

Special Report

2015 Florida Legislative Session Summary: A Review of Key Policy Changes Impacting Higher Education

FLORIDA

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What are the notable policy changes and appropriations that will impact higher education in Florida? Here is a brief overview, with more details provided in the following pages.

Performance-based funding for state universities

The legislature doubled down on performance-based funding during the 2015 session, increasing the total amount available to state universities from \$200 to \$400 million for the 2015-16 academic year.

Performance-based funding for state and community colleges

In 2014, the Florida Legislature tasked Commissioner of Education Pam Stewart to recommend a performance-based funding model for Florida College System institutions. This summer, lawmakers approved \$40 million in state funds to fund the model, which will be based on metrics pertaining to retention; program completion and graduation rates; job placement and postgraduation salaries; or further education.

Funding for state aid programs

Total funding for all state aid programs has decreased by \$19.2 million to \$542 million for fiscal year 2015-16, down 3.4% from the previous year. This is primarily due to cuts to the state's largest financial aid program, Bright Futures, which is down 9.9% to \$239.8 million in the 2015-16 budget, based on an estimated 15,338 fewer students to receive the award.

Textbook tax cuts

Included in Governor Rick Scott's 2015 plan to make college more affordable was a proposal to eliminate the 6% sales tax on textbooks. The tax cut was signed into law this session and went into effect on July 1.

College opportunities for veterans

The bill amends last year's Congressman C.W. "Bill" Young Veteran Tuition Waiver Program to expand eligibility for the out-of-state tuition waiver to a veteran's dependents (child, spouse) using G.I. Bill benefits. In addition to the expansion of the veteran tuition waiver program, \$1 million was again allocated in the 2015 budget to provide need-based gap funding to supplement the cost of living during holiday and semester breaks to veterans enrolled in college.

Bright Futures voluntary service work expansion

Starting July 1, students applying for a Bright Futures scholarship will receive voluntary service credit for a business or government internship, work on behalf of a candidate for public office, or work for a nonprofit community service organization.

Florida College Access Network's mission is to create and strengthen a statewide network that catalyzes and supports communities to improve college & career preparation, access, and completion for all students.



2015 Florida Legislative Session Summary: College Access and Success

It took two months and nearly three extra weeks of a special session, but the Florida Legislature avoided a government shutdown by sending a highly contested budget bill to Governor Rick Scott for approval.¹ After \$462 million in vetoes, the governor signed into law a \$78.2 billion budget for the coming fiscal year, the highest ever for the State of Florida.²

Notable policy changes that will affect Florida's college students include performance-based funding, textbook tax cuts and changes to financial aid funding. Below are a few of the new laws and policies that will impact higher education in Florida.

Performance-based funding for state universities

The legislature doubled down on performance-based funding during the 2015 session, increasing the total amount available to state universities from \$200 to \$400 million for the 2015-16 academic year. The pool of funds, which comes by way of state (appropriation) and institutional (base funding) investments, is distributed to the universities based on their performance on metrics such as graduation rates, enrollment rates of Pell Grant recipients, cost per degree and economic outcomes, among others.^{3, 4} By using this mechanism, the state can leverage its resources to incentivize campus-based approaches that improve these student outcomes.

Takeaways: According to the Florida Board of Governors, state universities have seen vast improvements to student outcomes in its third year of the program.⁵ Campuses have hired additional academic advisors, expanded career resources,⁶ added faculty,⁷ purchased student advising software⁸ and invested in academic support for lower-level math courses.⁹ University presidents have been so enthusiastic about the results that they recently took to YouTube to highlight the improvements.^{10, 11}

Praise for the model has not been universal, however. An Inside Higher Ed article points out that the methodology for assigning points can be quirky.¹² Some institutions like New College of Florida and Florida A&M University have struggled with the model thus far, for different reasons. Florida State University received \$16 million in performance-based funding by the narrowest of margins; one point less would have resulted in a loss in funding many would consider disproportionate to their actual performance.¹³ While the metrics may have their faults, the high stakes involved will likely result in a better measurement system over time. We will likely have plenty of time to witness the model evolve; with 30 states now having adopted some iteration of the policy, performance-based funding is likely here to stay.¹⁴

