

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 1261 Higher Education  
**SPONSOR(S):** Toledo  
**TIED BILLS:** None **IDEN./SIM. BILLS:** SB 1798

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Post-Secondary Education & Lifelong Learning Subcommittee	12 Y, 2 N	Kiner	Kiner
2) Higher Education Appropriations Subcommittee		Crowley	Smith
3) Education & Employment Committee			

### SUMMARY ANALYSIS

As a major producer of Florida's workforce talent, state universities must ensure their degree program offerings align with the state's economic and workforce needs. As the state's economy changes due to technological advancement and other national – and even international – economic trends, Florida can do more to highlight degree programs with a high return on investment. Doing so will increase informed consumer choice and provide graduates with the educational credentials necessary to secure a job in an in-demand occupation and head down the path to a rewarding career.

To provide an incentive to students to enroll in, and graduate from, state university baccalaureate degree programs linked to in-demand occupations, the bill provides a 'buy one, get one free' tuition and fee waiver on upper-level courses in a program of strategic emphasis as identified by the Board of Governors (BOG). In doing so, the bill lowers tuition costs for students and assists the BOG's efforts to align degree programs to meet the state's economic and workforce needs.

To be eligible, a student must be an in-state resident, initially enroll full-time at a state university for the Fall academic term immediately following high school graduation, earn at least 60 semester credit hours towards a baccalaureate degree within two years of initial enrollment, and be enrolled in a program of strategic emphasis in one of four categories:

- Science, technology, engineering, or math;
- Critical workforce education;
- Critical workforce healthcare; or
- Critical workforce undersupplied.

The tuition and fee waiver is applicable only for upper-level courses and up to 110 percent of the number of required credit hours of the degree program for which the student is enrolled. This means that for a 120-credit hour state university baccalaureate degree program, the tuition and fee waiver is applicable for up to 132 credit hours. The Board of Governors must adopt regulations to administer the granting of the tuition and fee waiver.

A state university that fails to comply with the tuition and fee waiver authorized pursuant to the bill's provisions is ineligible for performance-based funding.

The bill requires each state university to annually report to the BOG the number and value of tuition and fee waivers granted pursuant to the bill's provisions.

The bill's fiscal impact is negative, but indeterminate.

The bill has an effective date of July 1, 2021.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Present Situation

##### State University System – Programs of Strategic Emphasis

As part of its duties to operate the State University System (SUS), the Board of Governors (BOG)<sup>1</sup> develops a strategic plan which specifies the goals and objectives for each university and the SUS.<sup>2</sup> Part of the strategic plan includes criteria for designating baccalaureate degree and master's degree high-demand programs of emphasis.<sup>3</sup> The criteria for designating high-demand programs of emphasis include the following:

BOG High-Demand Programs of Emphasis Criteria	
Criteria Percentage	Criteria Metrics
50 Percent	Achievement of performance outcome thresholds determined by the Board of Governors. <sup>4</sup>
50 Percent	Achievement of performance outcomes linked to: <ol style="list-style-type: none"><li>1. Job placement in employment of 36 hours or more per week and average full-time wages of graduates of the degree program 1 year and 5 years after graduation.</li><li>2. BOG data-driven gap analysis of the state's job market demands and the outlook for jobs that require a baccalaureate degree or higher, with a growth rate of at least 10.1 percent, and a median Florida wage of at least \$45,000 per year.<sup>5</sup></li></ol>

The BOG periodically updates the list of identified programs of strategic emphasis (PSE), and most recently updated the list in September 2020<sup>6</sup> identifying 868 PSE.<sup>7</sup> Prior to the 2020 update, the previous updates were effective in 2014 and 2008.<sup>8</sup> The BOG categorizes PSEs into five areas:

1. Critical Workforce - Education: comprised of the State Board of Education (SBE) critical teacher shortage areas.<sup>9</sup>
2. Critical Workforce - Health: comprised of workforce projections by the Florida Department of Economic Opportunity (DEO).<sup>10</sup>
3. Critical Workforce - Gap Analysis: programs leading to occupations projected to be critically under-supplied in the BOG analysis of labor market projections and related degree production.<sup>11</sup>

<sup>1</sup> Art. IX., s. 7, Fla. Const.

