

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 101 University of South Florida

SPONSOR(S): McKeel and others

TIED BILLS: **IDEN./SIM. BILLS:** SB 838

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	Health Care Regulation Policy Committee		Holt	Calamas
2)	State Universities & Private Colleges Appropriations Committee			
3)	Education Policy Council			
4)				
5)				

SUMMARY ANALYSIS

The bill approves the establishment of a new pharmacy school at the University of South Florida (USF). USF plans to enroll the first class of 50 students in fall 2011. The program would add 75 students in the second year and 100 students annually thereafter until reaching full capacity at 400 students in 2016. Once students were enrolled, the program would have to become accredited in order for students to meet the licensure requirements for a pharmacist.

By authorizing a new pharmacy school at USF, this bill will create an expectation for long-term financial support from the state. While USF has utilized funds from corporate and private donors to start planning for the pharmacy school, the university will request state funding beginning at a rate of \$8,000 per student starting in fiscal year 2011-2012 and beyond (See "Fiscal Analysis").

The bill takes effect upon becoming a law.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

The bill approves the establishment of a doctor of pharmacy (PharmD) degree at the University of South Florida (USF), Tampa Campus.

Section 1004.03(3), F.S., requires the Legislature to approve the establishment of new colleges, schools, or functional equivalents of any program leading to a degree that is:

- Offered as a credential for a specific license granted; and
- Receiving support from tuition and fees or from funds appropriated by the Legislature.

Thus, a public institution wishing to establish a doctoral program for a licensed profession such as pharmacy has to receive authorization from the Legislature before offering the program.

PharmD Programs

PharmD programs currently exist at five institutions in Florida—two public universities (University of Florida and Florida A & M University) and three independent institutions (Nova Southeastern University, Palm Beach Atlantic University, and Lake Erie College of Medicine-Bradenton Campus). According to the Board of Governors (BOG), the University of Florida and Florida A & M University awarded 635 pharmacy degrees in 2008 and 557 pharmacy degrees in 2007. USF estimates that the three independent institutions will graduate approximately 382 pharmacy students each year.¹

Licensed Pharmacists

The Florida Pharmacy Act² establishes the educational requirements for a person desiring to be licensed as a pharmacist. Any PharmD graduate desiring to become licensed must apply to the Florida Department of Health to take the licensure examination. In order to sit for the examination, an individual must submit proof that they have:³

- Earned a degree from a school or college of pharmacy accredited by an accrediting agency recognized and approved by the United States Office of Education; or

¹ Board of Governors, 2010 Legislative Bill Analysis of House Bill 101, January 27, 2010.

² Chapter 465, F.S.

³ Section 465.007(1)(b), F.S.

- Earned a degree from a 4-year undergraduate pharmacy program from a school or college of pharmacy located outside the United States and completed a minimum of 500 hours in a supervised work activity program in Florida under the supervision of a pharmacist licensed by the Department of Health.

Projected Need for Pharmacists in Florida

According to the Agency for Workforce Innovation (AWI), the annual growth rate of pharmacists statewide is 3.10 percent.⁴ By 2017, AWI projects that there will be 20,795 available jobs, which is an increase 4,128 positions or 25 percent increase. AWI attributes the increased demand is due to the higher incidence of middle-aged and elderly individuals who use more prescription drugs; to scientific advances that will make more drug products available; and to the coverage of prescription drugs by a greater number of health insurance plans and Medicare.⁵

B. SECTION DIRECTORY:

Section 1. Creates s. 1004.387, F.S., authorizing a doctor of pharmacy degree program at the University of South Florida.

Section 2. Provides an effective date of upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

The following fiscal impact reflects the minimum amount USF projects is needed to fund the direct costs for start-up and continual operations of the PharmD program at a financially sustainable level.⁶ The proposal does not include the costs for planning, construction, and equipment for required for a facility to house the program. The charts below summarize the projected costs associated with three planning years and four implementation years to start a new PharmD program at USF.⁷ According to BOG staff, the USF is on track to have the first classes begin in Fall 2011.⁸

1. Revenues:

Planning Years

The University of South Florida will utilize \$1,025,000 of existing resources (not reflected in the charts below) to satisfy financial obligations borne by USF for costs incurred during the planning years.

Planning Years			
	Year 1 (08-09)	Year 2 (09-10)	Year 3 (10-11)
Receipts (i.e. Community donations, contracts & grants)	\$ 25,000	\$ 652,238	\$ 1,322,762
Total Revenues:	\$ 25,000	\$ 652,238	\$ 1,322,762

Implementation Years (Classes Begin)

⁴ Agency for Workforce Innovation. Occupational Profile: Pharmacists, *available at*: <http://www.whatpeopleareasking.com/occprofile.asp?soccode=291051> (last viewed January 29, 2010)

⁵ Agency for Workforce Innovation, Labor Market Statistics Center, Florida Jobs: Employment Outlook by Workforce Region, spreadsheet on file with the Health Care Regulation Policy Committee staff.

⁶ USF PharmD Business Plan, FBOG Table 2P, Summary of Costs for Proposed Doctor of Pharmacy (January 2009).

⁷ Board of Governors, 2010 Legislative Bill Analysis of HB 101, dated January 27, 2010.

⁸ E-mail correspondence with the Board of Governors and University of South Florida staff (January 29, 2010).

USF will request recurring appropriations based on a per student rate of \$8,000.⁹ USF anticipates the first class will start in 2011-2012 (year 1) with an enrollment of 50 students. By 2016-2017 (year 6), USF anticipates reaching capacity of 400 students and projects a total recurring General Revenue (GR) need of \$3.2M. In fiscal years 2011-2012 and 2012-2013, USF projects needing additional funds and will request \$2,792,059 non-recurring GR from the Legislature.

