

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 719

Florida Bright Futures Scholarship Program

**SPONSOR(S):** Stargel

**TIED BILLS:**

**IDEN./SIM. BILLS:** SB 1364

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	<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR</b>
1)	State Universities & Private Colleges Policy Committee		Thomas	Tilton
2)	Education Policy Council			
3)	State Universities & Private Colleges Appropriations Committee			
4)	Full Appropriations Council on Education & Economic Development			
5)				

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**SUMMARY ANALYSIS**

HB 719 prohibits the use of Florida Bright Futures Scholarship funds to be used to pay for courses dropped after the end of the drop and add period.

The bill requires institutions to refund to the Department of Education (DOE) within 30 days after the end of the semester any funds received for courses dropped by students after the end of the drop and add period unless a student has been granted an exception by DOE.

The bill provides that students who receive an award and subsequently drop one or more courses or withdraw from all courses after the end of the drop and add period due to a verifiable illness or other emergency may be granted an exception unless an institution's policy is to refund the cost of the courses. Students may be granted an exception by making a written appeal to the institution. The institution must recommend exceptions with necessary documentation to DOE. The DOE may accept or deny the institution's recommendations for an exception.

The bill requires students enrolled full-time to complete at least 24 semester hours or the equivalent per academic year for renewal of the Florida Bright Futures Scholarship.

The Department of Education projects cost savings of \$30 million in 2009-2010 for withdrawals or courses dropped after the end of drop and add period. See FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT for additional information. DOE also projects \$20 million in cost savings from the number of students who would not renew their award in 2009-2010 due to increased required renewal hours. See FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT for additional information.

The effective date of this act is July 1, 2009.

## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### **Background**

The Florida Bright Futures Scholarship Program is a lottery-funded program which rewards Florida high school graduates who merit recognition for high academic achievement and encourages them to continue their postsecondary education at an eligible Florida institution.<sup>1</sup> Eligible participating institutions include Florida state universities, community colleges, career centers, and eligible private postsecondary institutions.

The Bright Futures Scholarship Program consists of three types of awards: the Florida Academic Scholars Award, the Florida Medallion Scholars Award, and the Florida Gold Seal Vocational Scholars Award.<sup>2</sup> To be considered for an award under the Bright Futures Scholarship program, a student must be accepted by and enrolled in an eligible Florida public or independent postsecondary education institution for at least 6 credit hours per semester or the equivalent in quarter hours or clock hours.<sup>3</sup> A student who receives a Bright Futures scholarship will receive an award for a maximum of 110 percent of the number of credit hours required to complete the program.<sup>4</sup>

##### **Eligibility for Renewal**

A student who receives funding during the academic year (Fall through Spring) is automatically evaluated for renewal at the end of the Spring term.<sup>5</sup> To be eligible to renew a scholarship a student must:<sup>6</sup>

- Complete at least 12 semester credit hours or the equivalent in the last academic year in which the student earned a scholarship.
- Maintain the cumulative grade point average required by the scholarship program.

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<sup>1</sup> Section 1009.53(1), F. S.

<sup>2</sup> Section 1009.53(2), F. S.

<sup>3</sup> Section 1009.531(1)(c)(d), F.S.

<sup>4</sup> Section 1009.532(2), F.S.; Section 1009.536(4), F.S.

<sup>5</sup> <http://www.floridastudentfinancialaid.org/SSFAD/factsheets/BF.htm> (last visited March 10, 2009).

<sup>6</sup> Section 1009.532(1)(a)(b), F. S.

### Award Disbursement

The Department of Education (DOE) issues awards from the scholarship program annually. Annual awards may be for up to 45 semester credit hours or the equivalent. Awards are sent to the institutions before registration unless DOE withholds payment because the institution failed to meet reporting and refund requirements. Institutions must certify to DOE the eligibility status of each student within 30 days after the end of regular registration each semester. This is the only time the institution has to determine the eligibility status of the student. After the end of the drop/add period, the institution is obligated to make refunds to DOE if a student receives an award disbursement, terminates enrollment for any reason during an academic term, and a refund is permitted by the institution's refund policy.<sup>7</sup> An institution must certify to DOE the amount of funds disbursed to each student and must remit to the DOE any undisbursed advances within 60 days after the end of regular registration.<sup>8</sup>

### Effect of Proposed Changes

HB 719 prohibits the use of Florida Bright Futures Scholarship funds to pay for withdrawals or courses dropped after the end of the drop and add period.

The bill requires the institution to refund to DOE within 30 days after the end of the semester any funds received for courses dropped by students after the end of the drop and add period unless a student has been granted an exception by DOE.

The bill provides that students who receive an award and subsequently drop one or more courses, or withdraw from all courses after the end of the drop and add period due to verifiable illness or other emergency may be granted an exception unless the institution's policy is to refund the cost of the courses. Students may make a written appeal to the institution. The institution must recommend exceptions with necessary documentation to DOE. DOE may accept or deny the institution's recommendations for an exception.

The bill requires students enrolled full-time to complete at least 24 semester hours or the equivalent per academic year for renewal of the Florida Bright Futures Scholarship.

#### B. SECTION DIRECTORY:

- Section 1. Amends s. 1009.53, F.S., revising provisions relating to the refund by an educational institution to the Department of Education of funds received for courses dropped by students after the end of the drop and add period; providing an exception for the prohibition against the use of scholarship funds for certain courses; requiring a student's written appeal for such exceptions.
- Section 2. Amends s. 1009.532, F.S., revising credit-hour requirements for renewal of a scholarship.
- Section 3. Provides an effective date of July 1, 2009.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:  
See FISCAL COMMENTS.
2. Expenditures:  
See FISCAL COMMENTS.

