

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 Budget Subcommittee on Higher Education Appropriations

BILL: CS/CS/SB 1366

INTRODUCER: Budget Subcommittee on Higher Education Appropriations, Education Pre-K-12 Committee and Senators Gaetz and Lynn

SUBJECT: Higher Education Accountability/Transparency/Economic Security Report

DATE: February 29, 2012 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Harkey</u>	<u>deMarsh-Mathues</u>	<u>ED</u>	<u>Fav/CS</u>
2.	<u>Harkey</u>	<u>deMarsh-Mathues</u>	<u>HE</u>	<u>Favorable</u>
3.	<u>Bryant</u>	<u>Hamon</u>	<u>BHI</u>	<u>Fav/CS</u>
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

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|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

This bill requires changes in educational reporting to better inform students and their parents of the employment and economic outcomes for degrees earned at state universities and degrees and certificates earned at Florida College System (FCS) institutions. The bill requires the Department of Economic Opportunity (DEO) to prepare an economic security report on the employment and earnings of graduates of a degree or certificate program at a public postsecondary educational institution. Electronic access to the economic security report must be given to secondary school students and their parents and to university students when they register for classes.

The bill requires the State Board of Education (SBE), in consultation with the Board of Governors (BOG) and the Department of Economic Opportunity (DEO) to adopt a unified state plan for Science, Technology, Engineering, and Mathematics (STEM).

The bill provides for up to \$15 million in performance funding, as appropriated for that purpose, for state universities that are most successful in educating students who earn degrees in, and become employed in, technology fields.

The bill requires the SBE and the BOG to identify performance metrics for Florida College System institutions and state universities, respectively.

The bill revises procedures for an FCS institution's application to provide a baccalaureate degree program. The SBE is required to clarify the mission statements of each FCS institution and its role within the system as a whole. The SBE must identify the role of each institution in baccalaureate degree production and establish criteria for service delivery areas of FCS institutions authorized to grant baccalaureate degrees. Each FCS institution offering baccalaureate degree programs must annually report its status using specific performance and compliance indicators.

The bill revises provisions related to general education for an associate or baccalaureate degree by reducing the requirement from 36 semester credit hours to 30 semester credit hours, beginning with students initially entering an FCS institution in 2014-2015. The chairs of the SBE and the BOG are required to jointly convene faculty committees to identify statewide general education core course options. General education core course options must consist of a maximum of five courses within the subject areas of communication, mathematics, social sciences, humanities, and natural sciences. The bill also requires that associate in arts degree students demonstrate competency in a foreign language.

The bill gives the Commissioner of Education the authority to investigate or review actions at an FCS institution under certain circumstances.

Data collection from private postsecondary institutions whose students receive state funds must include information regarding employment and earnings information.

This bill amends ss. 1001.02, 1001.03, 1001.10, 1001.42, 1001.64, 1001.706, 1002.20, 1004.015, 1005.22, 1007.23, 1007.25, 1007.33, and 1008.39, Florida Statutes. The bill creates s. 445.07, Florida Statutes.

II. Present Situation:

The Value of a College Degree in Terms of Employment and Earnings

With the economic downturn in recent years and the difficulty many college graduates have had finding employment, many students have begun to question the economic value of a bachelor's degree.¹ In a survey by Rutgers University, 48 percent of the students surveyed said that in order to have economic security they would have been more careful in selecting a major or would have chosen a different major.²

¹Kwoh, L. "Generation Jobless", Wall Street Journal, November 12, 2011, readable at: <http://online.wsj.com/article/SB10001424052970204224604577032551908947414.html?KEYWORDS=value+of+a+college+degree>; Wooldridge, A., "Angst for the Educated," Schumpeter column, The Economist, September 3, 2011, readable at: <http://www.economist.com/node/21528226>; and Fischer, Karin, "Crisis of Confidence Threatens Colleges", the Chronicle of Higher Education, May 15, 2011, readable at: <http://chronicle.com/article/Higher-Education-in-America-a/127530/>

² Godofsky, J.; Zudin, C.; Van Horn, C; "Unfulfilled Expectations: Recent College Graduates Struggle in a Troubled Economy", John J. Heldrich Center for Workforce Development, Rutgers University, May 2011, readable at: http://www.heldrich.rutgers.edu/sites/default/files/content/Work_Trends_May_2011.pdf.

