

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 288

SPONSOR: Senator Lee

SUBJECT: Florida Prepaid College Program

DATE: January 26, 1999

REVISED: 02/02/99 _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>White</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Fav/1 amendment</u>
2.	_____	_____	<u>GO</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

This bill authorizes the benefits of a contract with the Florida Prepaid College Program to be used for a program leading to diploma or certificate at a public technical center or community college. It also authorizes the program's direct-support organization to use the property, facilities and services, including the investment services, of the Prepaid College Board.

This bill amends s. 240.551, F.S.

II. Present Situation:

The 1987 Legislature created the Florida Prepaid College Program in s. 240.551, F.S., to encourage families to save for their children's college education. The program offers several types of contracts designed to pay for tuition and fees at degree-granting public postsecondary education institutions in Florida. The program guarantees that the contract purchased will be adequate to cover the tuition and mandatory fees at the level of institution stipulated in the contract, even if the fees rise higher than the value of the contract when it was purchased, plus investment income or minus investment losses. Options are available for contracts that will pay for local fees and dormitory residence expenses.

Under certain circumstances, a contract may be transferred and used for a student's enrollment at an independent college in Florida or an out-of-state college. In this case, the benefits are limited to the amount that would pay for tuition and fees at the level of a public institution stipulated in the contract.

The program's benefits may be transferred and used only for enrollment in a program that leads to a degree. Florida authorizes two types of non-degree postsecondary education programs -- the applied technology diploma program and vocational certificate program. School district technical centers and community colleges are both authorized to offer these programs.

The Florida Prepaid College Program has a direct-support organization that raises and invests funds and purchases contracts for scholarships. The law does not specifically authorize the direct-support organization to use the property, facilities, or personal services of the board, nor does it stipulate that the organization may invest its funds with those of the board. However, the organization has always been co-located with the board's offices.

III. Effect of Proposed Changes:

The proposed legislation would authorize a qualified beneficiary of the Florida Prepaid College Program to transfer the benefits of a contract to pay for enrollment in a program that confers an applied technology diploma or a vocational certificate rather than a degree. Only programs offered by public school districts or community colleges in Florida would be eligible.

The amount transferred could not be more than the redemption value of the original contract -- that is, an amount sufficient to cover the tuition and fees at either a public community college or state university, plus any optional coverage for local fees or dormitory residence, for the number of semester hours stipulated in the contract. If the cost of the fees was less than the redemption value of the contract, only the amount necessary to pay the fees would be transferred.

The bill also would specifically authorize the direct-support organization to use the property facilities, personal services, and investment services of the Prepaid College Board.

The bill makes several technical changes to use current bill-drafting convention and to clarify that out-of-state colleges eligible for a transfer of benefits under the program must be accredited by the commission on colleges of a regional accrediting association. Out-of-state programs would not be eligible unless they conferred baccalaureate degrees.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

Designated beneficiaries of contracts with the Prepaid College Program could use the benefits to attend a community college or school district technical center to earn an Applied technology diploma or a vocational certificate.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

#1 by Education:

Authorizes benefits of a contract to be used at an out-of-state college that does not confer baccalaureate degrees, if it is regionally accredited by a commission on colleges.