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<sup>7</sup> Section 1009.53(5)(a), F. S.

<sup>8</sup> Section 1009.53(5)(b), F.S.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

See FISCAL COMMENTS.

2. Expenditures:

See FISCAL COMMENTS.

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

Award recipients may be less likely to drop or withdraw from courses and, therefore, complete their programs of study in a timely manner.

To the extent students drop or withdraw from courses during the drop/add period rather than after the drop/add period, additional students may have access to needed courses.

**D. FISCAL COMMENTS:**

According to the DOE, the projected cost savings to the program associated with withdrawals or courses dropped after the end of drop and add period would be \$30 million in 2009-2010. The cost is calculated with the assumption of no tuition and fee increases from the current year. The number of dropped/withdrawn courses represents 7% of the total hours disbursed. Table 1 displays the projected cost savings to the program by sector for 2009-10.<sup>9</sup>

Table 1  
**2009-10 Projected Cost Savings of Bright Futures Dropped/Withdrawn Hours by Sector and Program Award**

Institution Type	Total Hours Dropped/Withdrawn	Sector/Program Percent of Hours Dropped / Withdrawn	Cost per Credit Hour	Projected Cost of Hours Dropped/Withdrawn
<b>2-Year Public</b>	<b>75,734</b>	24.3%		<b>\$5,691,814</b>
FAS	2,848		<b>\$75.62</b>	\$215,366
FMS	71,024		\$75.62	\$5,370,835
GSV	1,862		\$56.72	\$105,613
<b>4-Year Public</b>	<b>222,313</b>	71.2%		<b>\$23,171,811</b>
FAS	54,561		<b>\$128.46</b>	\$7,008,906
FMS	166,717		\$96.35	\$16,063,183
GSV	1,035		\$96.35	\$99,722
<b>4-Year Private</b>	<b>14,115</b>	4.5%		<b>\$1,480,746</b>
FAS	3,761		<b>\$128.46</b>	\$483,138
FMS	10,279		\$96.35	\$990,382
GSV	75		\$96.35	\$7,226
<b>TOTAL</b>	<b>312,162</b>			<b>\$30,344,371</b>
<b>FAS</b>	<b>61,170</b>	20%		<b>\$7,707,410</b>
<b>FMS</b>	<b>248,020</b>	79%		<b>\$22,424,400</b>
<b>GSV</b>	<b>2,972</b>	1%		<b>\$212,561</b>

<sup>9</sup> Department of Education analysis of HB 719 (March 14, 2009).

The DOE projects a \$20 million cost savings to the program in 2009-2010 based on the proposed changes to renewal eligibility. Table 2 provides data on the actual disbursements in 2007-2008 awarded to those students who did not earn the hours as funded.<sup>10</sup>

Table 2

Cost for 2007-08 Non-renewable Students <sup>11</sup>			
Bright Futures Program	Total Number of 2007-08 BFS Students	Total Number of 2007-08 Non-renewable Students	Cost for 2007-08 Non-renewable students
Florida Academic Scholars	33,615	1,285	\$4,538,456
Florida Medallion Scholars	123,949	6,336	\$12,725,119
Gold Seal Vocational Scholars	1,606	3	\$3,336
<b>Total</b>	<b>159,170</b>	<b>7,624</b>	<b>\$17,266,911</b>

The fiscal impact on institutions to implement the provisions of HB 719 is unknown.

### III. COMMENTS

#### A. CONSTITUTIONAL ISSUES:

##### 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.

##### 2. Other:

#### B. RULE-MAKING AUTHORITY:

The bill charges DOE with reviewing recommendations and making a decision whether to grant or deny exceptions. DOE suggests that the bill needs to provide sufficient rule-making authority for the department to develop concrete criteria for evaluation of recommendations for exceptions.<sup>12</sup>

#### C. DRAFTING ISSUES OR OTHER COMMENTS:

The effective date of July 1, 2009 impacts disbursements for students for 2009-2010. To ensure equitability to 2008-2009 students who use the summer term to clear renewal deficiencies as allowed in current law, language could be added to the end of Section 1009.532(1)(a), F.S., that the effective date of July 1, 2009, would only apply to students funded in the 2009-2010 academic year and thereafter.<sup>13</sup>

<sup>10</sup> Department of Education analysis of HB 719 (March 14, 2009).

<sup>11</sup> This cost is from the actual disbursements awarded to those students who did not earn the hour as funded.

<sup>12</sup> Department of Education analysis of HB 719 (March 14, 2009).

<sup>13</sup> *Id.*

The bill increases the number of students who would not meet renewal hour requirements. Current law does not allow students who become ineligible due to insufficient hours to restore the scholarship. However, current law does allow a one-time restoration for students who become ineligible due to insufficient grade point average. Consideration of extending restoration to ineligible students who lose the scholarship due to insufficient hours could be accomplished with statutory provisions.<sup>14</sup>

The bill provides that students may submit a written appeal for an exception to the requirement that a Bright Futures award be refunded. The institution then recommends the exception to DOE and DOE may grant or deny the exception. This framework appears to provide a two-fold approval process, whereby the institution makes an initial determination on whether an exception is appropriate, with DOE making the ultimate determination after review of the documentation. This two-fold process may be awkward in implementation.<sup>15</sup>

DOE recommends including “or withdrawn” in any section of the bill that mentions “courses dropped” for purposes of consistency.<sup>16</sup>

#### **IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES**

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<sup>14</sup> Department of Education analysis of HB 719 (March 14, 2009).

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*