The Florida Senate

COMMITTEE MEETING EXPANDED AGENDA

HIGHER EDUCATION
Senator Oelrich, Chair
Senator Siplin, Vice Chair

MEETING DATE: Thursday, November 17, 2011
TIME: 8:30 —10:30 a.m.
PLACE: 301 Senate Office Building

MEMBERS: Senator Oelrich, Chair; Senator Siplin, Vice Chair; Senators Altman, Lynn, Negron, and Ring

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	**SB 198** Thrasher (Identical H 495)	State University System Optional Retirement Program; Increasing to no more than six the number of companies from which contracts may be purchased under the program, etc. HE 11/17/2011 Favorable GO BC	Favorable Yeas 5 Nays 0
2	Presentation on Remediation in the Florida College System		Presented
	Presentation on University Athletics		Not Considered
	Other Related Meeting Documents		

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 Higher Education Committee

BILL: SB 198

INTRODUCER: Senator Thrasher

SUBJECT: State University System Optional Retirement Program

DATE: November 8, 2011 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Brown	Matthews	HE	**Favorable**
2.			GO	
3.			BC	
4.				
5.				
6.				

I. Summary:

This bill increases the number of companies that the Department of Management Services (DMS) is authorized to contract with for provision of State University System optional retirement plans from five to six companies.

The DMS continues to be limited in its contract selection to the potential pool of companies proffered by the Board of Governors of the State University System.

This bill substantially amends section 121.35 of the Florida Statutes.

II. Present Situation:

Chapter 121, F.S., addresses the Florida Retirement System (FRS). The FRS provides retirement benefits to public employees and officers, generally offering membership to agencies, branches, the judiciary, district school boards and institutions, including institutions of higher education.[1] The Department of Management Services (DMS) is designated the administrator of the FRS.[2]

Chapter 83-197, Laws of Florida, established an optional retirement program for the State University System in s. 121.35, F.S. Through this program, participants elect coverage as an alternative to membership in the traditional FRS and direct their own investments, subject to those offered by way of provider and plan.[3] Participation is available to certain instructional and

[1] ss. 121.011 and 121.021(10), F.S.
[2] s. 121.021(5), F.S.
[3] s. 121.35 (1), F.S.

research faculty, administrative and professional personnel and the Chancellor and university presidents.[4] Participation is mandatory for faculty members at a college with faculty practice plans.[5] Contracts are awarded through recommendation of the Board of Governors to the DMS, which, in turn, is authorized to designate up to five companies for contract purchase.[6] The investment products, retirement and death benefits offered by provider companies are subject to State Board of Administration review.[7]

The DMS indicates that about 17,000 eligible members elected participation in optional retirement as of June 30, 2011. Effective July 1, 2011, employer contribution amounts to 7.42 percent for deposit in the participant's account and 0.01 percent for administrative costs. Employee contribution is mandated at 3 percent of salary, and can be supplemented by up to an additional 7.42 percent, at the prerogative of the employee.

The optional retirement program currently offers five investment provider choices. These are:

- ING (3,042 participants);
- Jefferson National Life Insurance Company (134 participants);
- MetLife Investors USA Insurance Company (1,853 participants);
- Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) (8,870 participants); and
- VALIC Retirement (4,615 participants).[8]

This constitutes a total number of plans at 18,514.[9] All contracts currently in place expire between March and December of 2014.[10]

III. Effect of Proposed Changes:

The provisions of this bill would be permissive regarding both the DMS and the member-participant. This bill increases the options of the DMS to approve companies for inclusion in the optional retirement program for the State University System by increasing the number of available selections from five to six. Provided that the DMS selects six, consumers electing optional retirement would have increased choice.

Although existing contracts do not expire until 2014, a new provider could potentially enter into the program prior to that time, based on the bill's effective date of July 1, 2012. It is unknown whether a contract offered to such a provider would have an initial expiration date of 2014, to align with existing contract terms.

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[4] s. 121.35 (2)(a), F.S.
[5] s. 121.051(1)(a)2., F.S.
[6] s. 121.35 (6)(b), F.S.
[7] s. 121.35 (6)(c), F.S.
[8] Bill Analysis, Department of Management Services (September 20, 2011.) The number of participants cited is as of June 30, 2011.
[9] As participants are authorized to select more than one provider category, this number is higher than that reflecting total number of participants (16,999.)
[10] The VALIC contract expires March 2014, followed by MetLife in April 2014, with the remaining contracts all set to expire December 2014. (Information received by phone from Todd Gunderson, Senior Benefits Analyst, DMS, on November 14, 2011.)

