

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCS for HB 7087 Higher Education

SPONSOR(S): Appropriations Committee

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

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Appropriations Committee		Peters	Pridgeon

SUMMARY ANALYSIS

Beginning July 1, 2020, the bill requires the University of Florida (UF) and Florida Polytechnic University (FPU) boards of trustees (BOTs) to submit an application for merger with the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC). Upon approval of the merger, specified items must be transferred to UF, including the Florida Industrial and Phosphate Research Institute. FPU is required to transfer related foundation funds to the UF Foundation after obtaining donor consent.

The bill requires the University of Florida (UF) and New College of Florida (NCF) BOTs to submit an application for merger with SACSCOC. Upon approval of the merger, specified items must be transferred to UF.

The bill requires tuition and fees at FPU and NCF to remain in place for current undergraduate and graduate students until they graduate.

The bill removes the statutory reference to an additional award amount of \$300 each fall and spring semester that a Florida Academic Scholar is eligible to receive for textbooks, and provides that an additional stipend will be given as funds are specifically appropriated in the General Appropriations Act.

The bill revises the Florida Medallion Scholars (FMS) award effective for students initially eligible in the fall 2021 semester, to provide for the following:

- A FMS student who is enrolled in an associate degree program at a Florida College System (FCS) institution is eligible for an award equal to 100 percent of tuition and applicable fees.
- A FMS student who earns an associate degree at an FCS institution with a 3.5 cumulative grade point average or higher is eligible for an award equal to 100 percent of tuition and applicable fees upon enrolling in a baccalaureate degree program at an eligible Florida postsecondary institution.
- A FMS student who earns an associate degree at an FCS institution with a 2.75 cumulative grade point average or higher, but below a 3.5, is eligible for an award equal to 75 percent of tuition and applicable fees upon enrolling in a baccalaureate degree program at an eligible Florida postsecondary institution.

Portions of the bill relating to the Bright Futures scholarships would not be implemented until July 1, 2021; therefore, there are no costs, or cost savings until FY 2021-2022, see Fiscal Comments, *infra*.

Except as otherwise provided, the bill has an effective date of July 1, 2020.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Florida Polytechnic University and New College of Florida

Present Situation

Florida Polytechnic University

Florida Polytechnic University (FPU), located in Lakeland, Florida, was previously a campus of the University of South Florida that was operated and maintained as a separate organizational and budget entity of the University of South Florida.¹ In 2012, the Florida Legislature created FPU as a new and independent institution in the State University System.²

FPU specializes in degree programs in the fields of science, technology, engineering, and mathematics.³ The university has nine undergraduate degree programs and two graduate degree programs.⁴ In the fall of 2019, FPU had a student body of 1,339 undergraduate and graduate students.⁵ FPU is accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC).⁶

The Florida Industrial and Phosphate Research Institute is located at FPU.⁷ The institute is focused on researching phosphate issues that impact Florida's citizens, environment, and economy.⁸ The institute also examines non-phosphate topics, such as energy and the mining and processing of minerals other than phosphate.⁹

The state cost per degree is \$180,958¹⁰ at FPU compared to \$31,598¹¹ at the University of Florida (UF). In Fiscal Year (FY) 2019-2020, administrative costs are estimated to be 23%¹² of the university's budget at FPU, compared to UF's estimate of 9.8%.¹³ If the administrative costs at FPU were only 9.8% of the budget, an additional \$5.6 million would have been available for instructional or other expenditures.

New College of Florida

¹ Section 1, Ch. 2008-97, L.O.F.

² Section 9, Ch. 2012-129, L.O.F.

³ Section 1004.345(1)(b), F.S.

⁴ Florida Polytechnic University, University Fact Sheet, available at <https://floridapoly.edu/about/facts/> (last visited Feb. 9, 2020).

⁵ *Id.*

⁶ *Id.*

⁷ Section 1004.346(1), F.S.

