

The Florida Senate  
**COMMITTEE MEETING EXPANDED AGENDA**  
BUDGET SUBCOMMITTEE ON HIGHER EDUCATION  
APPROPRIATIONS  
Senator Lynn, Chair  
Senator Thrasher, Vice Chair

**MEETING DATE:** Thursday, January 19, 2012

**TIME:** 4:30 —6:00 p.m.

**PLACE:** Pat Thomas Committee Room, 412 Knott Building

**MEMBERS:** Senator Lynn, Chair; Senator Thrasher, Vice Chair; Senators Altman, Braynon, Detert, Hays, Joyner, Montford, Oelrich, Simmons, Siplin, and Wise

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	Free Application for Federal Student Aid (FAFSA) Financial Aid Data Overview		
2	Higher Education Audit Overviews and College Response		
3	Budget Work Session		
Other Related Meeting Documents			

# Higher Education Appropriations

FAFSA Financial Aid Data Overview  
January 19, 2012

# FAFSA

- Free Application for Federal Student Aid (FAFSA)
  - Used for all federal aid
    - Pell Grants, Supplemental Educational Opportunity Grant (SEOG), Federal Work-Study Program
    - Loans (subsidized & unsubsidized) and PLUS
- FAFSA informs students on the application that States and/or Colleges may use their information for other purposes

# Notes to Students

## Found on the FAFSA

- Most states and colleges use information from the FAFSA to award Non-federal aid...they will determine if you may be eligible to receive state or institutional aid
- Colleges use the FAFSA Expected Family Contribution (EFC) to prepare a financial aid package
- By submitting the FAFSA, you are giving your state financial aid agency permission to verify any statement on the FAFSA and to obtain IRS information for all persons required to report income on the FAFSA

# Florida uses FAFSA data

- To Meet Eligibility for Need Program Awards
  - Florida Student Assistance Grants (FSAG)
  - Florida Work Experience Program (FWEP)
  - Mary McLeod Bethune Scholarships (MMB)
  - Jose Marti Scholarship Challenge Grants (JM)
  - Rosewood Family Scholarships (RFS)
  - First Generation Matching Grants (FGMG)
- New 2011-12 – Required to Meet Eligibility for Merit and Tuition Assistance Program Awards
  - Florida Bright Futures Scholarships (BF)
  - Florida Resident Access Grants (FRAG)
  - Access to Better Learning and Education Grants (ABLE)

# Percent of 2010-11 FAFSA's Filed by Students per Bright Futures, FRAG & ABE

2010-11 FAFSA Data for Bright Futures, FRAG and ABE			
	Bright Futures	FRAG	ABLE
% potentially eligible for FSAG and Pell	37%	56%	76%
% potentially eligible for Need \$\$ up to COA at SUS	17%	18%	16%
% of students who filed FAFSA	70%	91%	99%

COA = Cost of Attendance

SUS = State Universities System

FAFSA = Free Application for Federal Student Aid

FRAG = Florida Resident Access Grant

ABLE = Access to Better Learning and Education

# Term 1 2011-12 FAFSA's

## Indicate BF Students Qualify for Additional Need-Based Aid

2010-11 vs 2011-12 FAFSA Data for Bright Futures (BF)		
	2010-11	2011-12
% potentially eligible for FSAG and Pell	37%	41%
% potentially eligible for Need \$\$ up to COA at SUS	17%	24%
% of students who filed FAFSA	70%	100%

Adjusted Gross Incomes at \$50,000 or less	35%	40%
Adjusted Gross Incomes from \$50,001 to \$80,000	13%	18%
Adjusted Gross Incomes from \$80,001 to \$100,000	10%	10%
Adjusted Gross Incomes at \$100,001 and above	42%	32%

# Fewer Bright Futures Students Funded Term 1 - 2011-12 as compared to 2010-11

	Term 1 Students	End of Year (EOY)*	% of EOY	Term 1 Expenditures	Appropriation	% of Appropriation
2010-11	173,332	179,076	<b>97%</b>	\$ 215,926,189	\$ 437,282,546	49%
2011-12	167,032	179,690	<b>93%</b>	\$ 169,934,135	\$ 350,000,000	49%
* 2011-12 EOY from October 2011 Student Financial Aid Estimating Conference						



