

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 719 Florida Bright Futures Scholarship Program
SPONSOR(S): State Universities & Private Colleges Policy Committee; Stargel
TIED BILLS: **IDEN./SIM. BILLS:** SB 1364

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	State Universities & Private Colleges Policy Committee	9 Y, 0 N, As CS	Thomas	Tilton
2)	State Universities & Private Colleges Appropriations Committee		Smith	Trexler
3)	Full Appropriations Council on Education & Economic Development			
4)				
5)				

SUMMARY ANALYSIS

CS/HB 719 prohibits the use of Florida Bright Futures Scholarship funds to pay for courses dropped by students or from which students withdrew 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by students or from which students withdrew after the end of the drop and add period, unless a student has dropped or withdrawn from the course(s) due to a verifiable illness or other documented emergency.

The bill requires full-time students funded in the 2009-10 academic year and thereafter to complete at least 24 semester hours, or the equivalent, per academic year for renewal of the Florida Bright Futures Scholarship. If a student fails to earn the minimum number of hours required to renew the scholarship, the student loses his or her eligibility for renewal for a period equivalent to 1 academic year. The bill provides a one-time restoration for students the following academic year if the student earns the hours for which the student was enrolled at the level defined by DOE and meets the grade point average for renewal.

The DOE projects cost savings of \$30 million in 2009-2010 from withdrawals and/or courses dropped after the end of drop and add period. DOE also projects \$20 million in cost savings from the number of students who would not renew their award based on the proposed changes to renewal eligibility. 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.¹ 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.² 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.³ 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.⁴

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.⁵ 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.⁶

¹ Section 1009.53(1), F. S.

² Section 1009.53(2), F. S.

³ Section 1009.531(1)(c)(d), F.S.

⁴ Section 1009.532(2), F.S.; Section 1009.536(4), F.S.

⁵ Section 1009.53(5)(a), F. S.

⁶ Section 1009.53(5)(b), F.S.

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.⁷ To be eligible to renew a scholarship, a student must:⁸

- 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.

Effect of Proposed Changes

CS/HB 719 prohibits the use of Florida Bright Futures Scholarship funds to pay for courses dropped by students or from which students withdrew after the end of the drop and add period.

The bill requires institutions to refund to DOE within 30 days after the end of the semester any funds received for courses dropped by students or from which students withdrew after the end of the drop and add period, unless a student has dropped or withdrawn from the courses due to a verifiable illness or other documented emergency.

Currently, students/institutions do not return payments if the student drops or withdraws from the course after the drop period or for any other reason does not earn the credit for which the student initially enrolled. The impact of this bill on students equates to the refund of payments they would be required to make as a result of dropping or withdrawing from courses after the penalty-free deadlines to do so. The impact on universities equates to the cost of administering this change.⁹

The bill requires full-time students funded in the 2009-10 academic year and thereafter to complete at least 24 semester hours or the equivalent per academic year for renewal of the Florida Bright Futures Scholarship. If a student fails to earn the minimum number of hours required to renew the scholarship, the student loses his or her eligibility for renewal for a period equivalent to 1 academic year. The bill provides a one-time restoration for students the following academic year if the student earns the hours for which the student was enrolled at the level defined by DOE and meets the grade point average for renewal.

B. SECTION DIRECTORY:

- Section 1. Amends s. 1009.53, F.S., revising provisions relating to a refund to the Department of Education of funds received by an educational institution for certain courses; prohibiting the use of funds for certain purposes.
- Section 2. Amends s. 1009.532, F.S., revising credit-hour requirements for renewal of a scholarship; providing for restoration of eligibility.
- 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.

⁷ <http://www.floridastudentfinancialaid.org/SSFAD/factsheets/BF.htm> (last visited March 10, 2009).

⁸ Section 1009.532(1)(a)(b), F. S.

⁹ Board of Governors analysis of HB 719 (March 17, 2009).

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 Bright Futures award recipients drop or withdraw from courses after the drop and add period, they may be required by an institution to reimburse the institution for any funds returned by the institution to DOE.

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:

Department of Education¹⁰

According to 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.

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

¹⁰ Department of Education analysis of HB 719 (March 14, 2009).

The DOE projects a \$20 million cost savings to the program 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.¹¹

Table 2

Cost for 2007-08 Non-renewable Students ¹²			
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
Total	159,170	7,624	\$17,266,911

Board of Governors¹³

In 2007-08, Bright Futures recipients in the SUS withdrew from nearly 150,000 credit hours. The coding of those withdrawals is not detailed enough to determine the extent to which medical conditions or other extenuating circumstances (for which there might be an exemption under this bill) were the cause of the withdrawal. If there were no exemptions, this bill, in 2007-08, would have required the return by universities of nearly \$15 million because of withdrawals.¹⁴

Universities vary in their estimates of the potential impact on administrative costs. Of the 7 universities that provided cost estimates, 6 were in the \$10,000 to \$70,000 range, and one estimated a cost of \$400,000. The reasons for these costs were for programming computer systems and personnel/administrative costs, such as the costs of collecting refunds from students and processing requests for exemptions.¹⁵

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:

C. DRAFTING ISSUES OR OTHER COMMENTS:

¹¹ Department of Education analysis of HB 719 (March 14, 2009).

¹² This cost is from the actual disbursements awarded to those students who did not earn the hour as funded.

¹³ Board of Governors analysis of HB 719 (March 17, 2009).

¹⁴ *Id.*

¹⁵ *Id.*

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

On March 18, 2009, the State Universities & Private Colleges Policy Committee adopted one amendment to HB 719 and reported the bill favorably as a committee substitute.

The amendment:

- Requires institutions to refund to DOE within 30 days after the end of the semester any funds received from courses dropped by students or courses from which students withdrew after the end of the drop and add period, unless a student has dropped or withdrawn from the course due to a verifiable illness or other documented emergency.
- Requires that if a student fails to earn the minimum number of hours required to renew the scholarship, the student loses his or her eligibility for renewal for a period equivalent to one academic year. The amendment provides a one-time restoration for students the following academic year if the student earns the hours for which the student was enrolled at the level defined by DOE and meets the grade point average for renewal.