⁸ Florida Industrial and Phosphate Research Institute, *About Us*, available at <http://www.fipr.state.fl.us/about-us/> (last visited Feb. 9, 2020).

⁹ *Id.*

¹⁰ Florida Board of Governors, Presentation to the House Higher Education Appropriations Subcommittee (Sep. 18, 2019), at 28, available at

<https://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=3006&Session=2020&DocumentType=Meeting%20Packets&FileName=hea%209-18-19.pdf>.

¹¹ *Id.*

¹² House Higher Education Appropriations Subcommittee, University Operating Budgets Overview, (Oct. 16, 2019), at 12, available at

<https://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=3006&Session=2020&DocumentType=Meeting%20Packets&FileName=hea%2010-16-19%20REVISED.pdf>.

¹³ *Id.*

New College of Florida (NCF), located in Sarasota County, is one of Florida's twelve state university institutions.¹⁴ NCF became an independent institution within the state university system in 2001¹⁵ and has a distinctive mission as the residential liberal arts honors college of the State of Florida.¹⁶

In order to maintain the mission as a liberal arts honors college, NCF has the following goals:¹⁷

- To provide a quality education to students of high ability who, because of their ability, deserve a program of study that is both demanding and stimulating.
- To engage in educational reform by combining educational innovation with educational excellence.
- To provide programs of study that allow students to design their educational experience as much as possible in accordance with their individual interests, values, and abilities.
- To challenge students not only to master existing bodies of knowledge but also to extend the frontiers of knowledge through original research.

NCF offers nearly 40 majors for undergraduate studies and a master's degree program in Data Science.¹⁸ In the academic year 2018-2019, NCF had a student body of 837 undergraduate and graduate students.¹⁹ NCF is accredited by the SACSCOC.²⁰

The state cost per degree is \$197,681²¹ at NCF compared to \$31,598²² at the University of Florida (UF). In FY 2019-2020, administrative costs are estimated to be 27%²³ of the university's budget at NCF, compared to UF's estimate of 9.8%.²⁴ If the administrative costs at NCF were only 10% of the budget, an additional \$6.9 million would have been available for instruction or other expenditures.

Effect of Proposed Changes

Florida Polytechnic University

The bill requires the University of Florida (UF) and Florida Polytechnic University (FPU) boards of trustees (BOT) to submit an application to the SACSCOC for merger. Upon approval of the application, the bill requires the following transfers to be made:

- All real and personal property, licenses and associated revenues, existing contracts, unexpended balances, appropriations, allocations, funds, and mutually agreed-upon obligations, responsibilities, and liabilities of the FPU must be transferred to UF.
- All Florida Industrial and Phosphate Research Institute programs, functions, offices, records, faculty positions, and staff positions of the FPU must be transferred to UF.

¹⁴ Section 1000.21(6)(k), F.S.

¹⁵ Section 36, ch. 2001-170, L.O.F. New College was founded as a private college in 1960, and joined the state university system as part of the University of South Florida in 1975. See New College of Florida, About, NCF History, *available at* <https://www.ncf.edu/about/history/> (last visited Feb. 9, 2020).

¹⁶ Section 1004.32(1), F.S.

¹⁷ Section 1004.32(1)(a)-(d), F.S.

¹⁸ New College of Florida, Quick Facts, <https://www.ncf.edu/about/quick-facts/> (last visited Feb. 9, 2020).

¹⁹ New College of Florida, *2018-2019 Fact Book* (Oct. 28, 2019), at 10, *available at* <https://drive.google.com/open?id=1f0nIE6r94Cq7phZhsokq9P9aGIsWYSSOO>.

²⁰ New College of Florida, Quick Facts, <https://www.ncf.edu/about/quick-facts/> (last visited Feb. 9, 2020).