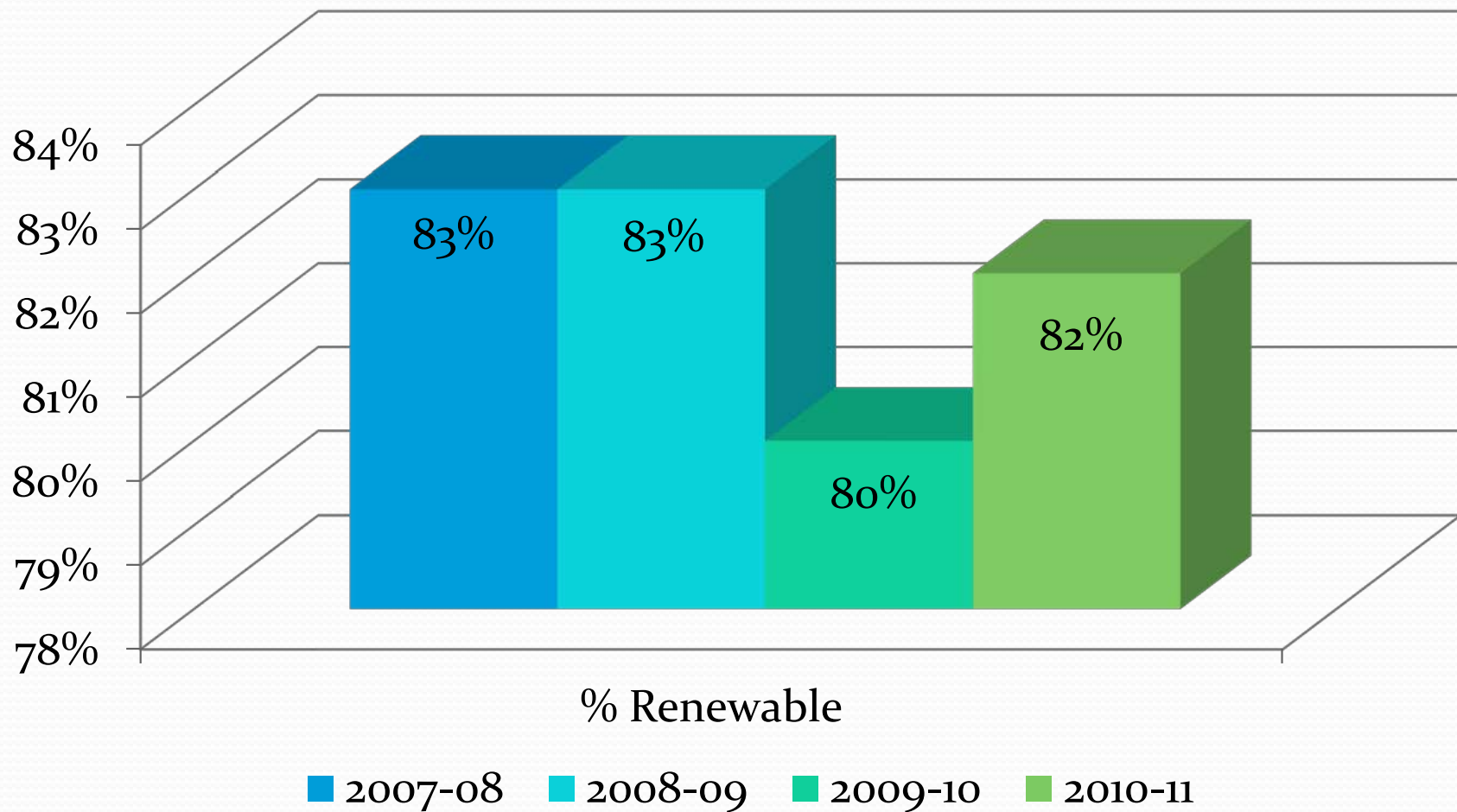
# Why Fewer Students?

1. The 2010-11 high school graduating class did not have the same percentage growth compared to prior years and therefore the programs had fewer first year scholarship recipients
2. Students may have:
  - a) Delayed enrollment due to economic issues
  - b) Chosen to attend out-of-state due to lower award amounts
  - c) Chosen not to file a FAFSA
3. Changes in Eligibility Requirements Affect Renewals

# Changes in Eligibility Requirements

- 2009
  - **Renewing students** must have earned full time hours if funded full time, instead of 6 hours per term
    - 3% lost the award
- 2010
  - **Renewing students** earned required hours at a higher percentage than the previous year

# Changes in Eligibility Requirements Reflected in Renewal Rates



# Federal Regulations for Institutions to Process FAFSA Information

- Federal Regulation Sections (§);
  - § 668.54 Selection of Applications for Verification
  - § 668.165(a) Borrower Notice to Cancel Loan
  - § 668.165, 42 & 43 Institutions Must Provide Information/Notices about Federal Aid to Students
    - Notices
    - Entrance/Exit Counseling
  - § 682.604(c)(3) Student Borrower Must:
    - File a Complete and Error-free FAFSA
    - Authorize to Accept Loans
    - Sign Promissory Note which Instructs Students
      - They must repay the loan
      - How to cancel loan within 120 days with no penalties



