operational areas:

- School district organization and management;
- Educational service delivery;
- Community involvement;
- Facilities use and management;
- Personnel management;
- Asset and risk management;
- Financial management;
- Purchasing;
- Transportation;
- Food service; and
- Safety and security.[3]

The Office of Program Policy Analysis and Government Accountability (OPPAGA) worked with school districts undergoing a review to refine the scope to address specific district issues.

B. Best Financial Management Practices Reviews

In 1997, Legislature was faced with several challenges including: educating students in a cost-effective manner; public dissatisfaction with the performance of school systems; and taxpayer unwillingness to raise local taxes for education.[4] As a result, the Legislature directed OPPAGA and the Auditor General to develop the nation's first system for assessing school districts based on a comprehensive set of best practices.[5] The best practices covered a broad range of school district educational and operational programs and services.[6] These Best Financial Management Practices (BFMP) reviews were an assessment system to improve school districts' management and use of resources.[7] These in-depth

[1] Florida House of Representatives Committee on General Education, "Final Analysis: CS/CS/HB 0269" June 1, 2001, p. 2 (copy on file with Government Efficiency Task Force staff).
[2] *Id* at p. 3.
[3] Section 11.515, F.S. repealed 2001 (*see* Ch. 2001-86, L.O.F).
[4] Office of Program Policy Analysis and Government Accountability (OPPAGA), "Overview of Florida's Best Financial Management Practices Program for School Districts," April 2001, p. 1, http://www.oppaga.state.fl.us/reports/pdf/0123rpt.pdf (last visited 5/2/2012).
[5] *Id.*
[6] *Id.*
[7] *Id.*

projects involved reviewing district operations at the individual program level.[8] The BFMP reviews were required to instill public confidence by addressing the following areas:[9]

- Efficient use of resources, use of lottery proceeds, student transportation and food service operations, management structures, and personnel systems and benefits, instructional materials, and administrative and instructional technology;[10]
- Compliance with generally accepted accounting principles and state and federal laws relating to financial management;
- Performance accountability systems, including performance measurement reports to the public, internal auditing, financial auditing, and information made available to support decisionmaking;
- Cost control systems, including asset, risk, and financial management, purchasing, and information system controls;
- Safety and security practices at the district levels.[11]

On September 4, 1997 the Commissioner of Education adopted the original best financial practices. By 2000, OPPAGA had revised the best practices to make them more comprehensive, easier to interpret and apply, and less duplicative.[12] The best practices were designed to encourage districts to:

- Use performance and cost-efficiency measures to evaluate programs;
- Use appropriate benchmarks based on comparable school districts, government agencies, and industry standards to assess their operations and performance;
- Identify potential cost savings through privatization and alternative service deliver; and
- Link financial planning and budgeting to district priorities, including student performance.

OPPAGA developed interpretive indicators for each best practice. These indicators were developed by conducting an extensive literature review and in consultation with a wide variety of educational stakeholders.[13] Indicators represented the kinds of activities that the district would be expected to be doing if they were using a particular best practice.

Districts were able to apply to OPPAGA for a complete BFMP review or review of components of the best financial management practices. If a district applied for the complete BFMP review, they were required to contribute 50 percent of review costs unless the Legislature appropriated funding for the entire cost of the review.[14] Districts who applied for a partial review were required to contribute 75 percent of the review cost.[15] OPPAGA prioritized districts that applied for a review based on growth rate and demonstrated need for review.

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[8] Florida House of Representatives Committee on General Education, "Final Analysis: CS/CS/HB 0269," June 1, 2011, p. 10 (Copy on file with Government Efficiency Task Force staff).
[9] Chapter 97-265, L.O.F.
[10] Instructional materials and administrative and instructional technology were added to this list by the Legislature in 2000. *See* Chapter 2000-291, L.O.F.
[11] Safety and security practices at the district levels was added by Legislature in 2000. *See* Chapter 2000-235, L.O.F.
[12] OPPAGA, "Overview of Florida's Best Financial Management Practices Program for School Districts," April 2001, p. 1, http://www.oppaga.state.fl.us/reports/pdf/0123rpt.pdf (last visited 5/2/2012).
[13] *Id* at p. 2.
[14] Chapter 97-285, L.O.F.
[15] Chapter 97-384, L.O.F.

