

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS/SB 1330

SPONSOR: Education Committee and Senators Miller and Sullivan

SUBJECT: Student Financial Assistance

DATE: April 16, 2001 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	White	O'Farrell	ED	Favorable/CS
2.	_____	_____	AED	_____
3.	_____	_____	AP	_____
4.	_____	_____	RC	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This Committee Substitute makes a number of changes to statutes relating to student financial assistance. Most of the changes are technical or administrative. Following is a list of what the bill does, with substantive changes listed first:

- Students enrolled in programs at the certificate level will be eligible for a newly created program called the Vocational Student Assistance Grant, a need-based scholarship for vocational students, with a maximum award of \$1,000, depending on need.
- Part-time students with financial need will be eligible for the Florida Student Assistance Grants for enrollment at public postsecondary institutions.
- All applicants for state financial assistance programs will fill out the Free Application for Federal Student Aid (FAFSA), which demonstrates the level of need for financial assistance.
- The Rosewood Family Scholarship will pay \$4,000 to each recipient.
- Authorized payments for recipients of the Critical Teacher Shortage Tuition Reimbursement Program are increased from \$78 to \$115 per credit hour.

The bill does not alter the eligibility criteria, award amounts, or renewal authority of the Florida Bright Futures Scholarship Program, but it makes the following technical or administrative changes:

- Awards are limited to 7 years after high school graduation. (No limit on when the scholarship begins, as long as receipt ends within 7 years of graduation.)
- The Merit Scholarship is renamed the *Medallion Scholarship*.
- An obsolete statute relating to transition is repealed.
- Students who graduate from an out-of-state high school are eligible for a scholarship only if their parents are required to live out of state because of a clearly defined public service assignment.

- Application deadlines are less restrictive: a student may apply by high school graduation, with exceptions allowed up to December 31.
- The terms “renewal, reinstatement, and restoration” are defined and used consistently.
- A student in a 5-year undergraduate and graduate-level program will earn a scholarship worth the same amount as a student in a 4-year undergraduate program.
- A student will be eligible for the Medallion Scholarship without earning a GPA of 3.0 and without completing a community service project, if the student is a National Merit Scholar, a National Merit Finalist, or a National Hispanic Scholar.
- The vocational courses required for the Gold Seal Scholarship are simplified. They must be three consecutive vocational credits.

In addition, the bill makes technical and administrative changes to various programs as recommended by Department of Education.

The bill takes effect July 1, 2001.

This bill substantially amends the following sections of the Florida Statutes: 231.621, 240.40201, 240.40202, 240.40203, 240.40204, 240.40205, 240.40206, 240.40207, 240.40209, 240.404, 240.4063, 240.4064, 240.409, 240.4095, 240.4097, 240.412, 240.4126, 240.4128, 240.413, 240.437, 240.472, 240.6073, 240.6074, 240.6075, 295.01, 295.02, 240.40208, and 240.40240.

It repeals subsection (5) of s. 240.465, s. 240.40208, and s. 295.02, F.S.

II. Present Situation:

Summary

Part IV of ch. 240, F.S. governs most state-supported programs to provide student financial assistance. A number of programs are earmarked for a designated population group or state need, but most of the state funds are in two types of programs: “need-based” or “merit-based.”

Merit-based Programs

The 1997 Legislature created the Florida Bright Futures Scholarship Program to motivate Florida high school students to achieve and to reward them with tuition-based scholarships. The program incorporated two existing merit-based scholarship programs, the Florida Academic Scholarship and the Florida Gold Seal Vocational Scholarship, and added a third, the Florida Merit Scholarship. The funds are provided from the Educational Enhancement Trust Fund, the Lottery. Rather than paying a set amount, the programs pay actual tuition and fees owed by each student at a public postsecondary institution. Students at nonpublic institutions earn the equivalent of the costs of public education.

The Bright Futures Scholarship program is a phenomenal success, with annual state expenditures since 1997 increasing from \$69.6 million to \$173.5 million. Projected increases for the next 10 years indicate that, for the 2010-2011 school year, the program will require a total of \$291.4 million.¹

¹ Source: Actual expenditures provided by the Department of Education. Projected expenditures provided by the Office of Economic and Demographic Research, March 12, 2001.