²¹ Florida Board of Governors, Presentation to the House Higher Education Appropriations Subcommittee (Sep. 18, 2019), at 28, *available at* <https://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=3006&Session=2020&DocumentType=Meeting%20Packets&FileName=hea%209-18-19.pdf>.

²² *Id.*

²³ House Higher Education Appropriations Subcommittee, University Operating Budgets Overview, (Oct. 16, 2019), at 12, *available at* <https://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=3006&Session=2020&DocumentType=Meeting%20Packets&FileName=hea%2010-16-19%20REVISED.pdf>.

²⁴ *Id.*

The bill requires FPU to obtain all consents required by the Federal Communications Commission and third parties and transfer the lease of federal communications licenses relating to Polk County to UF upon approval from the Federal Communications Commission.

The bill requires tuition and fees established by the Board of Governors (BOG) for FPU to remain in place for undergraduate and graduate students at the university until such students graduate.

The UF and FPU BOTs, and their respective officers, trustees, employees, attorneys, and agents, are provided immunity from any and all civil liability pertaining to or arising from compliance with this bill, including the transfers required in this bill.

The bill requires the FPU BOT, in conjunction with the UF Foundation, to develop and implement a plan to transfer, after obtaining consent from the appropriate donors, assets derived from donations intended for the enhancement of the FPU campus to the UF Foundation.

Upon approval of the merger by the SACSCOC, s.1004.345, F.S. and s. 1004.3451, F.S. will be repealed.

These proposed changes are effective July 1, 2020.

New College of Florida

The bill requires the University of Florida (UF) and New College of Florida (NCF) BOTs to submit an application to SACSCOC for merger. Upon approval of the application, the bill requires the following transfers to be made:

- All real and personal property, licenses and associated revenues, existing contracts, unexpended balances, appropriations, allocations, funds, and mutually agreed-upon obligations, responsibilities, and liabilities of NCF must be transferred to the UF.

The bill requires tuition and fees established by the BOG for NCF to remain in place for undergraduate and graduate students at the university until such students graduate.

The UF and NCF BOTs, and the their respective officers, trustees, employees, attorneys, and agents, are provided immunity from any and all civil liability pertaining to or arising from compliance with this bill, including the transfers required in this bill.

Upon approval of the merger by the SACSCOC, s.1004.32, F.S. will be repealed.

These proposed changes are effective July 1, 2020.

Florida Bright Futures Scholarship Program Award

Present Situation

In 1997,²⁵ the Florida Legislature created the Florida Bright Futures Scholarship Program, a lottery-funded scholarship program, to reward any Florida high school graduate who merits recognition of high academic achievement and who enrolls in a degree program, certificate program, or applied technology program at an eligible Florida public or private postsecondary education institution.²⁶

The Bright Futures Scholarship Program consists of four awards: the Florida Academic Scholarship, the Florida Medallion Scholarship, the Florida Gold Seal Career and Professional Education (CAPE) Scholarship, and the Florida Gold Seal Vocational Scholarship.²⁷

²⁵ Chapter 97-379, L.O.F.

²⁶ Section 1009.53(1), F.S.

²⁷ Section 1009.53(2), F.S.

Florida high school students who wish to qualify for the Florida Academic Scholar (FAS) awards or the Florida Medallion Scholars (FMS) awards must graduate from a Florida public high school with a standard high school diploma, graduate from a registered Florida Department of Education private high school, earn a general education diploma (GED), complete a home education program, or graduate from a non-Florida high school as an eligible student.²⁸

A student must also meet the following initial eligibility requirements²⁹:

Scholarship Type	16 High School Course Credits ³⁰	High School Weighted Bright Futures GPA	College Entrance Exams by High School Graduation Year (ACT/SAT)	Service Hours	Award Amount
Florida Academic Scholars (FAS) ³¹	4 - English <i>(three must include substantial writing)</i> 4 - Mathematics <i>(at or above the Algebra I level)</i> 3 - Natural Science <i>(two must have substantial laboratory)</i>	3.5	2019-20 Graduates: 29/1290 2020-21 Graduates: 29/1330	100 hours	100% of tuition and applicable fees and \$300 ³² for both fall and spring semesters for additional educational expenses.
Florida Medallion Scholars (FMS) ³³	3 - Social Science 2 - World Language <i>(sequential, in same language)</i>	3.0	2019-20 Graduates: 26/1170 2020-21 Graduates: 25/1210	75 hours	75% of tuition and applicable fees.

