



## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

Empower families – The bill permits students to use an award during the summer term if funds are available.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Background**

The 2006 Legislature created the First Generation Matching Grant Program (program).<sup>1</sup> The program is for resident undergraduate students who attend state universities and demonstrate financial need and whose parents have not earned a baccalaureate degree. The program requires that applicants meet certain additional eligibility requirements to be eligible to receive a grant.

The funds appropriated for the program are allocated by the Office of Student Financial Assistance (OSFA) to match private contributions on a dollar-for-dollar basis. OSFA must reserve a proportionate allocation of the total appropriated funds for each state university on the basis of full-time equivalent enrollment. Funds that remain unmatched as of December 1 will be reallocated to state universities that have remaining unmatched private contributions for the program on the basis of full-time equivalent enrollment. The program was appropriated \$6,500,000 for the 2006-2007 fiscal year.

Each participating state university is required to establish an application process, determine student eligibility for initial and renewal awards in conformance with the eligibility requirements, identify the amount awarded to each recipient, and notify recipients of the amount of their award. The amount awarded to a recipient must be based on the student's need assessment after any scholarship or grant aid has been applied. An award may not exceed the institution's estimated annual cost of attendance for the student to attend the institution. The state university is also required to report to OSFA the eligible students to whom grant monies are disbursed each academic term including the amount of funds disbursed to each student.

State universities must remit any undisbursed advances by June 1 of each year. According to the Department of Education, state universities are required to remit to OSFA any undisbursed state advances by June 1. This requirement is consistent with all state-funded financial aid program administration.<sup>2</sup>

The following chart presents information provided by the Board of Governors (columns 1-4) and the Department of Education (columns 5-8) from the first year of the program. The Board of Governors provided information from each state university on the amount of private contributions and the state matching dollar amount. The Department of Education provided the end of year (EOY) projections for the number of students who will receive an award, average amount of awards, range of award amounts, and the disbursement amounts.

In 2006, some universities did not garner sufficient private funds to secure their full State match, but other universities secured sufficient private donations so that the State University System was able to match the entire \$6.5 million.<sup>3</sup> Additionally, initial estimates have indicated that more than 20,000 other students enrolled in the State University System also met the State's minimum eligibility requirements for these grants, but received no funding through this source.<sup>4</sup>

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<sup>1</sup> Section 1009.701, F.S.

<sup>2</sup> Department of Education Analysis of House Bill 287.

<sup>3</sup> Board of Governors Analysis of House Bill 287.

1	2	3	4	5	6	7	8
University	Private Dollars	State Dollars	Private Dollars + State Dollars	Projected EOY 2006-07 number of Students Awarded (DOE)	Average Award Amount per Student 2006-07 (DOE)	Range of Award Amount 2006-07 (DOE)	Projected EOY Disbursement 2006-07 (DOE)
UF	\$1,392,447	\$1,392,447	\$2,784,894	625	\$4,455	202-8394	\$2,784,894
FSU	\$1,417,100	\$1,417,100	\$2,834,200	815	\$3,478	175-4600	\$2,834,200
FAMU	\$398,487	\$398,487	\$796,974	3,174	\$251	51-500	\$796,974
USF	\$1,188,167	\$1,188,167	\$2,376,334	690	\$3,442	474-8570	\$2,376,334
FAU	\$545,100	\$545,100	\$1,090,200	430	\$2,533	571-3000	\$1,090,200
UWF	\$163,986	\$163,986	\$327,972	334	\$982	122-1000	\$327,972
UCF	\$275,773	\$275,773	\$551,546	740	\$745	400-800	\$551,546
FIU	\$529,234	\$529,234	\$1,058,468	1,620	\$653	179-1000	\$1,058,470
UNF	\$378,605	\$378,605	\$757,210	380	\$1,992	236.75-2500	\$757,210
FGCU	\$181,098	\$181,098	\$362,196	800	\$453	76-500	\$362,196
NCF	\$30,000	\$30,000	\$60,000	45	\$1,333	175-2000	\$60,000
SUS	\$6,499,997	\$6,499,997	\$12,999,994				

**Effect of proposed changes**

HB 287 conforms language relating to eligibility requirements for the First Generation Matching Grant Program to reference “baccalaureate degree or higher”.

The bill revises the basis for matching funds from a dollar-for-dollar basis to a \$3 (state funds) to \$1(private contributions) basis.

The bill changes the date to reallocate remaining unmatched funds to state universities that have remaining unmatched private contributions from December 1 to August 1 beginning with the 2008-2009 fiscal year.

The bill revises the basis for reserving proportionate allocations of appropriated funds from full-time equivalent enrollment (FTE) to full-time equivalent resident undergraduate enrollment. Although not specifically stated, current law has been interpreted to mean that the Office of Student Financial Assistance must reserve a proportionate allocation of the total appropriated funds for each state university on the basis of full-time equivalent resident undergraduate enrollment.<sup>5</sup>

The bill permits students to use an award for summer term enrollment if funds are available.

