

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: SB 766
 SPONSOR: Senator Carlton
 SUBJECT: Re-create - Student Loan Operating Trust Fund
 DATE: January 27, 2003 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Bryant	Newman	AED	Favorable
2.			AP	
3.				
4.				
5.				
6.				

I. Summary:

This legislation re-creates the Student Loan Operating Trust Fund, FLAIR number 482397, which is administered by the Department of Education. Re-creation begins on July 1, 2003, the current termination date of the fund through November 4, 2004. (Another bill, SB 768, re-creates the fund from November 4, 2004 through November 4, 2008, which is the termination date for all other education trust funds. Two bills are necessary because a single bill can extend the life of the trust fund for a maximum of 4 years pursuant to the requirements of Article II, Section 19(f)(2) of the State Constitution.) This fund was created effective July 1, 1999, by Chapter 99-236, Laws of Florida.

II. Present Situation:

The Department of Education is a guaranty agency for the Federal Family Education Loan Program. Provisions of the Higher Education Amendments of 1998 (Public Law 105-244) require that guaranty agencies establish a federal fund and an operating fund. The Student Loan Operating Trust Fund serves as the operating fund. Pursuant to federal requirements, permissible uses of this trust fund include: application processing, loan disbursement, enrollment and repayment status management, default aversion, collection activities, school and lender training, financial aid awareness and outreach activities, compliance monitoring, and other student financial aid related activities, as selected by the guaranty agency.

According to this federal law, the agency must deposit into this trust fund the following revenues: loan processing and issuance fees; an administrative allowance; account maintenance fees; default aversion fees; a portion of collections of defaulted loans; amounts borrowed from

the Federal Fund; and other receipts as specified in the Department's regulations. According to LAS/PBS data, receipts to this fund for FY 2001-2002 were \$27.8 million.

III. Effect of Proposed Changes:

This bill re-creates the trust fund without modification.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

This legislation has no fiscal impact on state agencies or state funds, on local governments as a whole or on the private sector. It simply re-creates, without modification, an existing state trust fund and continues the current use of the fund.

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.
