

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: CS/SB 1524

SPONSOR: Education Committee and Senator Holzendorf

SUBJECT: Education/Florida Education Fund

DATE: April 19, 1999 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>deMarsh-Mathues</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Favorable/CS</u>
2.	_____	_____	<u>FP</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The bill increases the composition of the board of directors of the Florida Education Fund by adding to the number of representatives for the State University System (from two to three members). The third representative from the State University System must be a graduate of a program funded by the Florida Education Fund. The overall number of board members is increased from 12 to 13 members.

This bill amends s. 240.498, F.S.

II. Present Situation:

The provisions of the Florida Education Fund Act are set forth in s. 240.498, F.S. The fund, a non-profit statutory corporation, is created from a challenge endowment grant from the McKnight Foundation and operates on income from the investment of endowment gifts and other gifts, as provided by state statute, and appropriate matching funds, as provided by the state.

The fund's income is used to provide programs with the following specific purposes:

- enhance the quality of higher educational opportunity in the state;
- enhance equality by providing access to effective higher education programs by minority and economically deprived individuals in the state, with particular consideration given to the needs of both African Americans and women; and
- increase the representation of minorities in faculty and administrative positions in higher education in the state to provide a more highly educated minority leadership in the state's business and professional enterprises.

The board of directors for the fund consists of 12 members, appointed as follows:

- Two laypersons appointed by the Governor;
- Two laypersons appointed by the President of the Senate;
- Two laypersons appointed by the Speaker of the House of Representatives;
- Two representatives of the State University System appointed by the Board of Regents;

- Two representatives of the State Community College System appointed by the State Board of Community Colleges; and
- Two representatives of independent colleges or universities appointed by the State Board of independent Colleges and Universities.

Each of the educational sectors on the board must be represented by a president and a faculty member of the corresponding institutions. The board of directors may appoint to the board an additional five members from the private sector to assist in procuring private contributions. These members must serve as voting members of the board.

The law provides for terms of office, vacancies, and the functions of the board. These functions include reviewing and evaluating initial programs created by the McKnight Foundation, continuing funding of the Black Doctorate Fellowship Program and the Junior Fellowship Program, if the evaluation is positive, and to identify, initiate, fund, evaluate and monitor new creative programs.

Other board responsibilities include administering the following: the law school scholarship program of the fund to increase by 200 the number of minority students enrolled in law schools in Florida; and the minority pre-law scholarship loan program to increase the opportunity of minority students to prepare for law school.

III. Effect of Proposed Changes:

Section 1. The bill amends s. 240.498, F.S., related to the composition of the board of directors of the Florida Education Fund to increase the number of representatives for the State University System from two to three members. The third representative from the State University System must be a graduate of a program funded by the Florida Education Fund. The overall number of board members is increased from 12 to 13 members.

Section 2. The bill provides an effective date (July 1, 1999).

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:

None anticipated.

C. Government Sector Impact:

The bill adds an additional representative for the State University System to the fund's board of directors. The law (s. 240.498(4), F.S.) currently allows the board of directors to appoint an additional five members from the private sector to the board to assist in procuring private contributions. The bill would be fiscally neutral to the extent that funds for the new member are available from funds budgeted but unused by the board to appoint members from the private sector.

VI. Technical Deficiencies:

None.

VII. Related Issues:

Specific Appropriation 186 in Senate Bill 2050 (financial assistance payments scholarships) provides \$ 2,825,278 in General Revenue for the following:

- \$2,325,278 for minority law scholarships.
- \$500,000 for minority scholarships.

Funds in Specific Appropriation 186 for law scholarships must be administered by the Board of Regents to increase the number of minority students admitted, retained and graduated from one of the six law schools in the state. In addition, the Board of Regents must establish a law scholarship challenge grant program with the law firms in the state to increase the pool of qualified students for future admission into and graduation from law school, for successful passage of The Florida Bar exam, and for employment in the legal profession. The scholarship program must provide 1 state dollar for each 1 dollar provided by the law firm.

In administering this program, the Board of Regents must allocate the \$2,325,278 provided by this appropriation, plus \$2,663,436 defined as Deferred Revenues by the KPMG Peat Marwick auditors, which shall be transferred by the Florida Education Fund to the Board of Regents for the purposes defined in the General Appropriations Act. The Board of Regents' allocation of funds to the law schools for law scholarships must continue to provide for students currently funded in the MPLE program who are continuing to make satisfactory progress. New scholarship awards must be provided when the total enrollment of minority students in the six law schools exceeds 1,183. Funds not used for the purposes described in the General Appropriations Act must be transferred by the Board of Regents to the Florida Education Fund to increase the endowment principal. The Florida Education

Fund must transfer the total management of its endowment to the State Board of Administration for investment purposes.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