Need-based Programs

Three programs account for Florida's major expenditures for need-based grants. All require full-time enrollment, defined as a minimum of 12 semester credit hours per term, or the equivalent:

- The Florida Public Student Assistance Grants (s. 240.409, F.S.) are for students enrolled in a state university or community college. The 2000-2001 appropriation for this program is \$51.315 million.
- The Florida Private Student Assistance Grants (s. 240.4095, F.S.) are for students enrolled in an independent, nonprofit, baccalaureate-degree-granting college or university that is also located in and chartered in Florida and accredited by the Southern Association of Colleges and Schools. The 2000-2001 appropriation for this program is \$8.504 million.
- The Florida Postsecondary Student Assistance Grants (s. 240.4097, F.S.) are for students at a private nursing diploma school or a college that is under the jurisdiction of the State Board of Independent Colleges and Universities and is licensed or exempt from licensure because of its accreditation, except for the colleges that are eligible for the Florida Private Student Assistance Grant. The 2000-2001 appropriation for this program is \$6.119 million.

From time to time, authorized programs provide few awards because of a lack of funding or of qualified applicants. Administrators then recommend consolidation or elimination of programs or components within them. The Vocational Student Assistance Grant is an example of a program that was eliminated (in 1996) because it had not received state funding in several years.

Administration of recently created programs, such as the Bright Futures program, uncovers loopholes or barriers to implementation as intended by the Legislature, and clarifying amendments are recommended.

Most important, ordinary citizens gradually change in their needs for educational opportunities, and financial assistance programs may need the flexibility to meet those needs. An example is the tendency for financially needy people to enroll in college later in life, after they have family responsibilities and employment obligations. They cannot afford to attend full time, but most financial aid programs are for full-time attendance only.

III. Effect of Changes:

The legislation under consideration is an omnibus act that makes changes in a number of statutes related to state-funded student financial assistance. For clarity, the following analysis explains the present situation and the effect of changes by section. However, some changes are made throughout the relevant statutes, and the section-by-section analysis refers to the following changes as "conforming":

The bill changes every reference to the *Merit Scholarship* to *Medallion Scholarship*. The Merit Scholarship Program is a copyrighted name belonging to the College Board. The board has alerted Florida to the possibility of a lawsuit to prohibit continued use of that name for a component of the Bright Futures Scholarship Program.

The bill authorizes the Department of Education to define the term "fees" whenever a financial aid program authorizes the payment of student fees. Current practice is to pay all fees billed by

the postsecondary education institutions, which may vary substantially when laboratory fees and others are included. The department proposes to define fees as those mandatory fees included in the institution's cost-per-credit-hour, plus lab fees not to exceed \$300 per semester (or the equivalent). Paying a uniform amount will lessen administrative cost and slightly lessen the expense of the scholarships.

Within the Bright Futures Scholarship Program, three terms are defined and substituted as follows:

- **Renewal** means to continue to receive funds from the program in the following payment period, without a break in eligibility or in attendance. To renew a scholarship, in the previous payment period a student must earn the required grades and credit hours required by the program.
- **Reinstatement** means to start receipt of the scholarship again after a break in attendance of an academic year or more. Under reinstatement, a student ascertains eligibility for a program but does not accept the scholarship either initially or at a renewal period. If the student then wishes to start receiving the scholarship for eligible enrollment, that is called "reinstatement." An example might be a student who attends an out-of-state college or enlists in military service, then returns to Florida to continue education with a scholarship
- **Restoration** means to lose eligibility because of low grades or insufficient credit hours, then to restore eligibility by bringing up the grades or earning credit hours during the summer or in a subsequent year.

In each case, the student must apply to the Department of Education by a deadline set by the department. The bill establishes an initial deadline and a period of time in which exceptions may be allowed.

In current law, eligibility requirements for independent postsecondary institutions often require accreditation by an agency that is a member of the Commission on Recognition of Postsecondary Accreditation, a group that no longer exists. The U.S. Department of Education is responsible for deciding which accrediting associations should be recognized for purposes of federal financial aid programs. The bill replaces all references to CORPA with "the United States Department of Education."