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:

To the extent that an additional provider increases market-driven competition based on financial return, this provision may financially benefit the end consumer through higher returns/lower costs and fees.

C. Government Sector Impact:

The DMS does not anticipate an actuarial impact should this bill pass, as the number of participants and the funds available for investment remain the same. Therefore, a Milliman study is not required.

The Board of Governors of the State University System does not anticipate a fiscal impact on universities.

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.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

By Senator Thrasher

8-00277-12 2012198__

A bill to be entitled

An act relating to the State University System optional retirement program; amending s. 121.35, F.S.; increasing to no more than six the number of companies from which contracts may be purchased under the program; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraph (b) of subsection (6) of section 121.35, Florida Statutes, is amended to read:

121.35 Optional retirement program for the State University System.—

(6) ADMINISTRATION OF PROGRAM.—

(b) After receiving and considering the recommendations of the Board of Governors of the State University System, the department shall designate no more than six ~~five~~ companies from which contracts may be purchased under the program and shall approve the form and content of the optional retirement program contracts. Any domestic company that has been designated as of July 1, 2005, shall be included in the six ~~five~~ companies until expiration of its existing contract with the department. The domestic company may assign its contract with the department to an affiliated qualified company that is wholly owned by the domestic company's parent company and has assumed 100 percent of the responsibility for the contracts purchased from the domestic company.

Section 2. This act shall take effect July 1, 2012.

CODING: Words ~~stricken~~ are deletions; words underlined are additions.

THE FLORIDA SENATE

APPEARANCE RECORD

Waive

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

Meeting Date

Topic: SUS OTRP

Bill Number: SB 198 (if applicable)

Name: Jennifer Chapman

Amendment Barcode: (if applicable)

Job Title: Public Affairs Director, Florida

Address: 4001 Tonelton Rd E, #400-4100 JVIA
Street

Jacksonville FL 32257
City State Zip

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E-mail: jennifer.b.chapman@fmr.com

Speaking: [X] For [ ] Against [X] Information

Representing: Info Only

Appearing at request of Chair: [ ] Yes [ ] No

Lobbyist registered with Legislature: [X] Yes [ ] No

While it is a Senate tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this meeting. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard.

This form is part of the public record for this meeting.

S-001 (10/20/11)

THE Florida COLLEGE SYSTEM

One System…One Mission

Remediation in the Florida College System

Senate Higher Education

September 20, 2011

Terminology

- Remediation
  - Correction of deficiencies
- Developmental Education
  - Coursework to remediate deficiencies
- College Prep
  - Outdated term for developmental education
- College Readiness
  - Ready for college level coursework without the need for remediation

THE Florida COLLEGE SYSTEM

Understanding Course Placement

- Students are placed into courses according to ACT, SAT, CPT, or P.E.R.T. scores
- State Board of Education Rule 6A-10.0315 establishes minimum scores for college readiness
- Students who do not meet the minimum state established scores must remediate before taking college credit courses