One sensible change to strengthen the model would be to raise benchmarks for low-income student enrollment. Almost all state universities, 10 of 11, already meet the top benchmark (30%) for "excellence" in the percent of undergraduates enrolled with a Pell Grant (see Table 1) and only two (Florida

¹ <http://www.tallahassee.com/story/news/politics/2015/06/18/lawmakers-set-pass-budget-end-special-session/28946913/>

² <http://www.tallahassee.com/story/news/politics/2015/06/23/florida-gov-signs-budget-vetoes-nearly-500-million/29151631/>

³ http://www.flbog.edu/documents_meetings/0194_0908_6845_3.4.3_BUD_PBF_Allocation_2015-16.pdf

⁴ http://www.flbog.edu/about/budget/docs/performance_funding/PBF-Model-Benchmarks-2015-16.pdf

⁵ <http://flbog.edu/pressroom/news.php?id=567>

⁶ <http://flbog.edu/pressroom/news.php?id=564>

⁷ <http://flbog.edu/pressroom/news.php?id=563>

⁸ <http://flbog.edu/pressroom/news.php?id=558>

⁹ <http://flbog.edu/pressroom/news.php?id=560>

¹⁰ <https://www.youtube.com/watch?v=si2wB8POb-8>

¹¹ <http://www.floridacollegeaccess.org/wp-content/uploads/2015/07/FLBOG-Performance-Based-Funding-Outcomes.pdf>

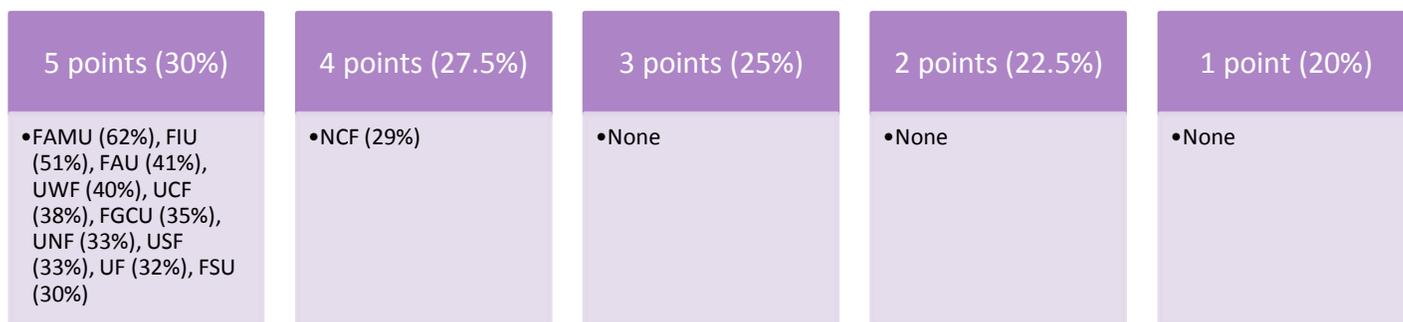
¹² <https://www.insidehighered.com/news/2015/04/10/some-gain-others-fall-floridas-performance-based-funding-system>

¹³ <http://chronicle.com/article/Performance-Based-Funding-Can/230943/>

¹⁴ <http://chronicle.com/article/article-content/151183/>

International University and University of West Florida) received points for improvement. Excellence benchmarks are intended to be aspirational in nature; if almost all universities already meet the standard, it's not ambitious enough. Currently, almost 6 in 10 students attending public K-12 schools in Florida are considered low-income. And if there's an assumption that higher enrollment numbers of low-income students result in much lower graduation rates, data on Florida's own public universities would suggest otherwise.¹⁵ Graduation rates at state universities for Pell Grant recipients are just two points lower than for non-recipients overall, and they are either the same or higher at 8 of the 11 universities.