# Questions ??

# Senate Budget Subcommittee on Higher Education Appropriations



Colleges and University Audits  
2010-11 Fiscal Year

# College and University Audits 2010-11 Fiscal Year

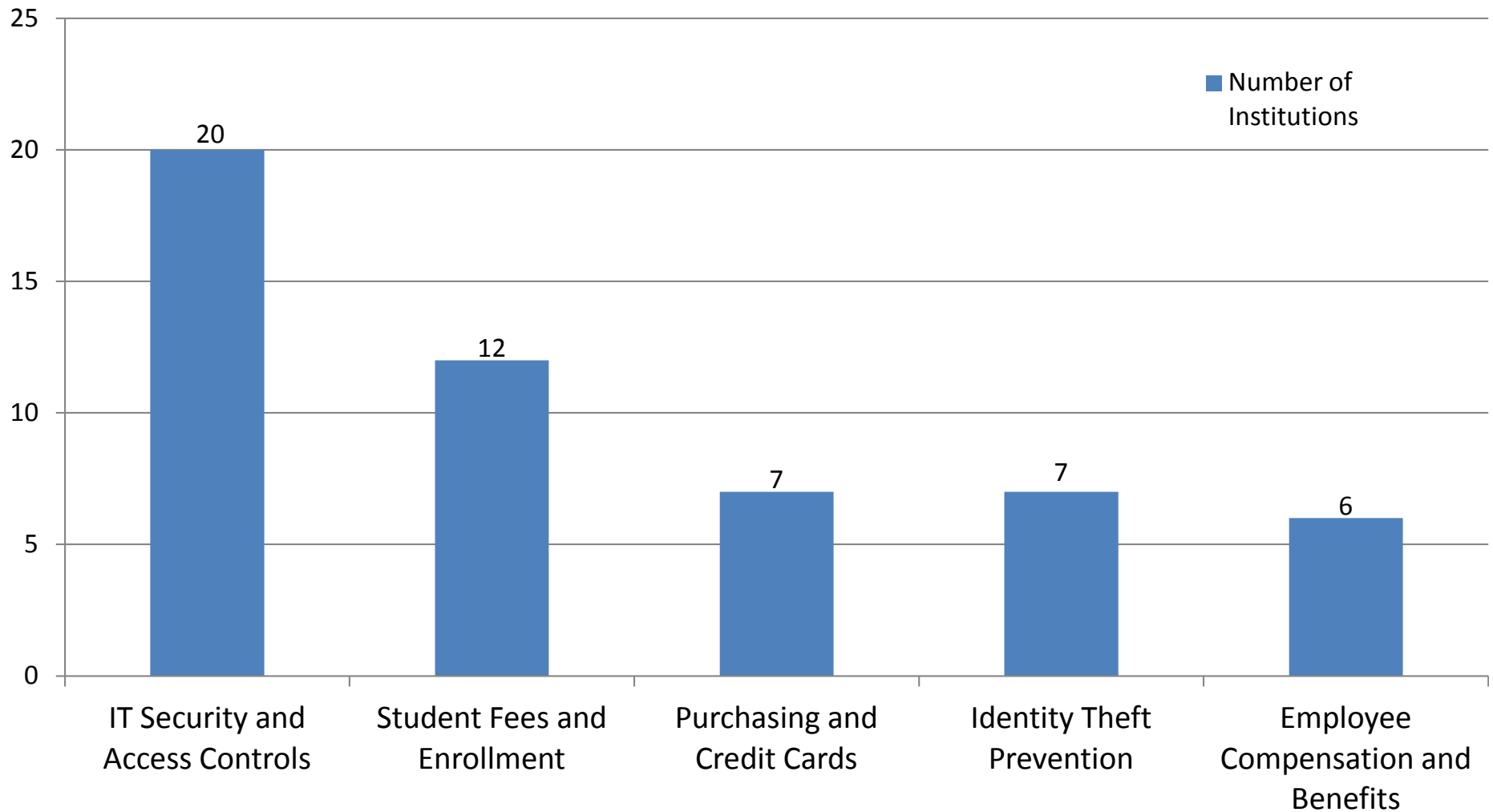
- Audits Performed:
  - Operational Audits
    - Operational audits of 12 Colleges and 8 Universities
    - Bright Futures Scholarship Program
  - Financial Statement Audits
    - Annual financial audits of 28 Colleges and 11 Universities
  - Statewide Federal Awards Audit

# College and University 2010-11 Fiscal Year Operational Audits

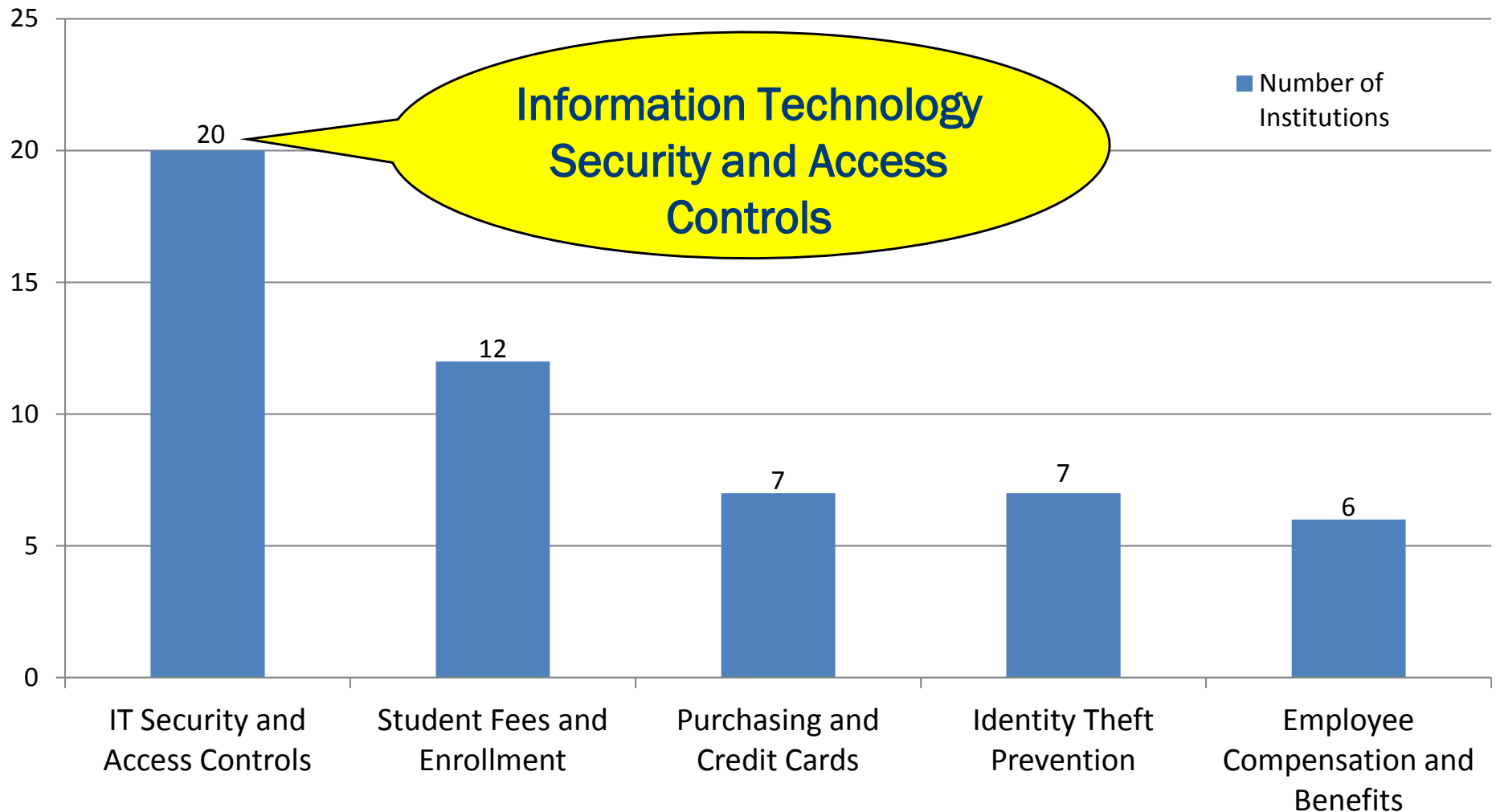
- Risk assessment process used to identify audit topics.
- Total of 158 findings
  - Total of 98 findings for the 12 College operational audits.
  - Total of 60 findings for the 8 University operational audits.