The bill authorizes all scholarship loan programs for teachers to be repaid by teaching at a publicly funded school, which is defined as a school that generates 75 percent of its funds from public sources. The definition conforms to a 1999 amendment that authorizes a teacher to repay a scholarship loan program by teaching in a publicly funded school, rather than a "public school." The effect is to allow the benefits to teachers in alternative schools operated under contract with school districts. Usually, these schools are under the Department of Juvenile Justice.

Section 1. *Vocational Student Assistance Grant*

Present Situation:

The 1996 Legislature repealed this program, which had not received funding for several years. The 1997 Legislature, however, required fees to be gradually raised for students at technical centers and technical programs operated by community colleges, and the fees are now at their required upper limit. The fee per contact hour has increased from 44 cents to \$1.36, and the annual fee is over a thousand dollars.

Effect of Changes

The bill creates a Vocational Student Assistance Grant Program:

- The total amount available to a student is \$1000.
- Students with the greatest demonstrated need receive priority.
- Part time students are eligible.
- The education institutions will administer the program, rather than the Department of Education.
- Students may enroll in a variety of public and nonpublic postsecondary institutions. However, proprietary institutions must be accredited and fiscally sound

Section 2. *Amends s. 231.621, F.S., The Critical Teacher Shortage Student Loan Forgiveness Program*

Present Situation

This program repays undergraduate and graduate educational loans for eligible Florida teachers. Eligibility requires certification and employment in a critical teacher shortage subject area.

- Eligible teachers may receive up to a maximum of \$10,000 toward repayment of the principal balance of their educational loans, at the rate of \$2,500 per year for undergraduate loans and \$5,000 per year for graduate loans.
- Awards are made on a first-come, first-served basis, with priority given to renewal applicants.
- Awards are subject to availability of funds, and some teachers do not receive funds from the program even though they are eligible. In those cases, a teacher must pay back the loan before the program begins to make reimbursements to the lender.

Current law requires repayments to be made directly to the holder of the loan. If the teacher has already paid off the loan, the checks are returned to the Department of Education and rerouted to the teacher. Since this program is a loan reimbursement program, it would fulfill the intent of the program more efficiently to address the checks directly to the teachers.

Effect Of Changes:

If the loan is paid in full, the Department of Education will make payments directly to the eligible teachers.

Section 3. *Amends s. 240.40201, F.S., Florida Bright Futures Scholarship Program.*

Present Situation:

This law governs the general requirements that apply to all three components of the program. All three types of scholarships within the program require the recipients to enroll in postsecondary education within 3 years of graduation from high school. Students who wait to enroll may lose their eligibility, although sometimes students have good reasons for postponing their education, such as entering the military service.

The law does not limit the type of program a student may pursue in postsecondary education, so presumably a student could use scholarship funds for avocational programs or other programs that do not confer a recognized credential.

Effect Of Changes:

A recipient will not be required to enroll in postsecondary education within 3 years of high school graduation, but will have a total eligibility window of 7 years. Regardless of when the

student first receives scholarship funding, all eligibility ends 7 years after high school graduation.

In addition, the student must be enrolled in a degree program, certificate program, or applied technology diploma program to be eligible to receive an award.

Section 4. *Amends s. 240.40202, F.S., eligibility for initial Bright Futures awards*

Present Situation:

With three exceptions, a student must have a Florida high school diploma or the equivalent to earn a Bright Futures Scholarship. The exceptions are:

- A student who is enrolled full-time in the early admission program of an eligible postsecondary institution
- A student who completes a home education program
- A student who earns a high school diploma from a non-Florida school while living with a parent or guardian who is on military or public service assignment away from Florida. The term “public service assignment” is not defined, and some parents have urged a broader definition than the term generally implies.

A student must apply for the scholarship by April 1 of the last semester before high school graduation. Some students have complained that the April 1 deadline is the only reason they are disqualified -- for instance, if they did not know about the deadline until too late. The Department of Education has completed the computer programming required to determine eligibility and would be able to verify eligibility for some time after the date of graduation.

