Tallahassee Update
2021 Legislative Session
Week 6

New General Revenue Estimate for FY 20-21 & FY 21-22

On Tuesday of Week 6, the General Revenue Estimating Conference produced some good news about the state's revenue position - for the new fiscal year beginning July 1, as well as an increase in revenue for the current fiscal year.

State economists are projecting the state will bring in $2 billion more in general revenue than previously anticipated. This includes a boost to current year revenues by $1.4 billion, and an increase to next fiscal year's forecast by $550.8 million. The combined two-year total, which is money lawmakers can use as they finalize next year's budget, is just over $2 billion more than revenue estimators previously forecast. Prior to this new projection, lawmakers were facing a $2.7 billion budget gap. On top of this projected increase in revenue, the state is set to receive an estimated $10 billion in federal Covid-19 stimulus money.

While we hold out hope that this news will allow for the release of the 6% holdback in the current year, as well as a much more favorable treatment of the state universities in the upcoming budget negotiations for FY 2021-22, we continue to work diligently on the current challenging budget and policy challenges.

The House ($97 Billion) & Senate ($95 Billion) Budget Proposals

Current Year State Budget: $92.2 Billion

Both chambers have passed their respective budget proposals as of Thursday, April 8th. This positions the bills for conference negotiations in the coming weeks after allocations to the various budget sectors are announced. There have been no changes in the funding status of the state universities since my previous report. I have included the details below.

Intellectual Freedom/Viewpoint Diversity Bill

The Senate passed the House Bill (HB 233), and the bill has gone to the Governor for signature. The bill:

- Requires the State Board of Education and the Board of Governors to select or create a survey to be administered by all Florida College System (FCS) institutions and state universities annually. Beginning September 1, 2022, the results of this survey are to be compiled by the SBE and the BOG, respectively, and published each September.
- Prohibits the SBE, the BOG, FCS institutions, and state universities from shielding students, faculty, or staff from protected free speech.
- Authorizes the recording, for specified purposes, of video and audio in classrooms at Florida's public institutions of higher education, while clarifying that the nonconsensual recording of video and audio in classrooms is permissible. Furthermore, faculty research, lectures, writings, and commentary, whether published or unpublished, are protected expressive rights. Any person injured by the unauthorized publishing of video and audio can seek civil remedy including injunctive relief and damages.
- Requires that state university student government associations provide elected or appointed officers a direct appeal, with no conditions precedent, to a senior university administrator of any discipline, suspension, or removal from office. Furthermore, all FCS institutions and state universities are required to adopt student codes of conduct that meet a set of minimum due process protections including, but not limited to, a presumption of innocence for accused students, a burden of proof that must be carried by the institution, and a right to an impartial hearing officer.

The House "Education Train"

Several issues have been piled onto one House bill (HB 1261). The bill passed out of its last House committee this week and is available for a full House chamber vote.

HB 1261 now includes the following issues:

- **COVID-19 Liability Protections** for education institutions (tuition & fee reimbursement suits). provides that these liability protections apply retroactively to causes of actions accruing on or after March 1, 2020, the date of the declaration of the COVID-19 public health emergency by the State Surgeon General and apply prospectively to causes of action that accrue before the end of the academic term during which the emergency declaration expires or is terminated.

- **BOGO 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 BOG. A student receiving Bright Futures will receive a disbursement for the tuition and fees waived that is equal to his or her award amount. A Florida Academic Scholar will receive 100 percent of the amount of the tuition and course fees waived. A Florida Medallion Scholar will receive 75 percent. A state university is eligible to earn incentive funding, subject to appropriation, based on the number and value of waivers it grants pursuant to the bill's provisions. The bill specifies this funding would be in addition to Performance-based Funding Incentive. ***Note:*** The fiscal impact to UCF resulting from lost tuition and fee revenue is estimated at over $25.7 million.

- **Grandparents Bill** - provides an out-of-state fee waiver for top-performing, out-of- state high school graduates who have a grandparent that is a Florida resident. ***Note:*** The projected fiscal impact to UCF from lost out-of-state fee revenue is over $3 million. We have made some inroads in generating support for some helpful amendments to the grandparents proposal such as: giving authority to the BOG to establish eligibility requirements by regulation; making clear that prioritization of admission for students granted this waiver over other out-of-state students (required by the bill) only applies if the students have substantially similar academic credentials, and leaving the process of determining how to do that up to the BOG in their admissions regulations; ensuring these students do not count against the System's collective 10% "out-of-state" student population cap, and putting the burden of proof and veracity of the familial relationship on the grandparent.