Research by the Center on Education and the Workforce at Georgetown University found that a student's choice of major substantially affects employment prospects and earnings.³ The study found that "majors with high technical, business, and healthcare content tend to earn the most among both recent and experienced college graduates."⁴

Florida's Ranking on High Technology Measures

According to the TechAmerica Foundation, in a ranking of states on high technology measures based on 2010 data, Florida ranked fifth in high tech employment, third in number of high tech establishments, and second in defense systems manufacturing.⁵ According to a Georgetown University report analyzing STEM jobs by state, Florida will require a total of 385,010 STEM jobs by 2018,⁶ and 89 percent of those jobs will require postsecondary education and training in high technology subjects. Forty-nine percent of Florida's STEM jobs will be in computer occupations by 2018. The report also projects that nine percent of all Florida jobs for holders of Master's degrees and ten percent of all jobs for holders of a PhD degree will be in STEM fields by 2018. However, since 2001, there has been a 46 percent decline in bachelor's degrees earned at state universities in computer, computer services, information technology, software engineering, management information systems and related high tech fields.⁷

Prioritizing STEM in education is one of seven key steps in the Governor's 2012 Job Creation and Economic Growth Agenda.⁸ The agenda calls for prioritizing STEM to focus Florida's K-12 and higher education systems on producing graduates that can support a growing high-tech workforce.⁹ The agenda cites Enterprise Florida's estimate that 15 of the 20 fastest growing job fields will require a STEM education.¹⁰

Degree Program and Workforce Data Collection

Section 1008.39, F.S., establishes the Florida Education and Training Placement Information Program (FETPIP), a data collection and consumer reporting system established to provide follow-up data on former students and program participants who have graduated, exited or completed a public education or training program within the state. The statute requires all elements of Florida's workforce development system to use information provided through FETPIP for any project they may conduct requiring automated matching of administrative records for follow-up purposes. The statute prohibits FETPIP from making public any information that could identify an individual or an individual's employer. FETPIP does not report employment and earnings by students earning industry certifications, but the DOE collects such data.

³ Carnevale, A.P.; Cheah, B.; and Strohl, J.; "Hard Times: College Majors, Unemployment and Earnings: Not All College Degrees are Created Equal," Georgetown University Center for Education and the Workforce, January 4, 2012.

⁴ *Id.*, p. 6.

⁵ TechAmerica Foundation, "Cyberstates 2011: The Definitive State-by-State Analysis of the U.S. High-tech Industry", pp. 8-9 and 114.

⁶ This number represents an increase of 62,450 jobs over the 2008 total of 322,560 jobs.

⁷ Florida State University Learning Systems Institute using state university system data, compiled October 2011.

⁸ Governor Rick Scott's 2012 Job Creation and Economic Growth Agenda, p. 2, Readable at:

<http://www.flgov.com/2011/10/13/2012-job-creation-economic-growth-agenda/>.

⁹ *Id.*, p. 6.

¹⁰ *Id.*, p. 6.

Degree program and student data is collected in the State University System by utilizing the six-digit Classification of Instructional Programs (CIP) code established by the National Center for Educational Statistics (NCES) to facilitate uniform reporting to the Integrated Postsecondary Education Data System (IPEDS).¹¹

FETPIP currently produces reports that identify the employment outcomes of state university graduates by university, by degree program CIP Code, and by industry codes using information from the BOG, the Agency for Workforce Innovation, the Florida Department of Education (DOE), the Florida Department of Corrections, the Florida Department of Children and Families, the U.S. Department of Defense, the U.S. Office of Personnel Management, the U.S. Postal Service, and the National Student Clearinghouse. Although FETPIP collects employment data from numerous agencies, it is not all inclusive. There are segments of the state workforce population that are not included, and, according to the BOG, the ability to track employment outside of Florida is limited.¹²

The DOE annually calculates completion and placement rates and average earnings for career and technical education programs in a manner consistent with those used for annual accountability reporting required by the federal Carl D. Perkins Career and Technical Education Act grant, and the established targets are based on those agreed upon with the federal government. If a district or college program fails to achieve both the completion and placement targets and the average full-time/full-quarter earnings of completers is below the 25th percentile in the state for that program, the program is flagged in a performance report and the college or district is notified.

