

STORAGE NAME: h0747.cu.doc

DATE: January 25, 2002

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
COLLEGES AND UNIVERSITIES
ANALYSIS**

BILL #: HB 747

RELATING TO: Student Financial Assistance

SPONSOR(S): Representative Atwater

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:

- (1) COLLEGES AND UNIVERSITIES
 - (2) EDUCATION APPROPRIATIONS
 - (3) COUNCIL FOR LIFELONG LEARNING
 - (4)
 - (5)
-

I. SUMMARY:

THIS DOCUMENT IS NOT INTENDED TO BE USED FOR THE PURPOSE OF CONSTRUING STATUTES, OR TO BE CONSTRUED AS AFFECTING, DEFINING, LIMITING, CONTROLLING, SPECIFYING, CLARIFYING, OR MODIFYING ANY LEGISLATION OR STATUTE.

The Florida Student Assistance Grant (FSAG) Program consists of three state-funded, need-based financial assistance programs that are available to degree-seeking, undergraduate, Florida residents who are enrolled full-time in an eligible institution, maintain a 2.0 cumulative grade point average, and demonstrate a need of at least \$200. The FSAG is not available to part-time students.

The bill deletes the requirement that a student be full-time to be eligible to receive an FSAG award. Eligibility to participate in the program is expanded to include degree-seeking students who enroll in at least six semester hours, or the equivalent, per term.

The bill provides that a student is eligible for the award for 110 percent of the number of credit hours required to complete the program in which enrolled, rather than a maximum of nine semesters of full-time enrollment. The cap on eligibility is subject to the provisions of s. 240.404(3), F.S., which limits undergraduate students to receiving financial aid for a maximum of 8 semesters or 12 quarters, provides exceptions for students requiring additional time to complete college-level communication and computation skills testing programs, and students who are enrolled in a five-year undergraduate program.

The Department of Education (DOE) estimates that extending the FSAG program to eligible part-time students will cost approximately \$6,400 for initial expenses associated with reprogramming the State Student Financial Aid Database.

The DOE estimates that the first year award amounts would be approximately \$14,363,050; second year award amounts would be approximately \$15,886,480; and third year award amounts would be approximately \$17,183,710. These numbers are based on an estimated 22,097 part-time students in all eligible institutions.

The bill takes effect upon becoming law.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|--|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |

For any principle that received a "no" above, please explain:

The bill amends the current Florida Student Assistance Grant Program by expanding the eligibility for the FSAG program to include part-time students, which will require modifications to the State Student Financial Aid Database.

B. PRESENT SITUATION:

Florida Student Assistance Grant

The Florida Student Assistance Grant Program consists of three state-funded, need-based financial assistance programs that are available to full-time undergraduate students. A student must meet the following criteria to be considered for the FSAG:

- Be a Florida resident;
- Apply for a Federal Pell Grant by completing the Free Application for Federal Student Aid;
- Demonstrate a minimum financial need of \$200;
- **Enroll at an eligible Florida postsecondary institution for a minimum of 12 credits per term** (disabled students may be eligible to enroll on a part-time basis).
- Maintain a 2.0 cumulative grade point average while enrolled at an eligible postsecondary institution.

No student may receive an award for more than the equivalent of 9 semesters or 14 quarters of full-time enrollment.

The FSAG Program is comprised of the following three programs: The Florida **Public** Student Assistance Grant Program, the Florida **Private** Student Assistance Grant Program, and the Florida **Postsecondary** Student Assistance Grant Program. Each program is funded separately. Each of the three programs can only be used at certain postsecondary education institutions.

Florida Public Student Assistance Grant Program

The Florida Public Student Assistance Grant Program (s. 240.409, F.S.) provides state-funded, need-based aid to eligible students who enroll **full-time** at a Florida public community college or university. The program is administered by participating institutions in accordance with the rules of the State Board of Education. The award amount for the Florida Public Student Assistance Grant ranges from \$200 to the average cost of matriculation and registration at state universities, or is an amount specified in the General Appropriations Act.

Florida Private Student Assistance Grant Program

The Florida Private Student Assistance Grant Program (s. 240.4095, F.S.) provides state-funded, need-based aid to eligible students who enroll **full-time** at certain Florida independent, non-profit colleges and universities that offer baccalaureate degrees. The institution must be located in and

chartered as a domestic corporation by the state and accredited by the Commission on Colleges of the Southern Association of Colleges and Schools (SACS). The award amount for the Florida Private Student Assistance Grant ranges from \$200 to the average cost of matriculation and registration fees at state universities plus \$1,000, or is an amount specified in the General Appropriations Act.