A student is eligible to receive an initial award for 3 years following high school graduation and a renewal award for 7 years following high school graduation. A student who applies for an award by April 1 and meets all other eligibility requirement, but does not use the award, may reapply during subsequent application periods for up to 3 years after high school graduation.

Effect Of Changes:

The amendments to this section of law:

- Define the term “public service assignment” as the occupational assignment outside of Florida of a person who is a permanent resident of Florida and who is employed by the United States Government or the State of Florida.
- Extend the application deadline for an initial award to December 31 after high school graduation. There is no application deadline for the student who earns a high school diploma from a non-Florida school while living with a parent or guardian who is on military or public service assignment away from Florida.
- Allow reinstatement of an award up to 7 years after high school graduation. The Department of Education will establish a deadline for reinstatement applications.

Section 5. *Amends s. 240.40203, F.S., Bright Futures Scholarship Program, renewal*

Present Situation:

A student who is enrolled in a program that terminates in an associate degree or a baccalaureate degree may receive an award for a maximum of 110 percent of the number of credit hours required to complete the program. Some students are enrolled in programs that are undergraduate programs but continue into graduate work without terminating in a baccalaureate degree. An

example is the pharmacy (“PharmD”) program at Florida A & M University and the University of Florida.

Effect Of Changes:

- The terms “renewal,” “reinstatement,” and “restoration” are used consistently, to conform.
- The bill clarifies that a recipient may be enrolled in an undergraduate program that terminates in a post baccalaureate degree. The maximum number of credit hours the award will pay for is 110 percent of the average length of an undergraduate program, and it will pay at the undergraduate rate.

Sections 6 and 7. Amend s. 240.40204, F.S., *eligible postsecondary education institutions*; s. 240.40205, F.S., *Academic Scholars Award*, with conforming changes only.

Section 8. Amends. s. 240.40206, F.S., *Medallion Scholars Award*

Present Situation:

A student who has been recognized by the merit or achievement programs of the National Merit Scholarship Corporation as a Scholar or Finalist, or as a Scholar in the National Hispanic Scholarship program, is eligible for a Florida Academic Scholars award without being required to earn the required test score or GPA. These students are not exempt from a requirement to complete the 75 hours of community service work required by that program. Some students who are recognized by these awards do not complete the required community service, and they do not receive any award unless they earn the required GPA and test scores for the Merit Scholarship.

Effect Of Changes:

The Medallion Scholarship will be available to students who have been recognized by the merit or achievement programs of the National Merit Scholarship Corporation as Scholars or Finalists, or by the National Hispanic Scholars program as Scholars, but have not completed the required program of community service. The Department of Education will not need to verify that they have earned the required GPA and test score to qualify for the award in the usual way.

Conforming changes are also made.

Section 9. Amends s. 240.40207, F.S., *the Florida Gold Seal Vocational Scholars award*.

Present Situation:

The purpose of the Gold Seal Vocational Scholars award is to recognize and reward academic achievement and vocational preparation by high school students who wish to continue their education. Very few students use their vocational scholarship for vocational school. The program does not require a student to take the Scholastic Assessment Test and is used as a “fall-back” for students who do not do well on tests.

The Gold Seal Scholarship has a number of eligibility requirements that reflect its intended use by vocational students. A student must:

- Meet the general eligibility requirements for the Florida Bright Futures Scholarship Program
- Earn a passing score on the Florida College Entry Level Placement Test, or equivalent
- Earn a minimum weighted GPA of 3.0 on all subjects required for graduation, excluding elective courses
- Complete with a 3.5 GPA the secondary school portion of a sequential program of study that requires at least 3 secondary school vocational credits taken over at least two academic years and continued in a planned, related postsecondary education program; if the high school does

not have such a program, the student may complete any vocational program that prepares for a high-wage occupation listed by the Occupational Forecasting Conference

- Complete the requirements of a vocational-ready diploma program as defined by State Board of Education rules.

These requirements are complicated to administer and do not pose a limitation on the vocational programs a student may select in high school. For instance, the term “vocational-ready diploma program” excludes nothing.