# COLLEGE AND UNIVERSITY MOST COMMON OPERATIONAL AUDIT FINDINGS



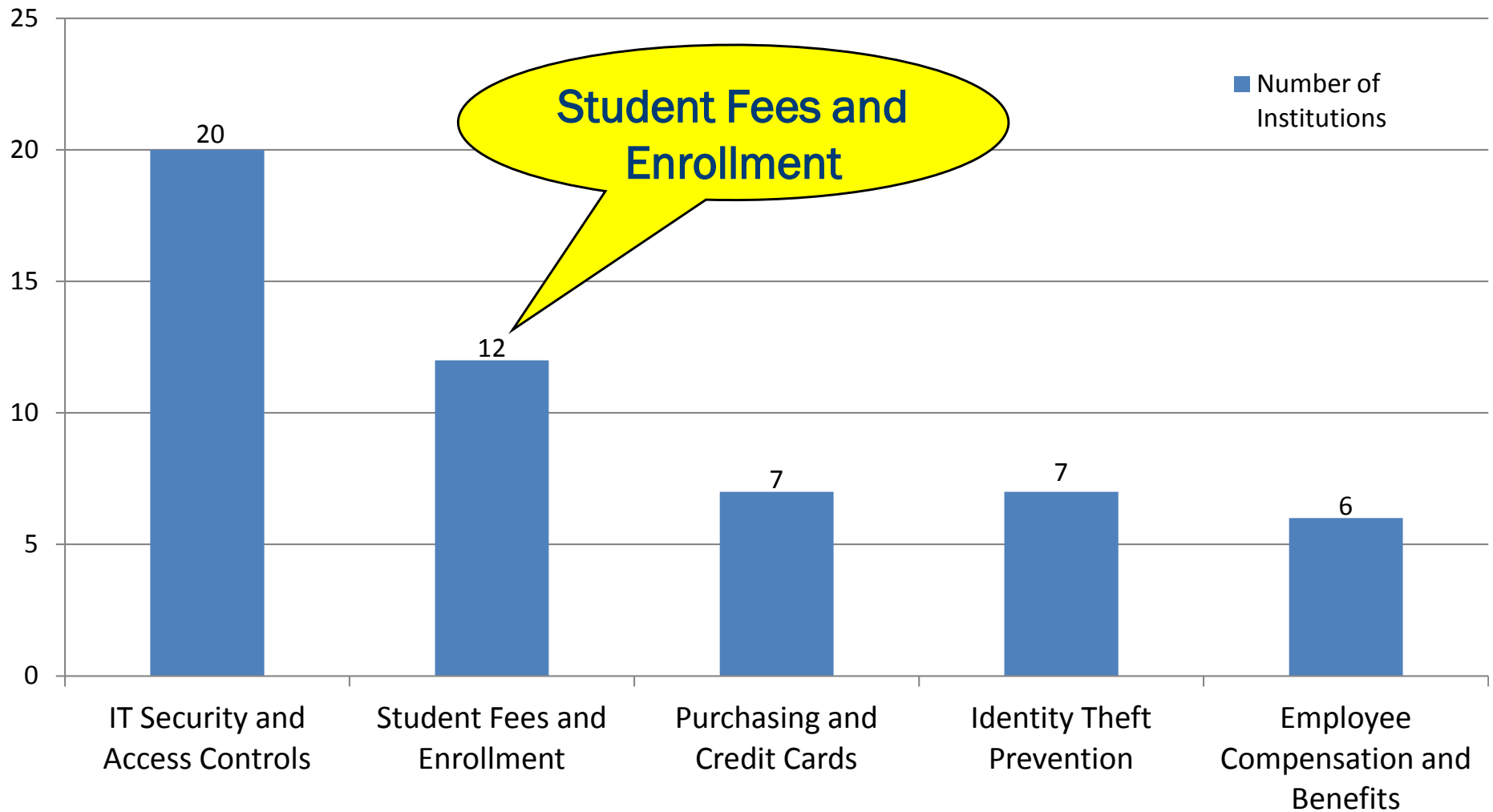
# COLLEGE AND UNIVERSITY MOST COMMON OPERATIONAL AUDIT FINDINGS



# Information Technology Security and Access Controls

- There were 65 findings for 20 institutions related to IT security and access controls. For example:
  - 20 institutions – User Authentication/Security Logging and Monitoring
  - 17 institutions – Access Privileges (Inappropriate or unnecessary; former employees; use of others password)
  - 12 institutions – Lack of formal written risk assessment
  - 4 institutions – Security Incident Response Plan