Enrollment and graduation data can be found on the BOG's website by degree CIP code and university, but there is no requirement for universities to provide this or other related information directly to students. The following information is currently available through the State University System of Florida Annual Accountability Report:

- Annual aggregated graduation STEM information by university;
- Research expenditure totals by university;
- Number of patents awarded annually; and
- Aggregate enrollment and course data for distance learning based upon the 80-percent threshold established in s. 1009.24 (17) (a), F.S.¹³

State University System (SUS) Accountability Process

Section 1008.46, F.S., requires an accountability process to be implemented that provides for the systematic, ongoing evaluation of quality and effectiveness of state universities. This accountability process is required to monitor 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 accountability process provides for the adoption of system-wide performance standards and performance goals for each standard identified through a collaborative effort involving state universities, the BOG, the Legislature, and the Governor's

¹¹ Florida Board of Governors legislative bill analysis, January 30, 2012, on file with the Higher Education Committee.

¹² *Id.*

¹³ *Id.*

office. These standards and goals must be consistent with and maintain congruity with the performance based budgeting process. This process requires that university accountability reports reflect measures defined through performance based budgeting. The performance based budgeting measures must also reflect the elements of teaching, research, and service inherent in the mission of the state universities. The BOG must produce an annual accountability report.

The Tuition Differential Fee

Section 1009.24(16), F.S., authorizes each university board of trustees to establish a tuition differential for undergraduate courses upon approval from the BOG. The combination of the tuition established by the Legislature and the tuition differential fee cannot increase by more than 15 percent over the aggregate sum of tuition and the tuition differential fee in the preceding fiscal year. The aggregate sum of tuition and the tuition differential fee may not exceed the national average of undergraduate tuition and fees at 4-year degree-granting public postsecondary educational institutions. 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. Universities that have met the entire tuition and fee costs of all students who exhibit financial need are allowed to expend the excess portion of the 30 percent in the same manner as required for the other 70 percent of the tuition differential revenues.

The Florida College System (FCS)

The 28 FCS institutions and the county areas they serve are established in s. 1000.21, F.S. The purpose of the FCS institutions is to maximize open access for students, respond to community needs for postsecondary academic education and career degree education, and provide associate and baccalaureate degrees that will best meet the state's employment needs.¹⁴ The colleges are required to deliver the associate and baccalaureate degrees that they provide in a cost-effective manner that demonstrates substantial savings to the student and to the state over the cost of providing the degree at a state university.¹⁵ Current law requires the SBE to adopt a strategic plan that specifies goals and objectives for the state's public schools and FCS institutions. The plan must be formulated in conjunction with plans of the BOG in order to provide for the roles of the universities and FCS institutions to be coordinated to best meet state needs and reflect cost-effective use of state resources.¹⁶

III. Effect of Proposed Changes:

The bill requires changes in educational reporting to better inform students and their parents of the employment and economic outcomes for degrees earned at state universities and certificates and degrees earned at FCS institutions. The bill provides performance funding for universities that are most successful in educating students who earn degrees in, and become employed in, technology fields.

Economic Security Report

To foster an understanding of the economic outcomes associated with various academic choices, the bill requires an economic security report to be provided to students and their parents by the

¹⁴ s. 1001.60(1), F.S.

¹⁵ s. 1001.60(2)(a), F.S.

¹⁶ s. 1001.02(3)(a), F.S.

principal or teacher beginning in middle school, and to the university and public via the internet. Beginning December 31, 2013, the DEO must prepare the report using the FETPIP data and the federal Integrated Postsecondary Education Data System (IPEDS).¹⁷ The report will include information on the employment and earnings of graduates of a degree or certificate program at a public postsecondary educational institution.