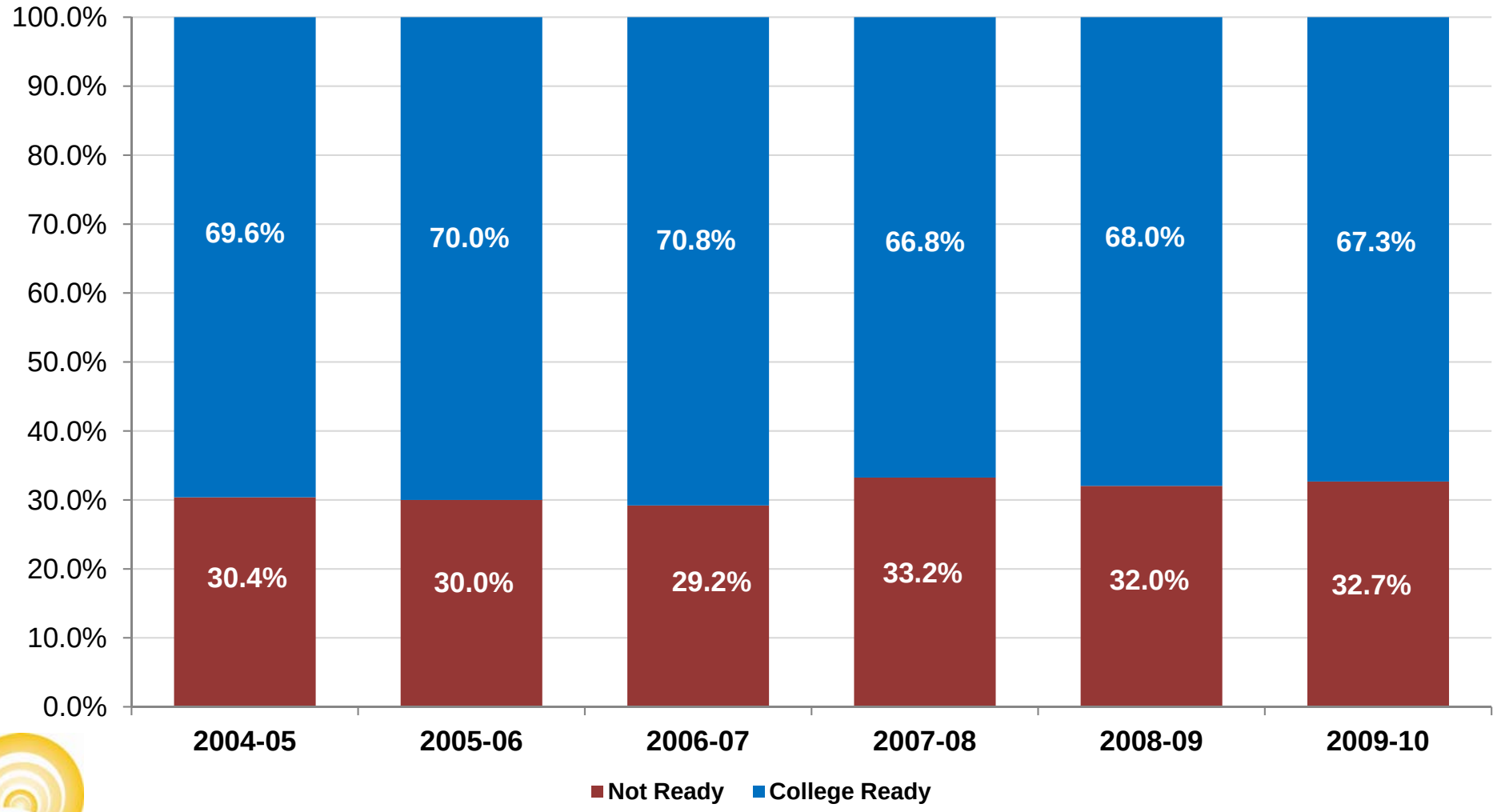
THE Florida COLLEGE SYSTEM

Size and Costs

- In 2009-10 152,218 students enrolled in developmental education
  - Generating 35,406 FTE
  - 37.2% of the FTE were generated by students graduating from Florida high schools in the last three years
- Cost to the state and students was $156,686,624
  - $4,481 per FTE for college preparation
  - $3,101 per FTE for vocational preparation