Table 1: State University System Performance-based Funding Scores Given for Percent of Undergraduates with a Pell Grant: 2015



Source: State University System of Florida Board of Governors

Performance-based funding for state and community colleges

In 2014, the Florida Legislature tasked Commissioner of Education Pam Stewart to recommend a performance-based funding model for Florida College System institutions. This summer, lawmakers approved \$40 million in state funds (\$20 million base funds, \$20 million in additional investments) to fund the model, which will be based on metrics pertaining to retention; program completion and graduation rates; job placement and postgraduation salaries; or further education.¹⁶ Colleges falling in the “Bronze” group will have a percentage of their base funding withheld with the opportunity to have it restored after first submitting their improvement plans to the Board and later demonstrating progress. “Gold” and “Silver” colleges will have their base funding restored and receive a proportionate amount of performance funding commensurate with their relative standing.

Takeaways: Performance-based funding systems are rarer in the 2-year college sector.¹⁷ While many of Florida's state colleges offer 4-year degrees, they are still open access institutions.¹⁸ For this reason, the application of performance-based funding models to state and community colleges has been cause for concern for some researchers¹⁹ and college administrators.²⁰ Can colleges boost student outcomes such as retention and graduation rates while increasing access and maintaining high academic standards? Perceptions created by the model are important here, too, for the colleges and students. One college president pointed out that it's conceivable an institution could have a strong national reputation but have its local standing tarnished by a low state ranking,²¹ a potentially unfortunate byproduct of the performance-based funding model.

¹⁵ <http://www.floridacollegeaccess.org/wp-content/uploads/2015/07/2013-SUS-Grad-Rates-by-Pell-Grant-Status.pdf>

¹⁶ <http://www.fldoe.org/core/fileparse.php/12078/urlt/performance.pdf>

¹⁷ <http://www.ncsl.org/research/education/performance-funding.aspx>

¹⁸ <http://www.news-journalonline.com/article/20141114/NEWS/141119608?p=all&tc=pgall>

¹⁹ <https://news.education.wisc.edu/docs/WebDispenser/news-connections-pdf/performance-funding-eeepa-study.pdf?sfvrsn=4>

²⁰ <https://commercial.bmoeharris.com/resource/educational-institutions/pros-and-cons-performance-based-funding/>

²¹ http://www.tcpalm.com/news/politics/legislative-session-2015/florida-lawmakers-weigh-funding-state-colleges-based-in-performance_84869048

There is reason to believe that the new model will result in new and innovative approaches to improving outcomes for students, as demonstrated by the State University System's use of the performance-based funds.²² While \$40 million in taxpayer dollars is not a negligible amount, it's a small enough figure to approach the first year of implementation with eyes open to make adjustments as needed. Now that a model has been approved by the State Board of Education,²³ we will soon have the chance to witness the program in action.

Funding for state financial aid programs

Total funding for all state financial aid programs has decreased by \$19.2 million down to \$542.5 million, or 3.4% from the previous year. This is primarily due to cuts to the state's largest financial aid program, Bright Futures, which is down 9.9% to \$239.8 million in the 2015-16 budget, based on an estimated 15,338 fewer students to receive the award. This is a continuation of 2010 legislation that dramatically raised eligibility requirements for students.²⁴ This is also the seventh consecutive year that the program will fund fewer students.²⁵

Other state aid programs will see increases this year, including the Florida Incentive Scholarship (72.0%) and Florida Resident Assistance Grant (2.6%). When adding up funding levels for each of the state aid programs, the majority of spending for 2015-16 will go to merit-based and special interest programs (76.5%) with the remaining dollars allocated to need-based aid programs (23.5%). For a listing of funding level changes for all state aid programs, see Table 2.