Beginning with the course registration process for the 2014-2015 academic year, state universities must provide each enrolled student with electronic access to the DEO's economic security report. In addition, each student must receive information regarding:

- The top 25 percent of degrees reported by the university in terms of highest full-time job placement and highest average annualized earnings in the year after earning the degree; and
- The bottom 10 percent of degrees reported by the university in terms of the lowest full-time job placement and lowest average annualized earnings in the year after earning the degree.

Also, beginning with the 2014-2015 academic year, each FCS institution must provide every enrolled student with electronic access to the report.

Unified STEM Plan

The SBE, in conjunction with the BOG and the DEO must adopt a unified state plan for science, technology, engineering and mathematics (STEM). The purpose of the plan is to prepare students for high-skill, high-wage, and high-demand employment.

Universities' Use of the Tuition Differential Fee

The bill authorizes the BOG to waive or modify the requirements for the uses of the tuition differential under s. 1009.24(16), F.S. The requirements for spending 70 percent of the tuition differential fee on undergraduate education and the remaining 30 percent, or the equivalent amount of revenues from private sources, on financial aid could be waived.

Performance Funding for State Universities

In order to reverse the decline in bachelor's degrees in technology fields and to support and expand Florida's strong national position in tech employment and tech businesses, the bill provides performance funding for state universities. The universities that apply for the funding will be ranked based on the following formula:

- Twenty-five percent of a state university's score must be based on the percentage of employed graduates who have earned degrees in computer and information science, computer engineering, information systems technology, information 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, information technology, and

¹⁷ <http://nces.ed.gov/ipeds/>

- management information systems and who earned industry certifications in a related field from a Florida College System institution or state university prior to graduation; and
- Fifty percent of a state university's score must be based on factors determined by the Board of Governors which relate to increasing the probability that graduates who have earned degrees in computer and information science, computer engineering, information systems technology, information technology, and management information systems will be employed in high-skill, high-wage, and high-demand employment.

The bill requires the Board of Governors to award up to \$15 million from funds appropriated for this purpose and provides that the minimum amount awarded to a state university must be at least 25 percent of the total appropriated.

SUS Accountability

The Board of Governors must include in its strategic plan performance metrics and standards common to all institutions and standards and metrics unique to each institution, depending on the institutional mission.

Metrics common to all institutions include:

- Student admission requirements;
- Retention;
- Graduation;
- Employment;
- Continuing education;
- Licensure passage;
- Excess hours;
- Student loan burden and default rates; and
- Faculty awards.

Metrics relating to research institutions include:

- Total annual research expenditures;
- Patents;
- Licenses and royalties;
- Intellectual property;
- Start-up companies;
- Annual giving;
- Endowments; and
- National rankings.

The Board of Governors is authorized to consider waiving its regulations or to request from the Legislature a modification of statutory requirements, if the waiver or modification will reduce barriers and support the attainment of institutional and system goals.

Florida College System Accountability

The bill revises statutes relating to Florida College System institutions' performance metrics, baccalaureate degree program approval, course requirements, student advising, and DOE oversight.

Mission and Performance Metrics

The State Board of Education must:

- Clarify the mission statements of each FCS institution and the system as a whole;
- Identify enrollment and graduation expectations for baccalaureate degree programs and submit a coordinated 5-year plan to the Legislature as part of its Legislative Budget Request; and
- Establish performance metrics for FCS institutions by July 1, 2013.

Similar to those that the BOG is required to establish for the state universities, metrics will include, but not be limited to:

- Remediation success;
- Retention;
- Graduation;
- Employment;
- Transfer rates;
- Licensure passage;
- Excess hours;
- Student loan burden and default rates;
- Faculty awards; and
- National rankings.

Baccalaureate Degree Approval

The process for baccalaureate degree approval is changed to eliminate the statutory provision that would allow FCS institutions to by-pass SBE approval for new baccalaureate degree programs if they have been offering baccalaureate degrees for three years or more. The FCS institutions must report annually or upon request of the SBE on the status of various performance and compliance indicators related to their baccalaureate degree programs.