<sup>2</sup> Section 1001.706(5)(b), F.S.

<sup>3</sup> Section 1001.706(5)(b)4., F.S.

<sup>4</sup> *Id.*

<sup>5</sup> Section 1001.706(5)(b)4.a.-b., F.S. *See also* Florida Board of Governors, Presentation to Post-Secondary Education & Lifelong Learning Subcommittee (February 10, 2021), at 6, *available at* <https://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=3109&Session=2021&DocumentType=Meeting%20Packets&FileName=pe1%202-10-21.pdf>.

<sup>6</sup> Florida Board of Governors, *Programs of Strategic Emphasis*, <https://www.flbog.edu/resources/academic/programs-of-strategic-emphasis/> (last visited February 27, 2021).

<sup>7</sup> Florida Board of Governors, *Approved PSE List 2020-2021* (September 2020), *available at* <https://www.flbog.edu/wp-content/uploads/Current-PSE-list-approved-by-the-BOG-at-its-September-2020-meeting-XLSX.xlsx>.

<sup>8</sup> Florida Board of Governors, *Programs of Strategic Emphasis*, *available at* <https://www.flbog.edu/resources/academic/programs-of-strategic-emphasis/>.

<sup>9</sup> Florida Board of Governors, *Current CIP 2020 Programs of Strategic Emphasis methodology* (September 2020), at 3, *available at* [https://www.flbog.edu/wp-content/uploads/CIP\\_2020\\_PSE\\_Methodology\\_CE\\_FINAL.pdf](https://www.flbog.edu/wp-content/uploads/CIP_2020_PSE_Methodology_CE_FINAL.pdf).

<sup>10</sup> *Id.* at 4.

<sup>11</sup> *Id.* at 10.

4. Economic Development - Global Competitiveness: programs that assist in making the SUS globally competitive.<sup>12</sup>
5. Economic Development - Science Technology Engineering and Math (STEM): programs identified with national usage.<sup>13</sup>

The PSE are used by the BOG to develop annual accountability plans, coordinate academic programs, and approve new academic programs.<sup>14</sup> PSEs are also a component of State University System performance based funding.<sup>15</sup> For the 2019-2020 academic year, 54 percent of bachelor's degrees awarded by the SUS and 63 percent of graduate degrees awarded by the SUS were in PSE.<sup>16</sup>

### Tuition Rate

Under Florida law, 'tuition' is defined as the basic fee charged to a student for instruction provided by a public postsecondary educational institution in the state.<sup>17</sup> A student who is classified as a "resident for tuition purposes" is a student who qualifies for the in-state tuition rate.<sup>18</sup>

The resident undergraduate tuition rate for the SUS is currently set in statute at \$105.07 per credit hour<sup>19</sup>, with fees averaging \$94.65 system-wide.<sup>20</sup>

### Fee Exemptions and Fee Waivers

Florida law authorizes school districts that provide workforce education programs, state colleges, and state universities to grant fee exemptions<sup>21</sup> and fee waivers<sup>22</sup> to qualified students that meet specified criteria. A number of fee exemptions and fee waivers are permissive<sup>23</sup> while others are mandatory.<sup>24</sup> There is a limitation on the number of permissive fee waivers a school district providing workforce education programs or a state college may grant;<sup>25</sup> however, this limit does not apply to mandatory fee waivers.

### **Effect of Proposed Changes**

Beginning with the 2021-2022 academic year, the bill provides a 'buy one, get one free' tuition and fee waiver on upper-level courses in a program of strategic emphasis. Specifically, the bill requires that for

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<sup>12</sup> *Id.* at 5.

<sup>13</sup> *Id.* at 6.

<sup>14</sup> Florida Board of Governors, *Programs of Strategic Emphasis*, <https://www.flbog.edu/resources/academic/programs-of-strategic-emphasis/> (last visited February 24, 2021).

<sup>15</sup> Florida Board of Governors, *Performance Funding Model Overview* (Nov. 2019), at 1, available at <https://www.flbog.edu/wp-content/uploads/Overview-Doc-Performance-Funding-10-Metric-Model-Condensed-Version-1.pdf>. Metric 6 includes bachelor's degrees award in areas of strategic emphasis and Metric 8a. includes graduates degrees awarded in areas of strategic emphasis. *See also* s. 1001.92, F.S.