Table 2: State Financial Aid Program Appropriations: FY 2014 & 2015

Program	Type	Fiscal Year		Change	
		2014-15	2015-16	\$	%
Florida Bright Futures Scholarship	Merit-based	\$ 266,191,952	\$ 239,800,000	\$ (26,391,952)	-9.9%
Florida Student Assistance Grant (FSAG)	Need-based	\$ 148,346,977	\$ 148,744,076	\$ 397,099	0.3%
Florida Resident Assistance Grant (FRAG)	Special Interest	\$ 112,359,000	\$ 115,269,000	\$ 2,910,000	2.6%
Florida Incentive Scholarship	Merit-based	\$ 4,870,820	\$ 8,379,932	\$ 3,509,112	72.0%
Florida Prepaid College Foundation	Need-based	\$ 7,000,000	\$ 7,000,000	\$ -	0.0%
Access to Better Learning & Education Grant (ABLE)	Special Interest	\$ 5,689,500	\$ 5,673,000	\$ (16,500)	-0.3%
First Generation in College Matching Grant	Need-based	\$ 5,308,663	\$ 5,308,663	\$ -	0.0%
Florida Education Fund	Need-based	\$ 3,000,000	\$ 3,500,000	\$ 500,000	16.7%
Children & Spouses of Deceased or Disabled Veterans	Special Interest	\$ 3,115,690	\$ 3,469,087	\$ 353,397	11.3%
Florida Work Experience Program	Need-based	\$ 1,569,922	\$ 1,569,922	\$ -	0.0%
Nursing Student Loan Forgiveness Program	Special Interest	\$ 929,006	\$ 1,134,006	\$ 205,000	22.1%
Honorably Discharged Graduate Assistance Program	Special Interest	\$ 1,000,000	\$ 1,000,000	\$ -	0.0%
Minority Teachers Education Scholars Program	Special Interest	\$ 1,000,000	\$ 917,798	\$ (82,202)	-8.2%
Mary McLeod Bethune Scholarship	Need-based	\$ 321,000	\$ 321,000	\$ -	0.0%
Rosewood Family Scholarship	Need-based	\$ 256,747	\$ 256,747	\$ -	0.0%
Jose Marti Scholarship Challenge Grant	Need-based	\$ 100,000	\$ 121,541	\$ 21,541	21.5%
College Access Challenge Grant (Federal)	Need-based	\$ 600,000	\$ -	\$ (600,000)	-100.0%
TOTAL		\$ 561,659,277	\$ 542,464,772	\$ (19,194,505)	-3.4%

Sources: 2015 General Appropriations Act (SB 2500), Florida Department of Education, Office of Student Financial Assistance Annual Report.

Takeaways: Despite widespread agreement that keeping college affordable is important to growing the state's economy, state leaders have yet to fully leverage the \$500 million-plus pot of taxpayer dollars that funds state financial aid programs. Is it possible to promote a college affordability platform while

²² http://flbog.edu/about/budget/docs/performance_funding/Summary-Performance-Funding-Report.pdf

²³ <http://www.tallahassee.com/story/news/local/state/2015/07/23/board-ed-approves-college-performance-funding/30604969/>

²⁴ <http://www.floridastudentfinancialaid.org/SSFAD/home/latestInfo.pdf>

²⁵ <http://www.floridacollegeaccess.org/wp-content/uploads/2014/04/College-Affordability-Adrift-Bright-Futures-Faces-347-Million-in-Cuts-by-2017-18.pdf>

decreasing the amount of aid students receive from the state? After taking into account cuts during previous sessions, funding levels for state aid are estimated to be at their lowest in almost ten years.

The primary reason for the financial aid cuts of the late 2000s was a decline in lottery revenue, which have since increased, while appropriations to other programs from the lottery-funded Education Enhancement Trust Fund (EETF) have grown. At the program's peak in 2008-09, Bright Futures accounted for 30% of \$1.48 billion in lottery funds.²⁶ In the current budget, the program accounts for only 14.4% of \$1.67 billion in lottery funds. Now that lottery sales have topped record numbers in four consecutive years, it's time to revisit the state's financial aid budget and lottery revenue appropriations.²⁷

Textbook tax cuts

Included in Governor Rick Scott's 2015 plan to make college more affordable was a proposal to eliminate the 6% sales tax on textbooks.²⁸ The tax cut was signed into law this session and went into effect July 1. During a trip to the University of North Florida earlier this year, Governor Scott told reporters, "Eliminating the sales tax on textbooks will directly help every student with the cost of college."²⁹

Takeaways: The sales tax cut is expected to save students \$41.4 million per year, which results in approximately \$60 in annual savings to full-time students.³⁰ According to the College Board, the average annual cost for books and supplies is about \$1,300 for full-time students.³¹ The policy, however, expires on June 30, 2016, which means the tax cut will only last a year unless extended by lawmakers.