# COLLEGE AND UNIVERSITY MOST COMMON OPERATIONAL AUDIT FINDINGS



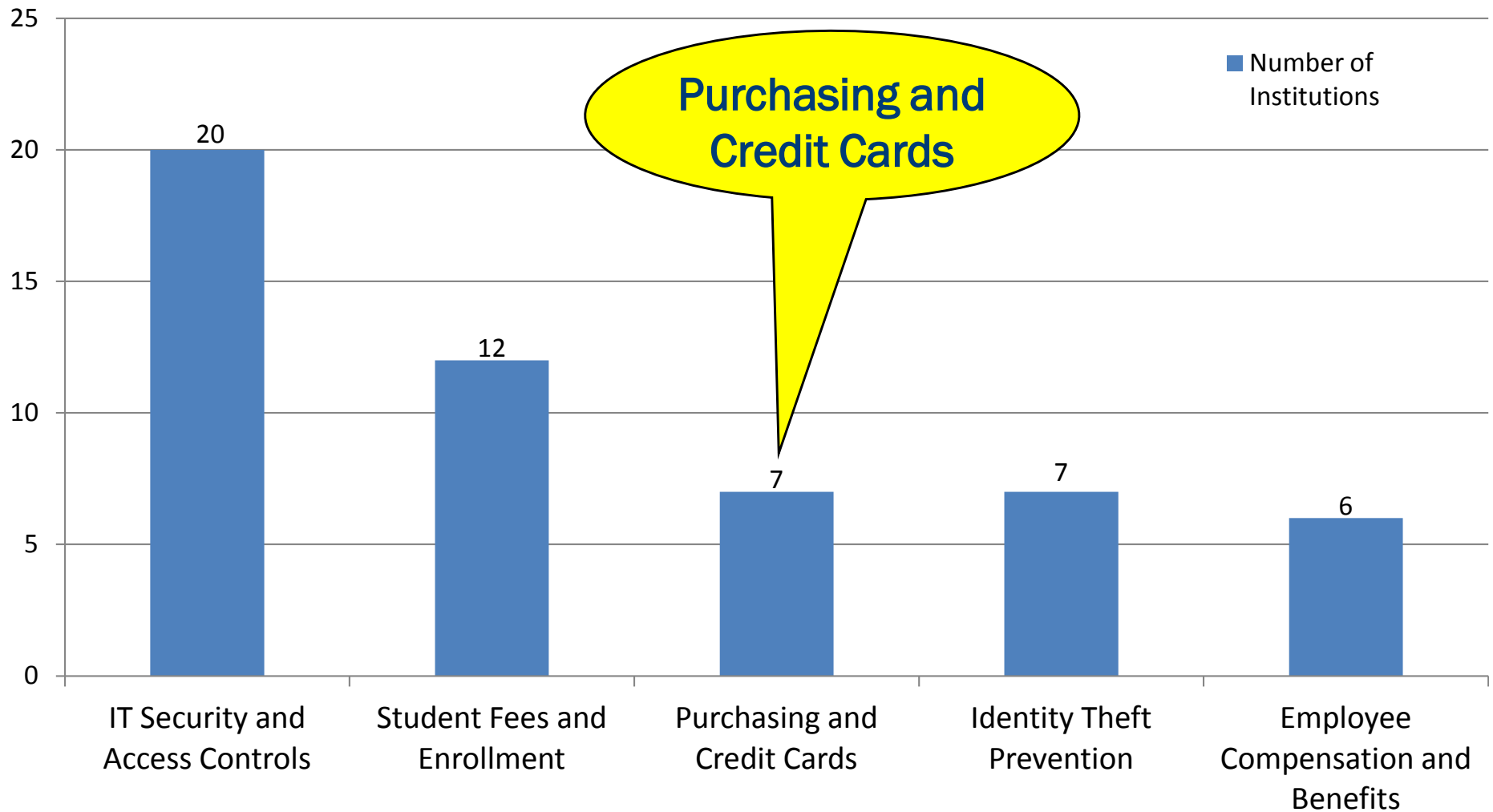
# Student Fees and Enrollment

- There were 19 findings for 12 institutions related to student fees and enrollment. For example:
  - 1 College allowed class substitutions that did not meet the content and competencies requirements for the program the student was enrolled in. The College also did not limit the number of class substitutions to those allowed by College policies.
  - 1 College had not provided data for its Continuing Workforce Education to the Florida DOE to determine necessary adjustments to the College's FTE for the CWE enrollment for the 2006-07 through 2009-10 fiscal years. As a result, the College may receive State funding that it is not entitled to receive.
  - 3 Colleges did not accurately report instructional contact hours for adult general education classes to the Florida DOE.

# Student Fees and Enrollment

- At one College, supporting documentation was not available for three laboratory fees ranging from \$12 to \$70 per course. These three laboratory fees and two other laboratory fees had not been reviewed in the prior three years, contrary to College Board of Trustee Rule.
- At one College, our tests revealed:
  - 3 students were classified as Florida residents for tuition purposes; however, the College did not document the submission of written or electronic documentation to establish Florida residency.
  - 16 students, residents of the Bahamas, were assessed Florida resident tuition rates; however, College records did not evidence that the students met the requirements to qualify for Florida resident tuition rates. The classification of these 16 students as Florida residents for tuition purposes resulted in a loss of \$59,701 of nonresident student fee revenues.
  - 2 students were charged nonresident tuition rates although they had submitted the required documents to establish Florida residency for tuition purposes, resulting in \$1,436 of overcharges to these students.