A student who has demonstrated academic merit through a recognition program may be eligible for a Bright Futures Scholarship without having to meet one or more of the requirements above. These merit recognition programs include: National Merit Finalists and Scholars, National Hispanic Scholars, Advanced International Certificate of Education (AICE) Diploma, International Baccalaureate (IB) Diploma, AICE Curriculum, and IB Curriculum.³⁴

²⁸ 2019-20 Bright Futures Student Handbook, *Chapter 1: Initial Eligibility Requirements* (Aug. 16, 2019), at 3, available at <https://www.floridastudentfinancialaidsg.org/PDF/BFHandbookChapter1.pdf>. An out-of-state student may qualify for a Bright Futures Scholarship if the student earned a high school diploma from a non-Florida school while living with a parent or guardian who is a Florida resident and on military or public service assignment away from Florida during the student's last year of high school.

²⁹ 2019-20 Bright Futures Student Handbook, *Chapter 1: Initial Eligibility Requirements* (Aug. 16, 2019), at 3, available at <https://www.floridastudentfinancialaidsg.org/PDF/BFHandbookChapter1.pdf>.

³⁰ The required coursework aligns with the State University System admission requirements found in Florida Board of Governor's Regulation 6.002, *Admission of Undergraduate First-Time-in-College, Degree-Seeking Freshmen*, available at https://www.flbog.edu/wp-content/uploads/6.002FTICAdmissionsTechnicalchange2018_08_17-1.pdf.

³¹ Section 1009.534, F.S.

³² Section 1009.534(2), F.S.

³³ Section 1009.535, F.S.

³⁴ Section 1009.535(1)(b)-(e), F.S. and s. 1009.535(1)(b)-(e), F.S.

The Florida Bright Futures Scholarship Program has disbursed over \$6.2 billion dollars in scholarship awards to over 2.7 million students since 1997.³⁵ For the 2018-2019 academic year, 53,742³⁶ students received a FAS award and 48,589³⁷ students received a FMS award.

Effect of Proposed Changes

The bill removes the statutory reference to an additional award amount of \$300 each fall and spring semester that a Florida Academic Scholar is eligible to receive for textbooks, and provides that an additional stipend will be given as funds are specifically appropriated in the General Appropriations Act.

Effective for students initially eligible for a FMS award in the fall 2021 semester and thereafter, the bill makes the following changes to the FMS:

- A FMS student who is enrolled in an associate degree program at a Florida College System (FCS) institution is eligible for an award equal to 100 percent of tuition and applicable fees. Upon completion of his or her associate degree at a FCS institution, the student may transfer to a state university or eligible Florida postsecondary institution, or remain at the FCS institution and enroll in a baccalaureate degree program to continue receiving the FMS award.
- A FMS student who earns an associate degree at an FCS institution with a 3.5 or higher cumulative grade point average on a 4.0 scale is eligible for an award equal to 100 percent of tuition and applicable fees upon enrolling in a baccalaureate degree program at an eligible Florida postsecondary institution.
- A FMS student who earns an associate degree at an FCS institution with a 2.75 or higher cumulative grade point average, but below a 3.5, is eligible for an award equal to 75 percent of tuition and applicable fees upon enrolling in a baccalaureate degree program at an eligible Florida postsecondary institution.

B. SECTION DIRECTORY:

Section 1: Requiring the boards of trustees of the University of Florida and Florida Polytechnic University to submit a merger application to a specified entity; providing for the transfer of the Florida Polytechnic University to the University of Florida.