The bill eliminates the requirement that universities remit any undisbursed advances by June 1, allowing universities to retain any unused state funds at the end of the fiscal year for carrying out the purpose of the program. This change is inconsistent with the administration of other state-funded financial aid programs.

**C. SECTION DIRECTORY:**

Section 1. Amends s. 1009.701, F.S., clarifying provisions relating to eligibility for receipt of a grant; revising the basis for matching funds, revising provisions relating to allocation and reallocation of funds.

Section 2. Provides an effective date of July 1, 2007.

<sup>4</sup> Id.

<sup>5</sup> Board of Governors Analysis of House Bill 287.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See Fiscal Comments.

2. Expenditures:

See Fiscal Comments

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

This bill provides \$3 in state matching funds for every \$1 of private contribution, thus permitting universities to acquire fewer private funds to gain their proportion of the \$6.5 million of recurring state funds.

(See Fiscal Comments)

### D. FISCAL COMMENTS:

The fiscal impact of the bill is indeterminate. The Department of Education, for the 2007-2008 fiscal year has requested \$10 million in state funding for the First Generation Matching Grant Program. This request is based on the assumption of a dollar-for-dollar ratio of private donations to state funds. If this bill becomes a law, and the Legislature appropriates \$10 million as requested for the program, the amount required in private contributions would be \$3.3 million instead of \$10 million.<sup>6</sup>

	State Appropriation*	Private Contributions - Current Law* <i>1:1 Ratio, State to Private Funds</i>	Private Contributions - HB 287* <i>3:1 Ratio, State to Private Funds</i>
2006 Actual	\$6.5	\$6.5	\$2.16
2007 Req.	\$10	\$10	\$3.3

\*In millions

The Board of Governors recommends an additional allocation of \$13 million to ensure that a new cohort of students can benefit from the Program, while currently enrolled grantees can continue to receive support, or that currently enrolled grantees can receive a greater portion of their unmet need to cover the cost of attendance.<sup>7</sup>

According to the Department of Education, the State Student Financial Aid Database (SSFAD) would require additional programming to accommodate summer disbursements and potentially to accommodate current year funds being certified forward for any term that begins before July 1, yet ends after July 1.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

<sup>6</sup> Department of Education Analysis of House Bill 287

<sup>7</sup> Board of Governors Analysis of House Bill 287

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require a city or county to expend funds or to take any action requiring the expenditure of funds.

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

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

3. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The Department of Education recommends the following amendments<sup>8</sup>:

- Amend s. 1009.701(3), F.S., to include: “The eligibility status of each student to receive a disbursement shall be determined by each institution as of the end of its regular registration period, inclusive of a drop-add period. Institutions shall not be required to reevaluate a students’ eligibility status after this date for purposes of changing eligibility determinations previously made. Participating institutions shall verify the continued eligibility of awarded students, provide for the disbursement of funds to students, comply with the department’s reporting requirements, and refund to the Department any undisbursed funds. Institutions shall certify to the Department, each academic term within thirty (30) days of the end of the regular registration period, the student’s enrollment, continued eligibility, and the award amount.”
- Amend s. 1009.701(4), F.S., to include a definition of summer term as the end of the state’s academic year. This aligns to the current academic year definition specified in State Board of Education Rule 6A-20.001(2). “The academic year is a period of time, from one fall term to the next in which a full-time student is expected to complete the equivalent of two semesters, 2 trimesters and 3 quarters.”
- Amend s. 1009.701(5), F.S., to include language to specify: “For the summer term, student eligibility is based on degree/certificate seeking or transient status if they enroll at institutions during the summer other than their home institutions.” Current State Board of Education Rule 6A-20.002(2), that governs state financial aid programs, requires only the home institutions to deliver student state financial aid.
- Amend s. 1009.701(7), F.S., to delete the proposed statement for fund retention or further specify the use of retained funds. The proposed statement allows state universities to retain state funds at the end of the program year which is inconsistent with other state programs administered by the DOE/OSFA. However further specification for the use of retained funds could include language common to other state matching grant programs such as; “State universities shall reserve sufficient state and matching dollars to insure the availability of funds to renew each eligible applicant for the necessary number of years to complete the baccalaureate degree”.

The Board of Governors speculates that, with the proposed 3-1 match, more donors may be attracted to this program which may have an adverse impact on the Trust Fund for University Major Gifts Program.<sup>9</sup> The Trust Fund for University Major Gifts is designed to enable each state university to

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<sup>8</sup> Department of Education Analysis of House Bill 287

<sup>9</sup> Board of Governors Analysis of House Bill 287

provide donors with an incentive in the form of matching grants for donations<sup>10</sup>. The maximum match is 100% for a contribution in excess of \$2 million.

D. STATEMENT OF THE SPONSOR

No statement submitted.

**IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES**

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<sup>10</sup> Section 1011.94, F.S.