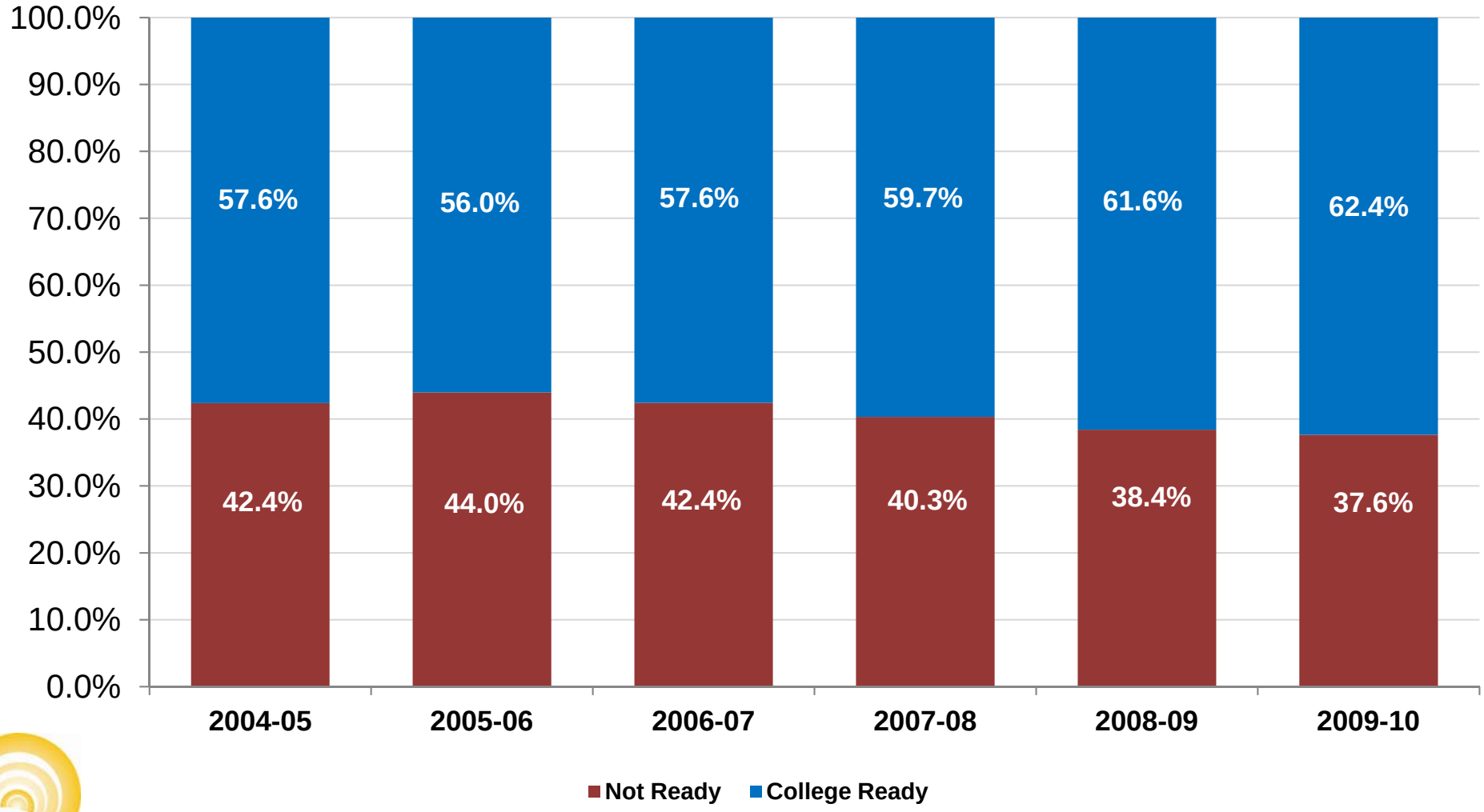
THE Florida COLLEGE SYSTEM

College Readiness in Writing



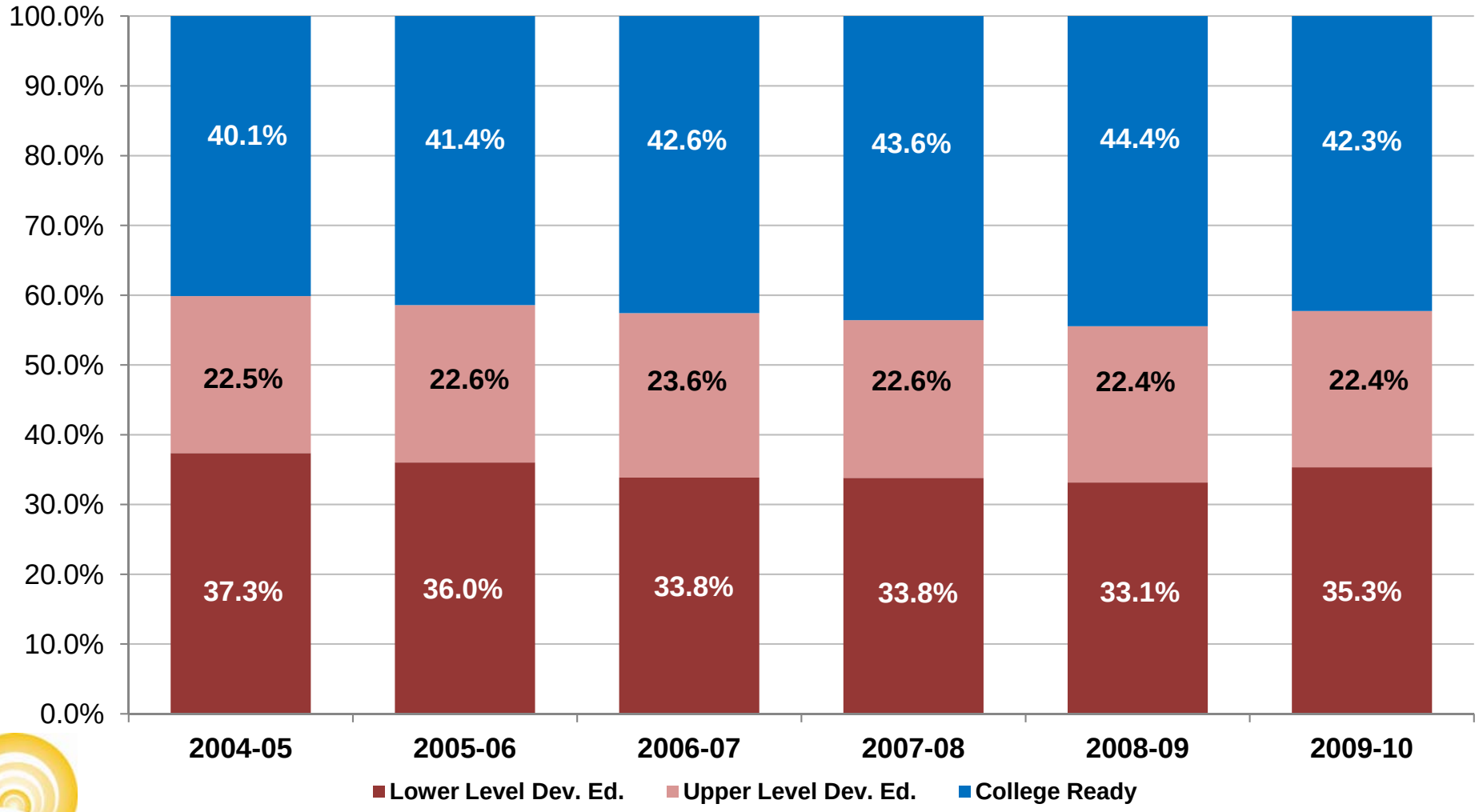
Based on first-time in college students enrolling fall of the year depicted.