The Senate's Bright Futures Bill (SB 86)

This highly controversial bill has been somewhat tamed and has now passed the full Senate. There is still no similar House bill. In its present form, the bill:

- Requires the BOG office to create an online dashboard of data regarding state university graduates, which must include post-graduation salary; student loan debt; debt-to-income ratio; estimated loan payment as a percentage of income; and percentage of graduates who have continued their education.
- Requires each state university board of trustees to adopt procedures to connect undergraduate students to career planning, coaching, and related programs during the first academic year of the student's enrollment.
- Requires the BOG, State Board of Education (SBE), and the Independent Colleges and Universities of Florida (ICUF) to each identify and publish a list of career certificate, undergraduate, and graduate degree programs that do not lead directly to employment.
- Modifies the Florida Bright Futures Scholarship Program by changing that the Florida Academic Scholars (now receiving 100% of tuition & fees) and Florida Medallion Scholars (75% of tuition & fees) award amounts shall be specified in the General Appropriations Act.

The bill's proponents argue that money for Bright Futures is not guaranteed every year and the changes are needed to ensure budget flexibility in the future. The program is projected to cost $651.7 million in 2021-22 and is funded primarily from state lottery money. Opponents contend that while the proposal makes no financial aid cuts this year, it is setting the table for future budget reductions that would impact students.

University Bonuses & Florida Postsecondary Comprehensive Transition Program

HB 281 Postsecondary Education Financial Matters passed the House Appropriations Committee in Week 6 and is now in its last committee, the Education and Employment Committee. It's Senate counterpart, **SB 52**, has passed the Senate and is sitting in House Messages.

Among other provisions relating to dual enrollment, and other issues, both bills create a new section of law, s. 1012.978, F.S., to authorize a university board of trustees to implement a bonus scheme based on awards for work performance or employee recruitment and retention. This expands the purpose in current law for a bonus scheme to include not only work performance, but also employee recruitment and retention, and allows the university to target certain employees for a bonus. The bills require the board of trustees to submit to the Board of Governors the bonus scheme, including the evaluation criteria by which a bonus will be awarded, and requires the BOG to approve any such bonus scheme prior to implementation.

The Senate bill contains a favorable change to the Florida Postsecondary Comprehensive Transition Program, removing the restriction that grant funds be used only for start-up and enhancement costs. The bill also removes the maximum value for such grants, instead leaving the amounts to be as determined in the General Appropriations Act.

State Retirement

HB 5007/SB 7018 are a part of the package of House and Senate budget bills. The bills establish the contribution rates paid by employers participating in the Florida Retirement System (FRS) beginning July 1, 2021. These rates are intended to fund the full normal cost and the amortization of the unfunded actuarial liability of the FRS. The public employers that will incur these additional costs are state agencies, state universities and colleges, school districts, counties, municipalities, and other governmental entities that participate in the FRS.

The bill also reduces the contributions paid by employers participating in the retiree health insurance subsidy program. The bill will increase the amounts, in the aggregate, employers participating in the FRS and the retiree health insurance subsidy program must pay for retiree benefits.

The aggregate employer contributions anticipated to be paid into the Florida Retirement System Trust Fund in Fiscal Year 2021-2022 will increase by approximately $373.5 million when compared to the employer contributions paid in Fiscal Year 2020-2021. The impacts by employer group for Fiscal Year 2021-2022 include the state universities at an estimated collective impact of $40.9 million

Additionally, in Week 6, the Senate passed **SB 84 Retirement** and sent it over to the House where is sits in Messages. The House still has no companion bill.

The legislation closes the pension plan (defined benefit) to new enrollees, except for members of the Special Risk Class, and requires participation in the investment plan (defined contribution), effective July 1, 2022. The bill does not impact the rights of any current FRS enrollee to select participation in the pension plan or the investment plan. Changes included in the bill only pertain to non-Special Risk Class FRS members initially enrolled in the system on or after July 1, 2022.

Beginning July 1, 2022, members of the SUSORP who fail to timely execute a contract with an SUSORP provider will be deemed to have elected to participate in the FRS investment plan. Beginning July 1, 2022, the bill increases the employer paid assessment for administrative and educational services by one basis point. This assessment is expected to generate roughly $3.4 million annually for the State Board of Administration to offset additional costs associated with the increase in the number of members participating in the investment plan and an increase in the workload relating to educational services offered to FRS members.

The bill takes effect July 1, 2021 but most changes are applicable to public employees on or after July 1, 2022.

Presidential Searches

SB 220 is on the Senate Rules Committee agenda for its April 14th scheduled meeting. The House bill, HB 997, is on the House Special Order Calendar for the April 13th floor session.

A complete bill tracking chart, and further information on specific legislation of interest, will be provided promptly upon request.

Janet Owen

Vice President

Government & Community Relations

Office: (407) 823-3733

Cell: (904) 699-9750

janet.owen@ucf.edu

Charge On!