Effect Of Changes:

Initial eligibility requirements are changed to require completion of at least three consecutive secondary school vocational credits. The bill deletes reference to the “vocational-ready diploma program,” which does not exist. The vocational courses are not required to be in a two-plus-two program and over a 2-year period.

Conforming changes are also made.

Section 10. *Amends s. 240.40209, F.S., with conforming changes only.*

Section 11. *Amends s. 240.404, F.S., General requirements for student eligibility for state financial aid.*

Present Situation:

State financial aid programs generally require residency in the state for at least 1 year, and residency is determined the same way as for tuition purposes: It depends upon the residence of the student’s parents, if they claim him or her as a deduction on their income tax return. No special provision is made for students whose parents are residents when they begin college but then move out of state. (Residency must be for purposes other than to obtain an education.)

Students who earn merit-based scholarships or scholarship loans do not disclose whether they have financial need. Policy makers who want to improve the affordability of higher education in Florida cannot evaluate their success because they do not know how much unmet need remains after all merit-based and need-based assistance is taken into consideration.

Effect Of Changes:

The bill authorizes award recipients to maintain residency status for state financial aid if they were classified as residents for the initial receipt of state-funded awards and they do not have a break in their enrollment for more than 12 months. Therefore, if the student’s parents move out of state, the student can continue to receive financial aid.

All applicants will be required to complete the Free Application for Federal Student Aid.

Section 12. *Amends s. 240.4063, F.S., Florida Teacher Scholarship and Forgivable Loan Program, with conforming changes only.*

Section 13. *Amends s. 240.4064, F.S., Critical Teacher Shortage Tuition Reimbursement Program*

Present Situation:

The Critical Teacher Shortage Tuition Reimbursement Program provides financial assistance to full-time Florida public school employees who are certified to teach in Florida and who are

teaching or are preparing to teach in critical teacher shortage subject areas. Participants may receive tuition reimbursement for up to 9 semester hours per academic year at a rate not to exceed \$78 per semester hour, for a maximum of 36 semester hours. The awards are made first-come, first-served, the number of reimbursements depends upon the amount appropriated, and renewals take priority over initial awards. Therefore some eligible teachers do not receive an award.

The funding rate has not been adjusted since 1983, but the cost of tuition has increased over 32 percent. In 1998-1999, 1,110 awards were made, for a total of \$479,649.

Effect Of Changes:

The maximum award amount is increased to \$115 per semester hour, an increase of 32 percent. If the same number of awards were made as in 1998-1999, the increased cost to the state would be \$227,532.

Section 14. *Amends s. 240.409, F.S., Florida Public Student Assistance Grant Program*

Present Situation:

These grants are for students enrolled in a state university or community college. The 2000-2001 appropriation for this program is \$51.315 million. To be eligible, a student must be enrolled full-time, defined as a minimum of 12 semester credit hours per term, or the equivalent. Many students with need also must work to support their families and cannot attend school full time.

Effect of Changes:

The grants will be available to students who enroll in at least 6 semester hours or the equivalent per term. Conforming changes are also made.

Sections 15.and 16 *Amend s. 240.4095, F.S., the Florida Private Student Assistance Grant Program; s. 240.4097, F.S., Florida Postsecondary Student Assistance Grant Program, with conforming changes only.*

Section 17. *Amends s. 240.412, F.S., the José Martí Scholarship Challenge Grant Program.*

Present Situation:

This program provides financial assistance to Hispanic-American students who meet scholastic requirements, demonstrate financial need, and enroll for undergraduate or graduate study. The amount of the grant is \$2,000 per academic year for a maximum of eight semesters or 12 quarters of undergraduate study. Renewal awards take priority over new awards in any year in which funds are insufficient to award all eligible applicants. Priority is given to undergraduates with the lowest total family resources. According to the law, graduate students are eligible, but no awards have been made to graduate students because funding is not adequate.

Effect Of Changes:

References to graduate student participation in the program are removed. Conforming changes are also made.

Section 18. *Amends s. 240.4126, F.S., Rosewood Family Scholarship Program.*

Present Situation:

The Rosewood Family Scholarship authorizes up to \$4,000 to each recipient, but not more than the amount required to pay tuition and fees at a public postsecondary institution, which are generally no more than \$2,000 per year for full-time enrollment.