Section 2: Requiring Florida Polytechnic University to take specified actions to obtain consents for the transfer of a specified educational broadband service station license; requiring Florida Polytechnic University to assign the license for such service station to the University of Florida; providing duties and responsibilities of the University of Florida.

Section 3: Requiring the boards of trustees of the University of Florida and New College of Florida to submit a merger application to a specified entity; providing for the transfer of New College of Florida to the University of Florida.

Section 4: Requiring the tuition and fees for Florida Polytechnic University and New College of Florida to remain in place for a specified period.

Section 5: Providing immunity.

Section 6: Amends s. 1004.32, F.S.; providing for the contingent future repeal of specified provisions relating to New College of Florida.

Section 7: Amends s. 1004.345, F.S.; providing for the contingent future repeal of specified provisions relating to Florida Polytechnic University.

³⁵ Florida Bright Futures Scholarship Program, *Florida Bright Futures Students Counts and Total Costs* (as of Sep. 2019), available at <https://www.floridastudentfinancialaidsg.org/PDF/PSI/BFReportsA.pdf>.

³⁶ Florida Bright Futures Scholarship Program, *Florida Academic Scholars Postsecondary Enrollment* (as of Sep. 2019), available at <https://www.floridastudentfinancialaidsg.org/PDF/PSI/BFReportsF2.pdf>.

³⁷ Florida Bright Futures Scholarship Program, *Florida Medallion Scholars Postsecondary Enrollment* (as of Sep. 2019), available at <https://www.floridastudentfinancialaidsg.org/PDF/PSI/BFReportsF3.pdf>.

Section 8: Amends s. 1004.3451, F.S.; providing for the contingent future repeal of specified provisions relating to Florida Polytechnic University.

Section 9: Amends s. 1009.534, F.S.; authorizing Florida Academic Scholars to receive a stipend, as provided in the General Appropriations Act, for specified educational expenses.

Section 10: Amends s. 1009.535, F.S.; revising the amount of an award certain Florida Medallion Scholars may receive under certain circumstances.

Section 13: Provides for an effective date of July 1, 2021, except as otherwise provided in the bill.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

New College of Florida and Florida Polytechnic University

Programmatic and administrative savings associated with merging Polytechnic University and New College with the University of Florida are anticipated; however, any cost savings are indeterminate until the transfer occurs and analysis of each institution's structure can be performed to determine operational needs.

Bright Futures Awards for Florida Medallion Scholars (FMS)

Costs, or cost savings, are dependent upon whether a student opts to take advantage of receiving a Bright Futures Florida Medallion Scholarship (FMS) award that pays 100% of the cost of tuition and fees at a Florida College System (FCS) institution, or chooses to receive 75% of tuition and fees and attend a State University System (SUS) institution. Approximately 75% of initial FMS recipients currently choose to enroll in SUS institutions, even though the net student cost is \$79 per credit hour higher than if he or she attended a Florida College institution.³⁸ The savings to the state are indeterminate since behavior cannot be predicted. It is anticipated, however, that the breakeven point for savings is if 20 percent of students who are estimated to attend universities in FY 2021-22 decide attend a college instead. Any savings will not occur until after the provisions of the bill are implemented in FY 2021-22.

Bright Futures Stipend for Florida Academic Scholars (FAS)

³⁸ A Bright Futures FMS award, at 75% of tuition and fees, pays \$159 at a state university and \$80 at a college.

Both House Bill 5001 and Senate Bill 2500, current versions the General Appropriations Act for FY 2020-2021, include \$40.5 million to fully fund the \$300 stipend FAS receive each fall and spring term for textbooks. Neither cost savings, nor cost increases will occur unless a future Legislature decreases or increases the stipend in the General Appropriations Act.

III. 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/ COMMITTEE SUBSTITUTE CHANGES