<sup>16</sup> Florida Board of Governors, Presentation to Post-Secondary Education & Lifelong Learning Subcommittee (February 10, 2021), at 11, available at <https://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=3109&Session=2021&DocumentType=Meeting%20Packets&FileName=pe1%202-10-21.pdf>.

<sup>17</sup> Section 1009.01(1), F.S. Additionally, the definition states that "[a] charge for any other purpose shall not be included within this fee."

<sup>18</sup> Section 1009.21(1)(g), F.S.

<sup>19</sup> Section 1009.24(4)(a), F.S.

<sup>20</sup> <https://www.flbog.edu/wp-content/uploads/2020-2021-SUS-Tuition-and-Fees-Report-1.pdf>

<sup>21</sup> Section 1009.25, F.S.

<sup>22</sup> Section 1009.26, F.S.

<sup>23</sup> Section 1009.25(2), F.S. (authorizing each state college to grant additional fee exemptions "up to 54 full-time equivalent students or 1 percent of [an] institution's total full-time equivalent enrollment, whichever is greater at each institution"); section 1009.26(1)-(4), (6), (9), (10), (11), F.S.

<sup>24</sup> Sections 1009.25(1)(a)-(g), and 1009.26(5), (7), (8), F.S.

<sup>25</sup> Section 1009.26(1), F.S.

every course in a program of strategic emphasis in which a student pays the full tuition and fees, a state university must waive 100 percent of the tuition and fees for another course in a program of strategic emphasis. To be eligible, a student must be an in-state resident, initially enroll full-time at a state university for the Fall academic term immediately following high school graduation, earn at least 60 semester credit hours towards a baccalaureate degree within two years of initial enrollment, and be enrolled in a program of strategic emphasis in one of four categories.

The four eligible programs of strategic emphasis categories are the following:

- Science, technology, engineering, or math;
- Critical workforce education;
- Critical workforce healthcare; or
- Critical workforce undersupplied.

The tuition and fee waiver is applicable only for upper-level courses and for up to 110 percent of the number of required credit hours of the degree program for which the student is enrolled. This means that for a 120-credit hour state university baccalaureate degree program, the waiver is applicable unless the student has earned an excess of 132 credit hours. The tuition and course fees waived may not be reported for state funding purposes.

A state university that fails to comply with the tuition and fee waiver is ineligible for performance-based funding.

Each state university must annually report to the Board of Governors the number and value of tuition and fee waivers granted.

The Board of Governors to adopt regulations to administer the granting of the tuition and fee waiver.

#### B. SECTION DIRECTORY:

**Section 1.** Revises s. 1009.26, F.S., to provide a fee waiver for certain upper-level state university courses.

**Section 2.** Provides an effective date of July 1, 2021.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

The bill has a negative, but indeterminate impact on state university revenues. *See Fiscal Comments.*

##### 2. Expenditures:

None.

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

##### 1. Revenues:

None.

##### 2. Expenditures:

None.

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

The bill provides a 'buy one, get one free' tuition waiver on upper-level courses in a program of strategic emphasis. In doing so, the bill assists the State University System Board of Governors in its efforts to align degree programs to meet the state's economic and workforce needs. For a typical degree program of 120 credit hours, an eligible student would save an average of \$5,991.79.

**D. FISCAL COMMENTS:**

The bill's fiscal impact is indeterminate due to the unknown number of students that will qualify for, and take advantage of, the buy one, get one free fee waiver. However, for each student that receives the tuition and fee waiver, a state university would receive an equal amount of tuition and fee revenue on a 1:1 basis. The SUS resident undergraduate tuition rate is \$105.07 per credit hour, while the system-wide average of fees per credit is \$94.65. However, the fiscal impact would not be realized until the student is enrolled in an upper-level course in a program of strategic emphasis and the waiver is only applicable for up to 110 percent of the number of required credit hours of the degree program for which the student is enrolled.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

The bill does not appear to affect county or municipal governments.

2. Other:

None.

**B. RULE-MAKING AUTHORITY:**

The bill requires the Board of Governors to adopt regulations to administer the bill's provisions.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

**IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

None.