Source: Division of Florida Colleges

College Readiness in Reading



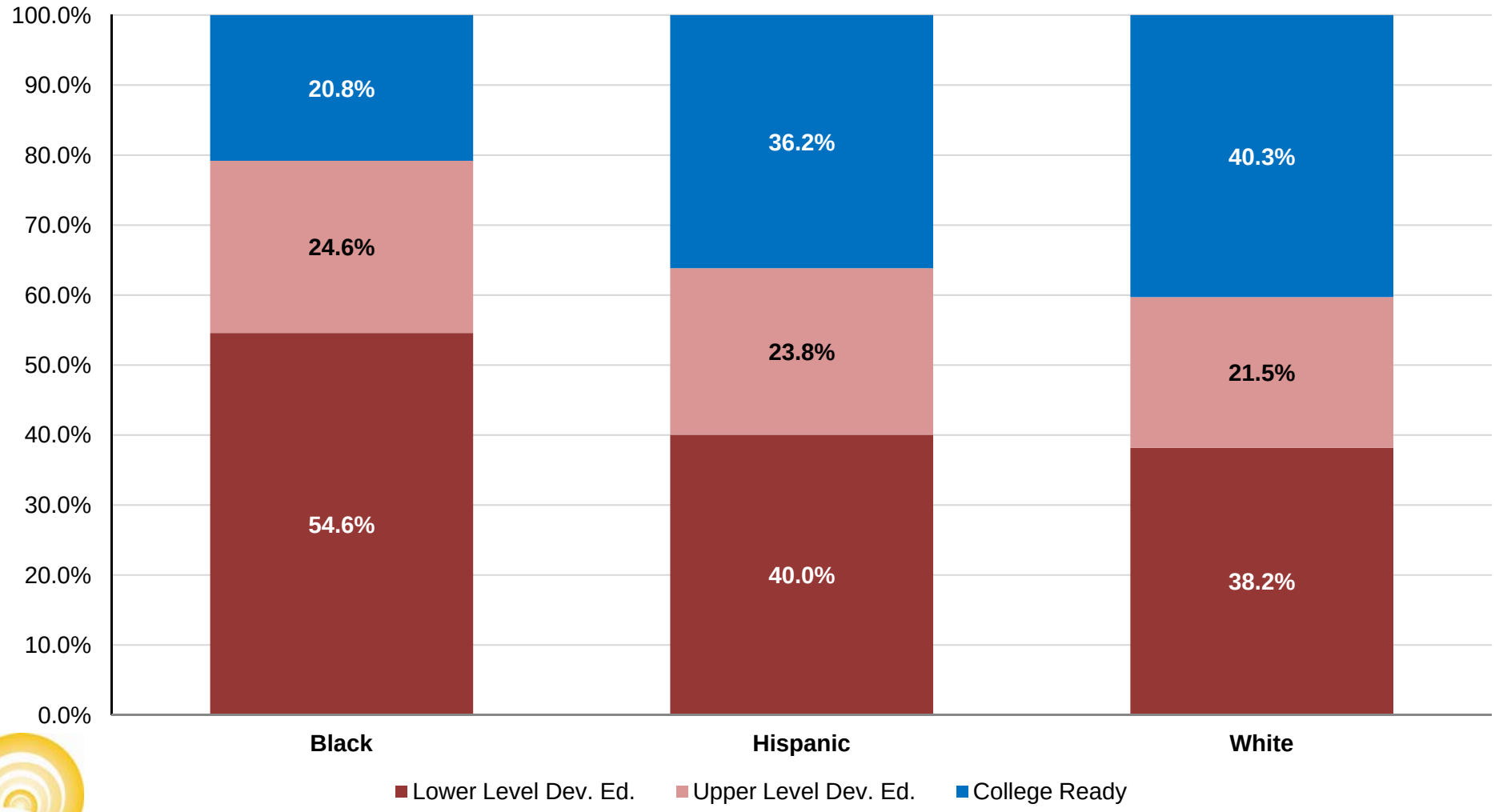
Based on first-time in college students enrolling fall of the year depicted.
Source: Division of Florida Colleges