To qualify for the sales tax exemption, students will be required to provide a physical or electronic copy of their student identification number or an applicable course syllabus or list of required or recommended textbooks and instructional materials to the vender.³² The policy applies to students attending public postsecondary institutions or nonpublic colleges participating in the Florida Resident Access Grant (FRAG) tuition assistance program.³³

Although not specified in the bill's text, it is understood that the tax exemption applies to both textbook sales and rentals, which is important because students are increasingly relying on textbook rentals to save money. The bill also does not specify the location of the vender, which is important to students who prefer to purchase their textbooks online. Amazon.com, for example, already lists Florida as a state where students can qualify for a tax exemption.³⁴

College opportunities for veterans

The bill amends last year's Congressman C.W. "Bill" Young Veteran Tuition Waiver Program to expand eligibility for the out-of-state tuition waiver to a veteran's dependents (child, spouse) using G.I. Bill benefits.³⁵ Previously, the bill applied only to honorably discharged veterans receiving educational

²⁶ <http://www.fldoe.org/core/fileparse.php/7507/urlt/Lotbook.pdf>

²⁷ <http://miami.cbslocal.com/2015/07/01/lottery-draws-new-sales-record/>

²⁸ http://www.flbog.edu/documents_meetings/0193_0895_6730_12.2.2_College_Affordability_One_Pager_-_02-09-15.pdf

²⁹ <http://www.orlandosentinel.com/news/politics/os-tax-break-on-textbooks-20150122-story.html>

³⁰ <http://www.keepfloridaworking.com/content/current/TaxCuts.htm>

³¹ <http://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?FileName=h0033Az1.FTC.DOCX&DocumentType=Analysis&BillNumber=0033A&Session=2015A>

³² [http://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?FileName=PCB%20FTC%2015A-01.DOCX&DocumentType=Proposed%20Committee%20Bills%20\(PCBs\)&Session=2015A&CommitteeId=2856](http://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?FileName=PCB%20FTC%2015A-01.DOCX&DocumentType=Proposed%20Committee%20Bills%20(PCBs)&Session=2015A&CommitteeId=2856)

³³ See list of FRAG eligible institutions here: https://www.floridastudentfinancialaidsg.org/admin/SAWELIGPSI_ByProg.asp?ByProg=FRAG

³⁴ http://www.amazon.com/gp/help/customer/display.html/ref=hp_left_v4_sib?ie=UTF8&nodeId=201281600

³⁵ <https://www.flsenate.gov/Session/Bill/2015/7028/Analyses/2015s7028.ap.PDF>

assistance through the U.S. Department of Veterans Affairs who reside in Florida and attend a Florida public postsecondary institution.

In addition to the expansion of the veteran tuition waiver program, \$1 million was again allocated in the 2015 budget to provide need-based gap funding to supplement the cost of living during holiday and semester breaks to veterans enrolled in college.

Takeaways: According to a Senate bill analysis, the expansion of the veteran tuition waiver program will result in considerable savings to eligible students each semester, which could exceed \$2.5 million each year.³⁶ Because the G.I. Bill only covers in-state tuition, the waiver makes Florida's postsecondary institutions a friendly environment for veterans looking to further their educations.