# COLLEGE AND UNIVERSITY MOST COMMON OPERATIONAL AUDIT FINDINGS

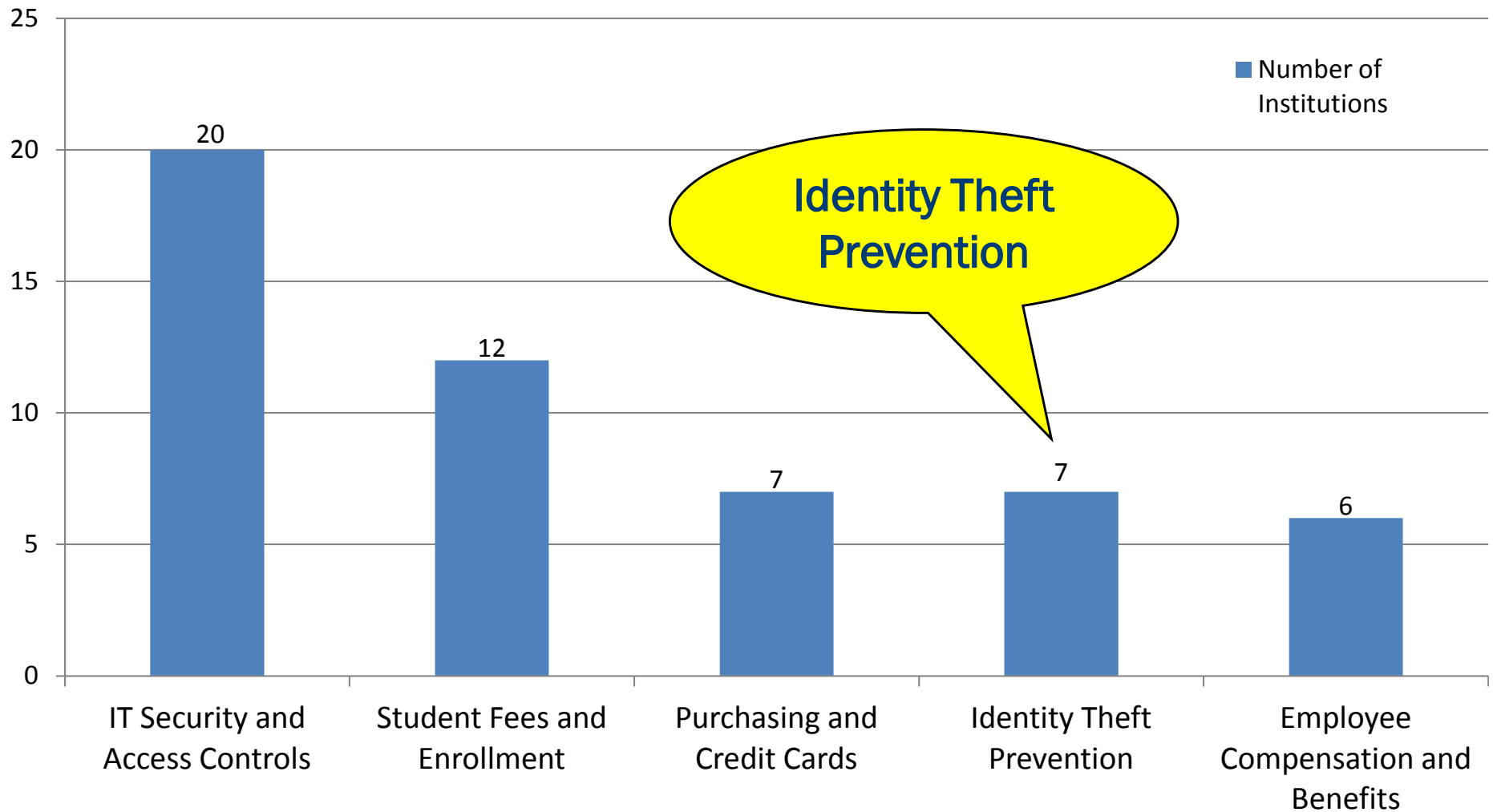


# Purchasing and Credit Cards

- There were 8 findings for 7 institutions related to P-cards and Credit Cards. For example:
  - For one College, we noted numerous purchasing card transactions for which there was no evidence of supervisory approval. Also, College records did not evidence the public purpose of several purchases.
  - One College did not periodically evaluate the monthly credit limits and the credit limits appeared excessive based on actual use.