Effect of Changes:

The Rosewood Family Scholarship will be \$4,000 to each recipient.

Section 19. Amends s. 240.4128, *Minority teacher education scholars*, to require a report of the eligibility and demographic data for students who receive the grants.

Section 20. Amends s. 240.413, F.S., the Seminole and Miccosukee Scholarships, with conforming changes only.

Section 21. Amends s. 240.437, F.S., *student financial aid planning and development*.

Present Situation:

This law provides for the repeal of financial aid programs authorized under Part IV of chapter 240, F.S., when the programs have not been funded for 3 years. The Bureau of Student Financial Assistance administers some financial aid programs that are governed by provisions in other parts of the Florida Statutes, such as a program for dependents of certain veterans in ch. 295, F.S. The department annually reviews the legislative appropriation of financial aid to identify unfunded programs.

Effect Of Changes:

The repeal provision is expanded to include any programs administered by the department's Bureau of Student Financial Assistance, whether or not they are included in "this part."

Sections 23, 24, 25 Amend ss. 240.6073, 240.6074, F.S., and 240.6075, *Critical Occupational Therapist or Physical Therapist Shortage Programs*, with conforming changes only.

Sections 26 and 27 Amend ss. 295.01 and 295.02, F.S., *relating to Children of Deceased or Disabled Veterans*.

Overly complex wording about residency is simplified.

Section 28. Repeals subsection (5) of s. 240.465, F.S., *relating to Delinquent Accounts*.

Present Situation:

This law directs the Department of Education to collect delinquent unpaid and uncanceled scholarship loan notes, student loan notes, and defaulted guaranteed loan notes. Subsection (5) prohibits giving students their academic transcripts or other student records if they are in default. Staff notes that this provision used to be a good way to encourage students to repay their loans, but the federal government now has better mechanisms for collecting on defaulted loans, including wage-withholding and IRS-offset programs. It may be more practical to release the records to improve employability.

Effect Of Changes:

The department will not be required to withhold student records if the student is in default on a loan repayment.

This section also repeals s. 240.40208, F.S., an obsolete statute dealing with transition to the Bright Futures Scholarship Program, and s. 240.40242, F.S., which authorizes postsecondary institutions eligible to participate in the Bright Futures Scholarship Program to participate in the Children of Deceased or Disabled Veterans Scholarship Program. Section 27 of this bill moves that authority to s. 295.02, F.S.

Section 29. Provides an effective date of July 1, 2001, unless otherwise provided.

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:

Students in vocational programs may be eligible for need-based grants, if the Legislature provides funding for the newly created program.

About a thousand students in the Critical Teacher Shortage Tuition Reimbursement Program will have their reimbursement amount increased by 32 percent, to \$115 per semester credit hour.

A number of students with financial need will be eligible for grant funds for part-time enrollment. Because this expansion may attract more people into education programs (because it will be easier for them to maintain employment while attending school with financial assistance) it is impossible to predict the number who will benefit.

C. Government Sector Impact:

Section 1: The Vocational Student Assistance Grant will be funded in the General Appropriations Act and expended only as funded, on the basis of student need. If it is not funded, it will be repealed in 3 years time.

Section 13: The increase in the award amount for the Critical Teacher Shortage Tuition Reimbursement, from \$78 to \$115 per semester hour, will mean an increase in state funding of about \$227,532, if the number of awards remains constant.

Section 14: The Bureau of Student Financial Assistance estimates that the cost of the need-based financial aid programs will increase by \$18.4 million because of increasing eligibility to part-time students. The estimate projects that 44,800 part-time students will be eligible and estimates the following costs, assuming that part-time students will attend only one semester per year. However, the need-based grant programs may be prioritized according to the amount of unmet need a student has, so any amount appropriated may be put to use.

<u>Program Costs</u>	
Program Funding	\$18,355,600
State Student Financial Aid Database New program start up costs	\$ 20,000
State Student Financial Aid Database Maintenance	\$ 15,000
<u>Operational Costs</u>	
Publication and Training Expenses	\$ 30,000
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Total	\$18,420,600

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

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