Florida Postsecondary Student Assistance Grant Program

The Florida Postsecondary Student Assistance Grant Program (s. 240.4097, F.S.) provides state-funded, need-based aid to eligible students who enroll **full-time** at an eligible Florida private college or university. The institution must be located in the state and be either a private nursing diploma school that is approved by the Florida Board of Nursing, an institution that is licensed by the State Board of Independent Colleges and Universities, or an institution that is exempt from licensure pursuant to s. 246.085, F.S. (excluding those institutions eligible to participate in the Private Student Assistance Grant Program). The award amount for the Florida Postsecondary Student Assistance Grant ranges from \$200 to the average cost of matriculation and registration fees at state universities plus \$1,000 or is an amount specified in the General Appropriations Act.

FSAG Funding

The 2000-2001 General Appropriations Act (GAA) specifies that the maximum award for any of the three programs that make up the Florida Student Assistance Grant Program is \$1,300. Specific Appropriation 91B, the FSAG for Part-time Students, allocated \$3,828,086 for need-based financial aid for part-time students attending Florida state universities and community colleges. The GAA did not specify a maximum part-time award amount. The Department of Education Office of Student Financial Assistance (OSFA) reports that a maximum part-time annual award of \$650 was used for distribution of specific appropriation 91B. As of January 1, 2002, the preliminary number of part-time students at state universities and community colleges who were reported to have received awards and the dollars disbursed during the first term of the 2001-2002 academic year are as follows:

	Annual Allocation	\$\$ Disbursed First Term	# Students Awarded
SUS	\$752,081	\$496,746	1,646
CC	\$3,075,988	\$1,383,952	3,803
Total	\$3,828,069	\$1,880,698	5,449

** Department of Education, Office of Student Financial Assistance*

The state universities and community colleges reported a preliminary fall term count of 6,243 students who were eligible but did not receive funds due to the limited appropriation.

The Governor's recommended 2002-2003 budget does not provide any funds for the FSAG for Part-time Students.

In addition to the funds provided for need-based aid through the FSAG, students at public postsecondary institutions may be eligible to receive need-based aid from financial aid fee revenues and direct appropriation by the Legislature. There is no statutory requirement that a student be full-time to receive aid from these funds.

Financial Aid Fee Revenues

Section 239.115(8), F.S., authorizes each school board and community college board of trustees to establish a financial aid fee in an amount up to 10 percent of the student fees collected for workforce development programs funded through the Workforce Development Fund. Awards must be based on student financial need and must be distributed in accordance with a nationally recognized system of need analysis. All expended funds under this provision must be used for need-based aid.

Section 240.209(2)(e), F.S., authorizes the Board of Regents (BOR)¹ to collect for financial aid purposes an amount not to exceed five percent of the student tuition and matriculation fees per credit hour. The revenues from these fees are to remain at each campus. The funds are to be disbursed to students as quickly as possible. A minimum of 75 percent of funds from the student financial aid fee for new financial aid awards must be used to provide financial aid based on absolute need. Guidelines for the use of student financial aid fee revenues are set forth in **CHANCELLOR'S MEMORANDUM CM-D-16.01-10/98**, which provides that up to 15 percent of the revenues from the student financial aid fee may be used for student financial aid administration, provided that such revenues supplement and not supplant existing university resources dedicated to student financial aid. Each university may maintain a cash balance of annual revenues from the financial aid fee of no more than 40 percent of the financial aid fees collected in a fiscal year.

Section 240.35(11), F.S., authorizes each community college to establish a separate fee for financial aid purposes in an amount not to exceed five percent of the total tuition and matriculation fees collected. The funds must be disbursed to students as quickly as possible. Twenty-five percent or \$300,000, whichever is greater, of the collected financial aid fee revenues may be used to assist students who demonstrate academic merit; who participate in athletics, or other extracurricular activities; or who are identified as members of a targeted gender or minority population. Of the remaining funds, 75 percent of these funds for new awards must be used to provide financial aid based on absolute need. In addition, a community college may carry forward, unexpended, an amount not greater than 40 percent of the financial aid fees collected in a fiscal year. Current law also prohibits community colleges from using financial aid fee funds for administrative purposes.

Current law requires both state universities and community colleges to comply with the following provisions regarding awards made from financial aid fee revenues:

- Awards based on need must be distributed in accordance with a nationally recognized system of need analysis.
- An award for academic merit must require a minimum overall grade point average of 3.0 on a 4.0 scale or the equivalent for both the initial reward and renewal of the award.
- Each state university and community college must report annually to the Department of Education on the financial aid fee revenues collected, the amount carried forward, the criteria used to make awards, the amount and number of awards for each criterion, and a delineation of the distribution of such awards. The report must also include an assessment, by category, of the financial need of every student who receives an award, regardless of the purpose for which the award is received.

The State University System reports that it collected approximately \$21.5 million in financial aid fee revenues in 1999-2000. The State Community College System reports that it collected approximately \$14 million in financial aid fee revenues in 1999-2000. Information regarding the actual amount used to provide need-based aid is not available.