College Readiness in Math



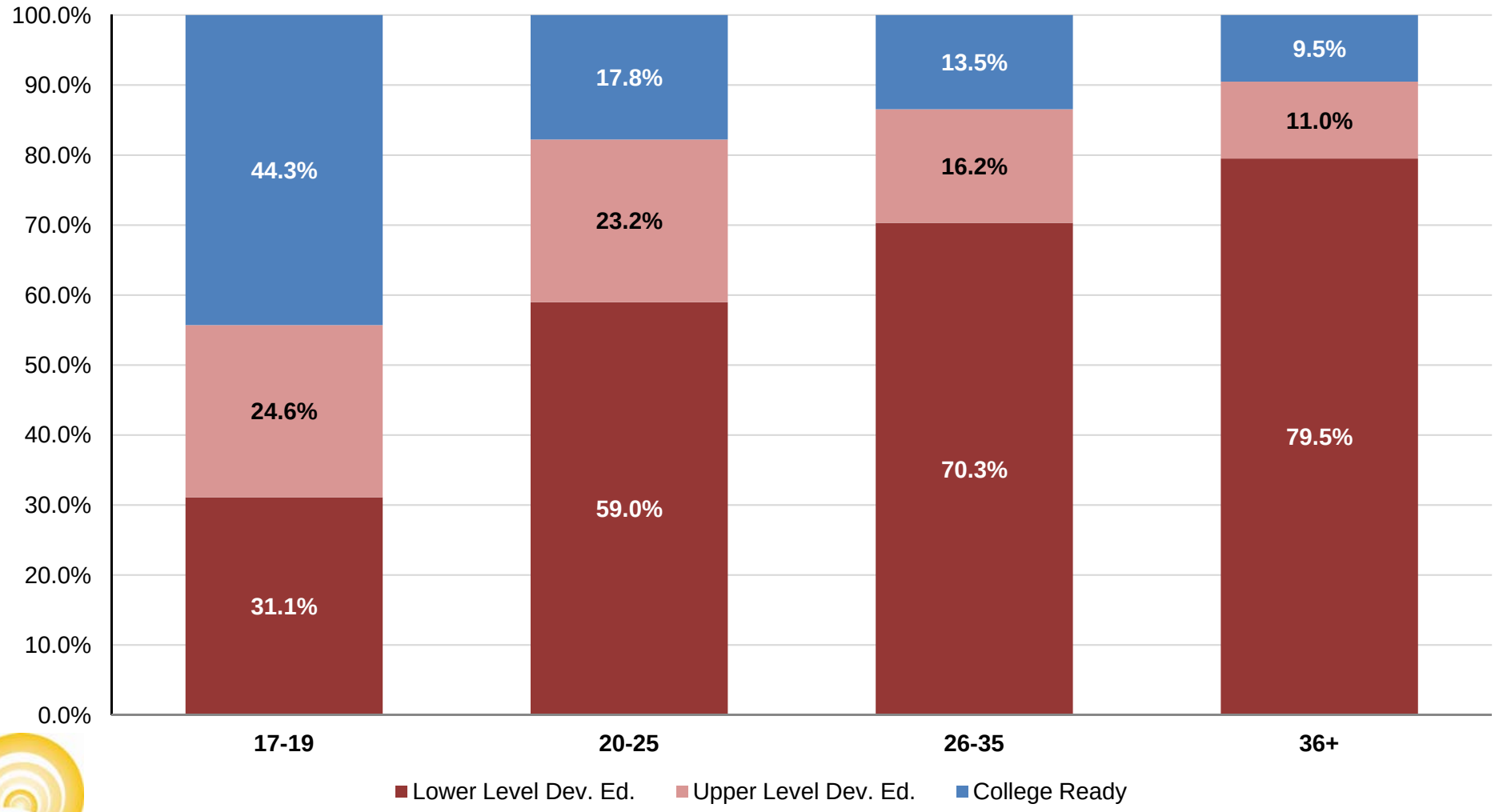
Based on first-time in college students enrolling fall of the year depicted.
Source: Division of Florida Colleges