Course Requirements and Student Advising

All students seeking an Associate of Arts (AA) degree must indicate a baccalaureate degree program offered by an institution of interest by the time they complete 30 credit hours. The institution in which the student is enrolled must inform the student of the prerequisites for the baccalaureate degree program the student is interested in pursuing. All AA degree seeking students must meet the foreign language requirements for state university admission prior to earning the AA degree.

The general education curriculum is changed, beginning with the 2014-15 academic year, by:

- Reducing the required number of general education credits for an associate or baccalaureate degree from 36 to 30 credits.
- Requiring the SBE and the BOG to appoint faculty committees to identify statewide general education core course options and associated competencies in the 5 subject areas of communication, math, social sciences, humanities, and natural sciences.
- Requiring students to complete at least one core course in each of the 5 subject areas.
- Requiring the BOG and SBE to adopt the general education core requirements in rule and regulation, respectively.
- Requiring all SUS and FCS institutions to offer and accept the general education core course options.
- Requiring each state university and FCS institution to identify and report to the DOE their remaining general education courses (i.e., those in addition to the core).

Oversight of FCS institutions by the Commissioner of Education

The Commissioner of Education or his designee is authorized to conduct a review or investigation of practices, procedures, or actions at an FCS institution which appear to be inconsistent with sound financial, management, or academic practices.

The Higher Education Coordinating Council

The Higher Education Coordinating Council must produce an annual report outlining recommendations relating to cross sector issues in higher education.

Data Collection from Private Postsecondary Institutions

All private postsecondary institutions where students receive state funds must submit student level data to the appropriate state level entities. The data must include retention rates, transfer rates, completion rates, graduation rates, employment and placement rates, and earnings of graduates. The Commission for Independent Education (CIE) must collect student-level data from each CIE-licensed institution where students receive state funds. Independent colleges and universities that are eligible to participate in the William L. Boyd, IV, Florida Residence Access Grant Program must report the student-level data to the DOE in a format prescribed by the DOE.

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:

The economic security report required by the bill will inform students and their parents regarding the employment and income of graduates of various university degree programs and college certificate and degree programs with the goal of helping them to choose academic fields that will lead to employment and economic security.

C. Government Sector Impact:

The bill requires the BOG to award up to \$15 million in performance funding to state universities. By setting the minimum amount of a university's award at no less than 25 percent of the appropriation, the bill establishes a competitive process in which no more than 4 state universities could receive performance funding.

If the BOG waived or modified the requirements for uses of the tuition differential, universities could have the flexibility to use the proceeds from the fee for purposes other than undergraduate education or financial aid. In 2010-11, the 11 state universities charged tuition differential fees ranging from \$12.80 to \$22.00 per credit hour. The total revenue from the fee in 2010-11 was \$85.1 million.¹⁸

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)**CS/CS by Higher Education Appropriations on February 28, 2012:**

The committee substitute:

- Does not require a middle school career-themed course or provide weighted funding at entry into the ninth grade for middle-school courses involving industry certification;

¹⁸ State University System of Florida Board of Governors, "Tuition Differential Fee Report," December 2011, readable at: http://www.flbog.edu/about/doc/budget/Tuition-Differential-Report-andAttachment_2010-2011.pdf.

- Does not require a Research and Endowment Report by the BOG or a university report on graduates;
- Does not require recruitment of secondary students who earn industry certifications;
- Revises general education requirements for students enrolled in FCS institutions;
- Requires the establishment of matrices of quality indicators for state universities and FCS institutions;
- Revises procedures for approval of baccalaureate degree programs at FCS institutions;
- Authorizes the Commissioner of Education to investigate or review actions at an FCS institution which appear to be inconsistent with sound financial, management, or academic practices; and
- Requires an annual report by the Higher Education Coordinating Council.

CS by Education Pre-K-12 on January 24, 2012:

The committee substitute:

- Deletes a requirement that universities give priority enrollment to students who leave their degree program for a tech job and want to return to complete their degree and requires instead that DEO and the BOG enter into an agreement to facilitate the re-enrollment and timely degree completion of such students; and
- Clarifies that universities must apply for performance based funding in order to be considered.

B. Amendments:

None.