The BFMP review process included two phases: a self-assessment and an external review based on the best practices and indicators. BFMP reviews were required to be completed within six months and the report was to be issued within 60 days after the completion of the review. The reports were required to contain a plan of action detailing how districts who did not meet the best financial management practices could do so within two years. Districts who voted to institute the plan of action outlined would be reviewed annually by OPPAGA to determine whether they attained compliance with the best financial management practices in the areas covered by the plan. Districts who were found to comply with the best financial management practices received a "Seal of Best Financial Management" by the State Board of Education (SBE) certifying the district's adherence to the state's best financial management practices.[16]

The school district performance reviews differed from the BFMP reviews in several ways:

- A performance review was selective, but compulsory, in that districts participating in it were generally designated by the Legislature, whereas a BFMP review was voluntary, in that school districts applied to OPPAGA to conduct the review.
- Although general areas covered by both reviews were similar, BFMP reviews determined whether a district was using a comprehensive set of standards, or best practices, adopted by the Commissioner of Education. In a BFMP review, districts found to be using the best practices were eligible for a "Seal of Best Financial Management."[17]

C. Sharpening the Pencil Act

In 2001, the Legislature passed the "Sharpening the Pencil Act" to assist school districts in identifying and realizing cost savings through implementation of best financial management practices (BFMP). Each school district was required to be reviewed at least once every five years, and each year of the five year cycle was specified. These reviews were intended to improve the use of resources, identify cost savings, and improve the districts' performance accountability systems. To achieve these goals, the Commissioner of Education was required to develop best practices for, but not limited to, the following areas:

- Management structures;
- Performance accountability;
- Efficient delivery of educational services, including instructional materials;
- Administrative and instructional technology;
- Personnel systems and benefits management;
- Facilities construction;
- Facilities maintenance;
- Student transportation;
- Food service operations; and
- Cost control systems, including asset management, risk management, financial management, purchasing, internal auditing, and financial auditing.[18]

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16 Chapter 97-265, L.O.F.
17 Florida House of Representatives Committee on General Education, "Final Analysis: CS/CS/HB 0269," Jun 1, 2001, p. 4, (Copy on file with Government Efficiency Task Force staff).
18 Chapter 2001-86, L.O.F.

The scope of the reviews focused on the best practices adopted by the Commissioner; however, OPPAGA could include additional items after seeking input from the district and the Department of Education. Unlike the BFMP reviews, these reviews were fully funded by the state.

Before the review, districts were required to perform a self-assessment provided by OPPAGA. During the review, OPPAGA was required to hold at least one public forum to explain the review process and obtain input from stakeholders regarding their concerns about the operations and management of the school district.[19] Once a district received the final report, the district was required to hold a public meeting to accept input and review the findings and recommendations of the report. After the public meeting, the school board was required to vote to adopt the action plan outlined in the final report. Districts that voted to adopt the action plan were required to submit annual updates on progress towards implementation for two years. Like the BFMP reviews, districts that implemented the BFMP earned a "Seal of Best Financial Management."

Any cost savings realized in unrestricted areas (areas in which budgetary or statuary provisions do not require that money be spent in that area) were to be spent at school and classroom, rather than administrative, areas.[20] The savings from restricted program areas were to be spent on enhancements of the restricted areas.

Savings

The cost savings for the BFMP reviews and Sharpening the Pencil reviews are as follows:

- Alachua - $3,557,723
- Bradford - $590,311
- Brevard – $5,895,770
- Broward – $98,548,599
- Clay – $11,623,013
- Collier – $55,985,731
- Duval – $24,558,441
- Franklin – $297,035
- Gadsden – $709,000
- Glades – $57,100
- Hamilton – $3,590,376
- Hernando – $2,455,904
- Hillsborough – $27,952,411
- Indian River – $117,500
- Jefferson - $548,319
- Lake – $5,114,740
- Lee – $23,403,968
- Manatee – $35,318,243
- Martin –$16,426,000
- Miami-Dade – $509,993,500
- Monroe – $3,841,920
- Okaloosa – $4,900,000
- Orange – $50,986,225
- Osceola – $5,600,000
- Polk – $7,998,700
- St. Lucie – $5,168,630
- Santa Rosa – $7,309,975
- Sarasota – $ 4,880,170
- Volusia – $10,900,000
- Wakulla – $4,880,170

TOTAL SAVINGS (over 5 years) - $933,209,474.00

Per year savings - $186,641,894.80[21]

[19] *Id.*
[20] *Id.*
[21] OPPAGA, "Sharpening the Pencil: Reviews by District," http://www.oppaga.state.fl.us/districtlist.aspx (last visited 5/2/2012).