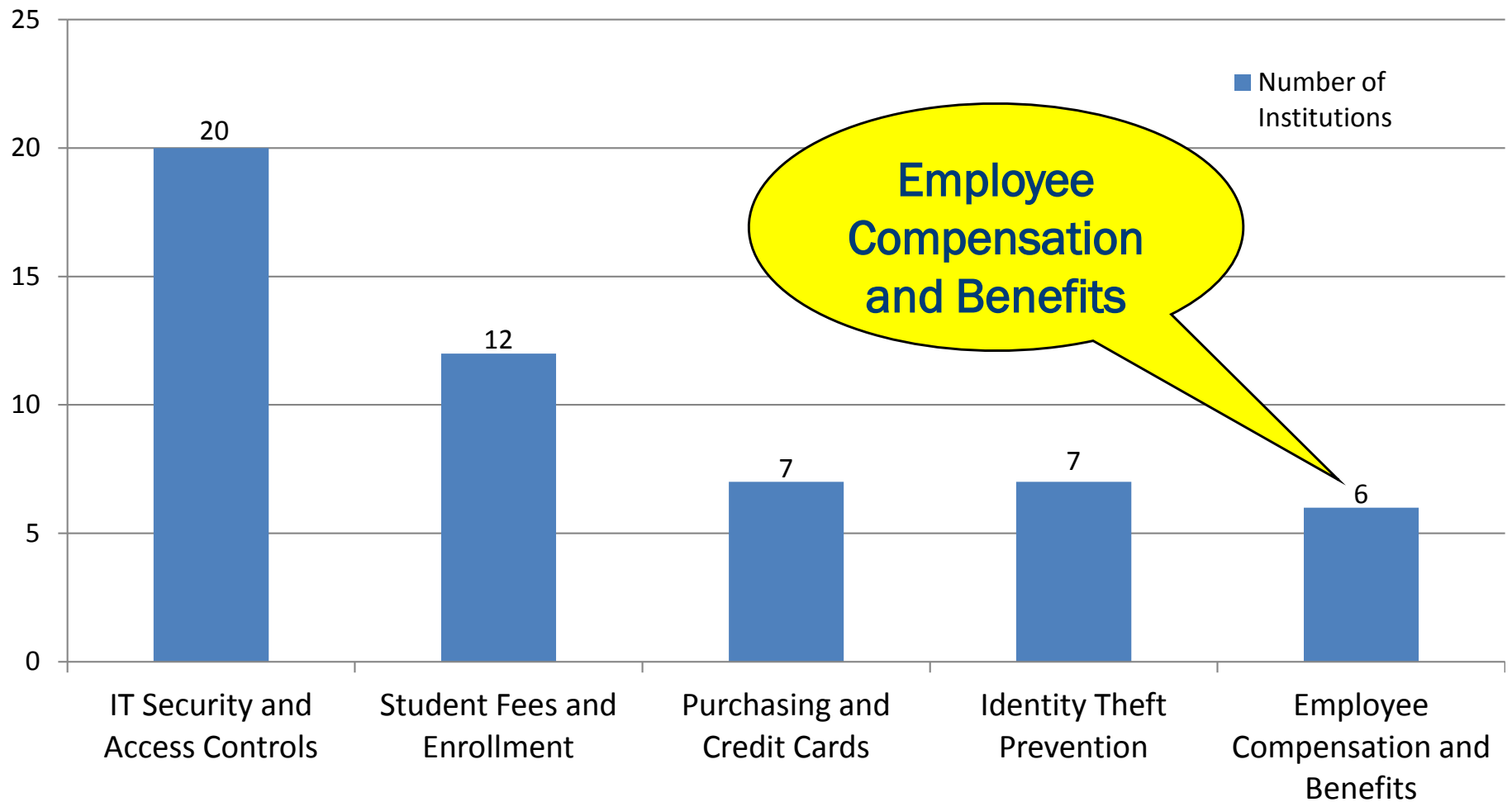
# COLLEGE AND UNIVERSITY MOST COMMON OPERATIONAL AUDIT FINDINGS



# Identity Theft Prevention Program

- There were 7 institutions that had not implemented, or needed to improve, an identity theft prevention program as required by Section 114 of the Fair and Accurate Credit Transaction Act of 2003.
- Purpose of the Act is to provide clear guidance to organizations that process certain personal information that places them at higher risk for identity theft.

# COLLEGE AND UNIVERSITY MOST COMMON OPERATIONAL AUDIT FINDINGS



# Employee Compensation and Benefits

- There were 8 findings for 6 institutions related to employee compensation and benefits. For example:
  - For one College, the President's total compensation amounted to \$837,085 (salary, bonuses, and cash equivalent compensation); however, College records did not evidence that the Board determined that the President's total compensation was reasonable in comparison to compensation for other Florida college presidents. The President's total compensation was higher than the total compensation of any other Florida college or university president.
  - For 2 Colleges, the President's contract, entered into after July 1, 2011, included severance pay arrangements that were contrary to Section 215.425(4)(a), Florida Statutes.

# Employee Compensation and Benefits

- At one College the President's employment contract allowed for the transfer of accrued sick leave to annual leave, effectively circumventing the sick leave payment limitations of Section 1012.865(2)(e)(2), FS. The College transferred 776 hours of accrued sick leave to annual leave that at the President's current pay rate would pay the President an additional \$95,518 in terminal pay upon termination of employment.
- One College had not taken action to recover \$87,098 of accrued sick leave overpayments noted in a prior audit.
- One University paid a contracted employee \$17,316 more than allowed by the contract.

# Questions?

Office of the Auditor General

Jim Stultz, Audit Manager

Florida Colleges and Universities

Phone Number: 922-2263

[jimstultz@aud.state.fl.us](mailto:jimstultz@aud.state.fl.us)

**NO MEETING  
MATERIALS AVAILABLE.**

THE FLORIDA SENATE

APPEARANCE RECORD

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

1/19/2012  
Meeting Date

Topic College and University Audit Results Bill Number \_\_\_\_\_  
(if applicable)

Name Jim Stultz Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title Audit Manager - Florida Colleges and Universities

Address Madison Street Phone (850) 922-2243  
Street

Tallahassee FL 32499  
City State Zip

E-mail @

Speaking: ☐ For ☐ Against ☒ Information

Representing Florida Auditor General

Appearing at request of Chair: ☒ Yes ☐ No

Lobbyist registered with Legislature: ☐ 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)



2

THE FLORIDA SENATE

APPEARANCE RECORD

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

1/19/12

Meeting Date

I'm here to answer questions, if needed.