Math Readiness by Race (2009-10)



Based on first-time in college students enrolling fall of the year depicted.
Source: Division of Florida Colleges

Math Readiness by Age (2009-10)



Based on first-time in college students enrolling fall of the year depicted.
Source: Division of Florida Colleges

Outcomes

- Students placed into developmental education courses face several challenges
  - Overcoming academic deficiencies
  - Added costs
  - Longer time to degree
- Overall, they are less likely to earn a credential or transfer
- **But those that transition to college level courses and complete gatekeeper courses have much greater success**

THE Florida COLLEGE SYSTEM

Outcomes for Developmental Students

Developmental Status	% Completing Dev Math by Second Year	% Completing Gatekeeper Math by Second Year	% Completing Credential or Transferring by Fourth Year	% Still Enrolled
Math Only	65.2%	21.3%	21.9%	17.9%
Math and English	53.8%	13.8%	12.5%	22.8%

Developmental Status	% Completing Dev English by Second Year	% Completing Gatekeeper English by Second Year	% Completing Credential or Transferring by Fourth Year	% Still Enrolled
English Only	70.1%	46.6%	21.6%	17.9%
Math and English	74.7%	47.2%	12.5%	22.8%

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Based on first-time in college students enrolling fall of 2006-07 and tracked through 2009-10
Source: Division of Florida Colleges

Comparisons to Non-Developmental Students

	Completed Credential or Transferred	Difference from College Ready	Still Enrolled	Difference from College Ready
College Ready	38.6%		11.6%	
Math Only	21.9%	-16.7%	17.9%	+6.3%
Math and English	12.5%	-26.1%	22.8%	+11.2%
Students Who Completed a Gatekeeper Math				
College Ready	65.2%		12.2%	
Math Only	61.5%	-3.7%	20.6%	+8.4%
Math and English	51.2%	-14.0%	29.1%	+16.9%

Based on first-time in college students enrolling fall of 2006-07 and tracked through 2009-10
Source: Division of Florida Colleges

THE Florida COLLEGE SYSTEM

Comparisons to Non-Developmental Students

	Completed Credential or Transferred	Difference from College Ready	Still Enrolled	Difference from College Ready
College Ready	38.6%		11.6%	
Math Only	21.6%	-17.0%	17.9%	+6.3%
Math and English	12.5%	-26.1%	22.8%	+11.2%
Students Who Completed a Gatekeeper English				
College Ready	52.6%		15.3%	
English Only	41.8%	-10.8%	27.8%	+12.5%
Math and English	24.4%	-28.2%	36.2%	+20.9%

Based on first-time in college students enrolling fall of 2006-07 and tracked through 2009-10
Source: Division of Florida Colleges

THE Florida COLLEGE SYSTEM

Postsecondary Education Readiness Test (P.E.R.T.)