Specific Appropriation for the State University System for Financial Aid

Specific Appropriation 207 of the 2001-2002 General Appropriations Act allocates \$20,695,215 to the State University System for financial aid. Proviso language requires that a minimum of 71 percent of the funds provided in Specific Appropriation 207 must be allocated for need-based financial aid.

¹ Chapter 2001-170, L.O.F., abolished the Board of Regents and the State Board of Community Colleges effective July 1, 2001. All powers and duties of those boards were transferred, by Type II transfer, to the Florida Board of Education.

C. EFFECT OF PROPOSED CHANGES:

The bill deletes the requirement that a student be full-time to be eligible to receive an FSAG award. Eligibility to participate in the program is expanded to include degree-seeking students who enroll in at least six semester hours, or the equivalent, per term.

The bill provides that a student is eligible for the award for 110 percent of the number of credit hours required to complete the program in which enrolled, rather than a maximum of 9 semesters of full-time enrollment. The cap on eligibility is subject to the provisions of s. 240.404(3), F.S., which limits undergraduate students to receiving financial aid for a maximum of 8 semesters or 12 quarters, provides exceptions for students requiring additional time to complete college-level communication and computation skills testing programs, and students who are enrolled in a 5-year undergraduate program.

The Department of Education Office of Student Financial Assistance estimates that the non-recurring costs of HB 747 will be \$6,400. These costs would be incurred to re-program the State Student Financial Aid Database (80-100 hours of programming at the hourly contract rate of \$80-\$90).

The maximum annual full-time FSAG award for 2001-2002 as specified in the General Appropriations Act is \$1,300. The maximum part-time annual award provided by DOE is \$650. A term disbursement is half the annual disbursement. The DOE increased the FSAG appropriation request for 2002-2003 by a total of eight percent; three percent to accommodate the increase in eligible students and five percent to accommodate the increase in state university and community college tuition. The DOE estimates that if the program appropriation requests are increased similarly for year 2003-2004 and 2004-2005 and the requests are fully funded, the expenditures for part-time FSAG awards would be as follows:

- \$14,363,050 in FY 02-03
- \$15,886,480 in FY 03-04
- \$17,183,710 in FY 04-05

These numbers are based on an estimated 22,097 part-time students in all eligible education institutions.

D. SECTION-BY-SECTION ANALYSIS:

See above sections.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

2. Expenditures:

The Department of Education Office of Student Financial Assistance estimates the non-recurring costs of HB 747 to be \$6,400. These costs would be incurred to re-program the State Student Financial Aid Database (80-100 hours of programming at the hourly contract rate of \$80-\$90).

The maximum annual full-time FSAG award for 2001-2002 as specified in the General Appropriations Act is \$1,300. The maximum part-time annual award provided by DOE is \$650. A term disbursement is half the annual disbursement. The DOE increased the appropriation request for 2002-2003 by a total of eight percent; three percent to accommodate the increase in eligible students and five percent to accommodate the increase in state university and community college tuition. The DOE estimates that if the program appropriation requests are increased similarly for year 2003-2004 and 2004-2005 and the requests are fully funded, the expenditures for part-time FSAG awards would be as follows:

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- \$17,183,710 in FY 04-05

These numbers are based on an estimated 22,097 part-time students in all eligible education institutions.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The increased availability of need-based financial aid to part-time students may allow more Florida residents to attend an eligible postsecondary education institution in Florida. Additional financial assistance may help to alleviate some of the financial burden associated with attaining a postsecondary education in Florida.

Eligible private postsecondary institutions participating in the FSAG program would have funds available for their students.

D. FISCAL COMMENTS:

The 2000-2001 General Appropriations Act specifies that the maximum award for any of the three programs that make up the Florida Student Assistance Grant Program is \$1,300. Specific Appropriation 91B, the FSAG for Part-time Students, allocated \$3,828,086 for need-based financial aid for part-time students attending Florida state universities and community colleges. No maximum part-time award was provided for the part-time award in the GAA. The Department of Education Office of Student Financial Assistance reports that for distribution of specific appropriation 91B, a maximum part-time annual award of \$650 was used. As of January 1, 2002, the preliminary number of part-time students at state universities and community colleges who received awards and the dollars disbursed under FSAG for Part-time Students during the first term of the 2001-2002 academic year are as follows:

	Annual Allocation	\$\$ Disbursed First Term	# Students Awarded
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The state universities and community colleges also reported a preliminary fall term count of 6,243 students who were eligible but did not receive funds due to the limited appropriation.

The Governor's recommended 2002-2003 budget does not provide any funds for the FSAG for Part-time Students.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None

B. RULE-MAKING AUTHORITY:

None

C. OTHER COMMENTS:

None

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON COLLEGES AND UNIVERSITIES:

Prepared by:

Staff Director:

Steven Henderson

Betty H. Tilton, Ph.D.