Topic College and University Audit Results

Bill Number \_\_\_\_\_  
(if applicable)

Name Ted Saverbeck

Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title Deputy Auditor General

Address \_\_\_\_\_  
Street

Phone \_\_\_\_\_

City

State

Zip

E-mail \_\_\_\_\_

Speaking: ☐ For ☐ Against ☒ Information

Representing Florida Auditor General

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  
**APPEARANCE RECORD**

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

1/19/12  
Meeting Date

Topic Higher Ed Audit & College Responses

Bill Number \_\_\_\_\_  
(if applicable)

Name Randy Hanna

Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title Chancellor, Florida College System

Address 325 West Gaines Street

Phone 245-9449

Tall FL 32399  
City State Zip

E-mail randy.hanna@fldoe.org

Speaking: ☐ For ☐ Against ☒ Information

Representing Dept. of Education - Division of Florida Colleges

Appearing at request of Chair: ☒ Yes ☐ No

Lobbyist registered with Legislature: ☒ Yes ☐ No

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THE FLORIDA SENATE

COMMITTEE APPEARANCE RECORD

(Submit to Committee Chair or Administrative Assistant)

4

19 January 2012  
Date

Bill Number

Barcode

Name

Matthew Holliday

Phone 334-826-7864

Address

8699 College Parkway  
Street

E-mail mholliday@edison.edu

FL Myers  
City

FL  
State

33919  
Zip

Job Title Dir., Govt. Rel.

Speaking:

☐

For

☐

Against

☒

Information

Appearing at request of Chair ☒

Subject

Audit response

Representing

Edison State College

Lobbyist registered with Legislature:

☒

Yes

☐

No

Pursuant to s. 11.061, *Florida Statutes*, state, state university, or community college employees are required to file the first copy of this form with the Committee, unless appearance has been requested by the Chair as a witness or for informational purposes.

If designated employee:

Time:

from

.m.

to

.m.

THE FLORIDA SENATE

APPEARANCE RECORD

did not speak

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

1-19-12

Meeting Date

Topic FAFSA - student financial aid

Bill Number \_\_\_\_\_  
(if applicable)

Name Theresa Antworth

Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title State Scholarships & Grants Director

Address \_\_\_\_\_  
Street

Phone 850-410-5185

City

State

Zip

E-mail \_\_\_\_\_

Speaking: ☐ For ☐ Against ☒ Information

Representing DOE/OSFA

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

APPEARANCE RECORD

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

Did not speak

01/19/12  
Meeting Date

Topic FAFSA

Bill Number \_\_\_\_\_  
(if applicable)

Name LEVIS HUGHES

Amendment Barcode \_\_\_\_\_  
(if applicable)

Job Title BUREAU CHIEF

Address 325 W. GAINES ST.

Phone 410.6810

Street

TALLAHASSEE  
City

FL  
State

32399  
Zip

E-mail \_\_\_\_\_

Speaking: ☐ For ☐ Against ☒ Information

Representing DEPT of EDUCATION

Appearing at request of Chair: ☒ Yes ☐ No

Lobbyist registered with Legislature: ☐ Yes ☒ No

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S-001 (10/20/11)

# CourtSmart Tag Report

**Room:** KN 412

**Case:**

**Type:**

**Caption:** Senate Budget Subcommittee on Higher Education Appropriations - 412 Knott Bldg. 4:30pm **Judge:**

**Started:** 1/19/2012 4:40:17 PM

**Ends:** 1/19/2012 5:50:29 PM

**Length:** 01:10:13

4:40:20 PM	Call to order
4:40:50 PM	Roll call
4:40:55 PM	Chair remarks
4:41:51 PM	Jim Stultz, Audit Manager, Florida College & Universities
4:44:09 PM	Senator Oelrich
4:44:38 PM	Chair Lynn
4:52:23 PM	Senator Oelrich
4:59:42 PM	Ted Sauerbeck, Deputy Auditor General
5:02:18 PM	Chair Lynn
5:03:15 PM	Senator Detert
5:04:44 PM	Ted Sauerbeck
5:06:47 PM	Jim Stultz
5:07:46 PM	Chair Thrasher
5:08:25 PM	Senator Altman
5:10:05 PM	Senator Hays
5:11:23 PM	Senator Simmons
5:11:46 PM	Ted Sauerbeck
5:11:57 PM	Senator Siplin
5:12:09 PM	Chair Thrasher
5:12:38 PM	Senator Montford
5:15:04 PM	Ted Sauerbeck
5:15:43 PM	Chair Thrasher
5:16:08 PM	Randy Hanna, Chancellor, Florida College System
5:24:26 PM	Senator Oelrich
5:26:59 PM	Chair Lynn
5:29:40 PM	Jim Stultz
5:30:35 PM	Senator Oelrich
5:31:36 PM	Senator Joyner
5:33:09 PM	Ted Sauerbeck
5:35:16 PM	Chair Lynn
5:36:01 PM	Randy Hanna
5:38:42 PM	Senator Thrasher
5:40:22 PM	Chair Lynn
5:41:42 PM	Senator Hays
5:42:24 PM	Ted Sauerbeck
5:42:53 PM	Randy Hanna
5:43:45 PM	Senator Altman
5:44:36 PM	Chair Lynn
5:44:52 PM	Matthew Holliday, Edison State College
5:48:05 PM	Senator Oelrich
5:48:50 PM	Chair Lynn
5:49:00 PM	Matthew Holliday
5:50:11 PM	Meeting Adjourned