- Computer adaptive test (C.A.T.)
- Reading, writing and mathematics subtests
- 25 questions on each subtest
- Faculty review and approved every question
- Launched October 2010
- 113,300 students tested

THE Florida COLLEGE SYSTEM

Efforts underway in high schools to reduce the need for remediation

- College and career readiness definition
- Alignment of high school exit requirements and college entry expectations
  - Postsecondary Readiness Competencies
- 11th grade P.E.R.T. for students with FCAT reading levels 2, 3 or mathematics levels 2, 3, 4
  - 56,704 tested in 2010-11
- Postsecondary preparatory instruction in senior year of high school

THE Florida COLLEGE SYSTEM

Enhancing student success in college

- Initial P.E.R.T. course placements this fall
- Developmental Education Competencies
- Developmental education course restructure
- P.E.R.T. Diagnostics
- Modularization

THE Florida COLLEGE SYSTEM

The Bottom Line

- Nationwide, remediation rates are too high
- States introducing reforms to reduce the need for remediation
- Florida leading the nation in reform
  - Customized placement assessment aligned with entry level competencies
  - Standardized developmental education curriculum and course numbers
  - Customized and aligned diagnostics

THE Florida COLLEGE SYSTEM

What's next?

- P.E.R.T. in high schools, rule development and diagnostics
- Implementation of Common Core State Standards and alignment with Florida's Postsecondary Readiness Competencies
- Participation in the Partnership for the Assessment of Readiness for College and Careers (PARCC)
- Development of online course modules including instructional materials and textbooks to be available at no cost to high schools and colleges statewide
- Florida is 1 of 4 states invited to participate in Achieve's *Future Ready State Partnership*

THE Florida COLLEGE SYSTEM

THE Florida COLLEGE SYSTEM

One System…One Mission

Remediation in the Florida College System

Julie Alexander

Julie.alexander@fldoe.org

John Hughes

John.hughes@fldoe.org

THE FLORIDA SENATE

APPEARANCE RECORD

(Deliver BOTH copies of this form to the Senator or Senate Professional Staff conducting the meeting)

11/17/11
Meeting Date

Topic: Remediation in the Florida College System

Bill Number: _____ (if applicable)

Name: Julie Alexander

Amendment Barcode: _____ (if applicable)

Job Title: Associate Vice Chancellor

Address: 325 W Gaines, 1532
Street

Tallahassee FL 32399
City State Zip

Phone: 850 245 9523

E-mail: julie.alexander@fldoe.org

Speaking: [X] For [ ] Against [ ] Information

Representing: Department of Education

Appearing at request of Chair: [X] Yes [ ] No

Lobbyist registered with Legislature: [ ] Yes [X] No

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S-001 (10/20/11)

THE FLORIDA SENATE

APPEARANCE RECORD

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11/17/11
Meeting Date

Topic: Remediation in Florida College System

Bill Number: _____ *(if applicable)*

Name: John Hughes

Amendment Barcode: _____ *(if applicable)*

Job Title: Assoc. Vice Chancellor for Evaluation

Address: 325 W. Gaines St. Suite 1544
Street

Tall. FL 32312
City *State* *Zip*

Phone: 850-245-9482

E-mail: John.Hughes@fldoe.org

Speaking: ☐ For ☐ Against ☑ Information

Representing: _____

Appearing at request of Chair: ☑ Yes ☐ No

Lobbyist registered with Legislature: ☐ Yes ☑ No

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S-001 (10/20/11)

THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

COMMITTEES:
Governmental Oversight and Accountability, *Chair*
Budget - Subcommittee on Education Pre-K - 12
Appropriations
Commerce and Tourism
Community Affairs
Health Regulation

SENATOR JEREMY RING
32nd District

November 15, 2011

Honorable Senator Steve Oelrich
418 Senate Office Building
404 S. Monroe Street
Tallahassee, FL 32399-1100

Dear Chairman Oelrich,

I am requesting to be excused from Higher Education meeting scheduled for Thursday November 17th due to a previous commitment in Fort Lauderdale on the 18th.

Thank you in advance for considering this request to be excused from the Higher Education meeting scheduled for November 17th. Please do not hestiate to contact me if you have any questions.

Sincerely,

Jeremy Ring

Jeremy Ring
Senator District 32

REPLY TO:
❒ 5790 Margate Boulevard, Margate, Florida 33063 (954) 917-1392
❒ 210 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5094

Senate's Website: *www.flsenate.gov*

MIKE HARIDOPOLOS
President of the Senate

MICHAEL S. "MIKE" BENNETT
President Pro Tempore