Implementation Years				
	Year 1 (11-12)	Year 2 (12-13)	Year 3 (13-14)	Year 4 (14-15)
Receipts	\$ 800,000	\$ -0-	\$ -0-	\$ -0-
Tuition	755,000	2,076,250	4,110,750	5,937,750
State Appropriations	1,409,358	2,782,701	1,800,000	2,600,000
Research Grants	- 0-	-0-	- 0-	2,250,000
Total Revenues:	\$ 2,964,358	\$ 4,858,951	\$ 5,910,750	\$ 10,787,750
#Students/Tuition per Student	50/\$15,100	125/\$16,610	225/\$18,270	325/\$18,270

Year 1 (FY 2011-2012)

For fiscal year 2011-2012, with the first class of 50 students expected for fall enrollment at a tuition rate of \$15,100 (with 10 percent annual increases), USF expects \$755,000 in tuition revenue and another \$800,000 in community or industry donations. According to the BOG bill analysis, the university will request \$400,000 in recurring GR funds to support the first class of 50 students and \$1,009,358 in non-recurring GR funds to support the salaries and benefits of faculty and support staff that would be needed prior to the program reaches full enrollment. However, the Department of Education's Legislative Budget Request for fiscal year 2011-2012 does not reflect any specific funding for this purpose.

Year 2 (FY 2012-2013)

Starting in fiscal year 2012-2013 and beyond, tuition revenues are the only source of funding outside of projected state appropriations, and federal contracts. The university will request \$1M in recurring GR and \$1,782,701 non-recurring GR funds to support salaries and benefits for faculty and support staff.

Year 3 (FY 2013-2014)

The university will request \$1.8M in recurring funds for fiscal year 2013-2014. According to the BOG analysis, USF reports a *deficit* of (\$181,695) for fiscal year 2012-2013. The university felt that the amount was not sufficient to warrant the request of additional non-recurring GR and will absorb the deficit. USF projects, that tuition revenue will cover approximately 69 percent of the program costs after 2013-14.

Research Grants

USF is projecting receiving annual awards of more than \$2.2M in competitive federal research funding starting in FY 2014-2015.

2. Expenditures:

Planning Years

According to the BOG, USF intends to pay for the cost of startup planning with private contributions and reallocated contract and grant dollars. USF expects a *deficit* of (\$574,630) in fiscal year 2010-

⁹ USF PharmD Business Plan, FBOG Table 2P, Summary of Costs for Proposed Doctor of Pharmacy (January 2009).

2011. The university intends to satisfy the shortfall through fundraising efforts. Year-to-date, USF has expended the following: \$92,592 for recruitment and business items and \$53,425 for salaries.¹⁰

Planning Years			
	Year 1 (08-09)	Year 2 (09-10)	Year 3 (10-11)
Salaries/Benefits	0	\$ 551,800	\$1,486,234
Expenses	\$ 25,000	95,938	304,158
OCO	0	4,500	19,500
I&R Labs, Distance Learning Equipment	0	0	87,500
Total Expenditures:	\$ 25,000	\$ 652,238	\$ 1,897,392

Implementation Years

According to the proposal, the largest instructional and research expenditure consist of faculty salaries and benefits followed by administrative and operational costs.

Implementation Years				
	Year 1 (11-12)	Year 2 (12-13)	Year 3 (13-14)	Year 4 (14-15)
Salaries/Benefits	\$ 2,295,542	\$ 4,249,251	\$ 5,431,369	\$ 6,028,216
Expenses	412,316	499,700	584,576	1,615,504
OCO	31,500	60,000	76,500	78,795
Data Processing	0	0	0	40,000
Library Resources	0	0	0	290,000
I&R Labs, Distance Learning Equipment	225,000	50,000	0	500,000
Total Expenditures:	\$ 2,964,358	\$ 4,858,951	\$ 6,092,445	\$ 8,552,515

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The proposed PharmD program at USF may provide graduates for retail outlets and other pharmacy related industries throughout the Tampa Bay area. The proposed PharmD program may reduce the number of enrollments at independent colleges and universities in Florida that currently offer a PharmD program (i.e. Nova Southeastern University; Palm Beach Atlantic University; and Lake Erie College of Medicine-Bradenton Campus).

D. FISCAL COMMENTS:

Lake Erie College of Medicine-Bradenton Campus (LECOM)

In recent years LECOM has received state funding to support health programs. In 2009-2010 General Appropriations Act, LECO received \$785,106 GR and \$1.6M Federal Stimulus funds to support Florida residents who are enrolled in the Osteopathic Medicine or Pharmacy Program at the LECOM/Bradenton. According to LECOM, they allocated \$1.1M to the pharmacy program to provide subsidies for 481 students at \$1,665 each.¹¹

¹⁰ E-mail correspondence with the Board of Governors and University of South Florida staff (January 29, 2010).

¹¹ Florida House of Representatives, State Universities & Private Colleges Appropriations Committee, 2010-2011 Base Budget Review, available in January 12, 2009 committee meeting packet.

Nova Southeastern University (Nova)

In recent years Nova has also received state funding to support health programs. In 2009-2010 General Appropriations Act, Nova received \$3.4M GR and \$1.6M to support Florida residents who are enrolled in the Osteopathic Medicine, Pharmacy, or Nursing Programs at Nova. According to Nova, they allocated \$334,605 for the pharmacy program to provide subsidies for students.¹²

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to: require the counties or cities to spend funds or take an action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

No additional rule-making authority is required to implement the provisions of the bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

¹² *Ibid.*