The \$1 million in gap funding that is part of the Honorably Discharged Graduate Assistance Program (HDGAP) is first-come, first serve for institutions that apply and allows eligible veteran students to receive \$50 a day for up to 20 days during holidays and summer breaks. This money can help ease the burden on veteran students during times of the year when money (financial aid) is scarce but bills and other living expenses are still present. During the program's first year, public and private institutions were invited to apply for the funding yet, only five colleges and universities received over 90% of the funds.³⁷

Bright Futures voluntary service work expansion

Starting July 1, students will receive voluntary service credit, a requirement for Bright Futures eligibility, for a business or government internship, work on behalf of a candidate for public office, or work for a nonprofit community service organization. Previously, only volunteer service at nonprofit or public agencies qualified.³⁸

Takeaways: Students likely won't complain about the flexibility. Depending on the award level, students are required to complete between 30 to 100 community service hours to receive Bright Futures. Advocates for the change were interested in seeing students get more workplace experience while in school,³⁹ while others believe the expansion provides "free labor"⁴⁰ to businesses and politicians and detracts from the original intent to incentivize students to give back to their communities. Regardless of the added options, students still cannot qualify for the service hours for paid work.

Other takeaways

What was not included in this year's budget? Tuition increases. For the third year in a row, tuition levels for state colleges and universities have remained the same,⁴¹ which helped boost the number of new Florida Prepaid Plans to record highs last year. The governor also vetoed funding for a number of projects benefitting private colleges because they raised tuition in 2015-16.⁴²

A bill to expand college opportunities for students with disabilities passed the House and Senate, but failed to survive the governor's veto pen.⁴³ The funding was intended to "give people with unique abilities and their families a roadmap to education and employment opportunities that will help them on the path to

³⁶ <https://www.flsenate.gov/Session/Bill/2015/7028/Analyses/2015s7028.ap.PDF>

³⁷ <http://www.floridacollegeaccess.org/wp-content/uploads/2015/07/2014-15-HDGAP-Allocation-Notice.pdf>

³⁸ <http://www.floridastudentfinancialaid.org/SSFAD/home/latestInfo.pdf>

³⁹ <http://tbo.com/news/business/internships-could-help-guide-students-to-tampa-area-stem-jobs-20150316/>

⁴⁰ <http://www.palmbeachpost.com/news/news/opinion/editorial-bright-futures-community-service-shouldn/ncjqn/>

⁴¹ <http://www.flgov.com/wp-content/uploads/2015/06/Transmittal%20Letter%206.23.15%20-%20SB%202500-A.pdf>

⁴² <http://www.flgov.com/wp-content/uploads/2015/06/Transmittal%20Letter%206.23.15%20-%20SB%202500-A.pdf>

⁴³ <https://www.flsenate.gov/Media/PressReleases/Show/2281>

economic independence.”⁴⁴ According to Florida Department of Education data, college-going rates for these students are nearly 18 percentage points lower than for all public high school graduates.

A bill to use student loan default rates as an accountability metric for public and private institutions receiving state (financial) aid funds passed in the Senate but made little progress in the House.⁴⁵ If passed, the bill would have required student loan default rates to be included in public college and university system performance-based funding models and to determine eligibility for private postsecondary institutions receiving Florida Resident Assistance Grant (FRAG) or Access to Better Learning & Education Grant (ABLE) funding. Private institutions under jurisdiction by the Commission for Independent Education (CIE) also would have been subject to losing their licensure to operate if default rates were above certain thresholds.

Also, the law that passed last session to delay new baccalaureate degree programs from being offered at FCS institutions expired June 30. A bill was introduced to re-examine the core mission of Florida’s public state colleges, including their ability to offer baccalaureate degrees. It also included a proposal to rename the Florida College System as the Florida Community College System. The bill died in committee, which means FCS institutions may once again offer new bachelor’s degree programs once they clear the approval process. ■

The views expressed in this policy brief were developed independently and do not reflect the opinions of the universities, agencies, and funders with which the leadership team and staff are affiliated.

The Florida College Access Network’s mission is to create and strengthen a statewide network that catalyzes and supports communities to improve college & career preparation, access, and completion for all students. For more information, visit www.floridacollegeaccess.org.



⁴⁴ <https://www.flsenate.gov/Media/PressReleases/Show/2274>

⁴⁵ <http://www.tampabay.com/news/politics/legislature/florida-house-kills-bill-aimed-at-low-performing-for-profit-colleges/2233956>