

II. Present Situation:

Financial Assistance to Graduate Students

Academic departments within the state universities provide financial assistance to graduate students who serve as teaching assistants or paid interns. Each university board of trustees may waive tuition and out-of-state fees for purposes which support and enhance the mission of the university.¹ Graduate students are eligible to borrow a combined subsidized and unsubsidized federal aggregate loan amount of up to \$138,500, and may also be eligible for private student loans with no aggregate maximum.

Florida scholarship and loan forgiveness programs related to work include:

- The Nursing Student Loan Forgiveness Program in s. 1009.66, F.S., administered by the Department of Health; and
- The Critical Teacher Shortage Student Loan Forgiveness Program in s. 1009.59, F.S., administered by the Department of Education's Office of Student Financial Aid.

III. Effect of Proposed Changes:

The Sure Futures Postgraduate Scholarship Program

The bill creates the Sure Futures Postgraduate Scholarship Program to match private-sector businesses, needing employees who have advanced degrees, with students who are seeking both advanced degrees and employment in an area of critical need identified by the Board of Governors in its most recent strategic plan. The degree must be offered by a state university or private college or university that is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools or the Accrediting Council for Independent Colleges and Schools.

The Sure Futures Scholarship Advisory Board would be established to make recommendations to the BOG regarding the implementation and operation of the program. The advisory board would be comprised of the following members:

- The Chancellor of the State University System or his designee;
- Three representatives from state universities appointed by the chancellor to 2-year terms;
- Two Sure Futures scholars appointed by the chancellor to 1-year terms;
- One representative appointed by the Speaker of the House of Representatives; and
- One representative appointed by the President of the Senate.

The advisory board would recommend:

- Policies and procedures for implementation of the program;
- Policies and procedures for receiving and managing program revenues; and
- A process for the approval of printed materials, marketing, and advertising.

¹ s. 1009.26(10), F.S.

Student Eligibility Provisions

To be eligible, a student must be admitted into an eligible graduate program in by a state university or private college or university that is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools or the Accrediting Council for Independent Colleges and Schools. The student must be classified as a resident for tuition purposes and may not be an employee of the of the scholarship sponsor.

A student would apply for the program to the BOG using a standard application form. An employer would submit a letter of interest to the BOG, and the BOG would notify the employer of the graduate programs that meet the employer's interest. The BOG would match students and potential sponsors.

A student selected by a sponsor would sign a contract agreeing to borrow scholarship funds through the program, with a waiver of repayment if a 4-year employment obligation is completed. The scholarship would cover tuition, fees, and books for the degree program, health insurance, and room and board based on the university dormitory and meal plan rate for each year the student is enrolled full time as a graduate student.

Upon graduation with an advanced degree, a graduate would begin working for the sponsor and would remain employed by the sponsor for a minimum of four years, as stipulated in the contract. If a student terminated his or her employment without cause before completing the 4-year obligation, a prorated portion of the scholarship would convert to a loan at an interest rate of 8 percent annually.

The Contract

The contract between the student and the sponsor would have to state the terms of the loan, the company's expectation for the scholar's performance, employment requirements, and potential legal remedies if the terms and conditions of the contract were not met. The bill requires the contract to require the scholar to abide by the sponsor's noncompetition, nonsolicitation, and nondisclosure provisions for up to four years after completion of the degree.

Sponsorships

To participate in the program, a sponsor would contribute funds to the program in an amount equal to at least 50 percent of the scholarship funds necessary for completion of a degree program from the applicable university plus an annual payment to cover the administrative costs. Contributions would be made to the BOG in accordance with the BOG's guidelines. The bill authorizes the sponsor's funds to be used as matching funds to the extent that the Legislature appropriates funds for that purpose.

A sponsor may establish criteria, including, but not limited to: the degree sought, the state universities at which students may enroll, minimum grade point average, and extracurricular activity requirements.

If a sponsor terminated a scholarship employee without cause prior to the employee's completion of the 4-year obligation, the employee would not be required to repay the scholarship and could be matched with another sponsor to complete the remaining employment period.

Accountability and Organizational Provisions

The bill directs the BOG to establish a central database of sponsors, the graduate degree programs for which the sponsors are seeking candidates, and student applicants and their profiles, as well as establish a standard application for use by all state universities. The bill authorizes the BOG to enter into a contract with the DOE to provide administrative services for the program.

The BOG must adopt rules to govern loan terms, repayment schedules, and procedures for collection, settlement, and charging off delinquent unpaid and cancelled scholarship loan notes. A loan would have to be repaid within 10 years.

The bill requires each eligible private college and university to make available information concerning the program. A private college or university may provide additional information or activities, such as providing one-on-one discussions with advisors, conducting seminars on the program, or working with companies in its service area to create scholarships through the program.

The bill encourages state agencies, local workforce boards, chambers of commerce, and Enterprise Florida, Inc., to promote participation in the program by students and sponsors.

Other Potential Implications:

The bill may promote a greater nexus between the business and academic community in matching employers with employees to meet critical needs of the state.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

Participating corporate sponsors would provide funding toward the education of a future employee through the scholarship program, and could be subsidized through the receipt of state matching funds if such funds were appropriated.

The DOE estimates the cost of a scholarship to be \$15,506.54 per year. The private sponsor would pay one half of that amount, \$7,753.32.

C. Government Sector Impact:

The BOG estimates that the program would require one full-time position (communication, marketing, database management, and advisory board support) and one half-time position (administration and data entry) as well as other operational expenses (travel, materials and supplies, etc.), at a recurring cost of \$257,100 per year.

The BOG estimates that the program will require greater resources during its start-up period than in subsequent years. Depending on how long it takes to build up the corporate participation and number of students, the BOG anticipates a 2-3 years start-up period. Initially, the first year of the program would require \$300,924.

Estimates of recurring and non-recurring program costs

	Recurring	Non-recurring (first year)	Total
2 Positions	\$167,700		\$167,700
Expense	\$13,400	\$6,824	\$20,224
Operating Capital Outlay	\$1,000	\$2,000	\$3,000
Marketing	\$40,000	\$10,000	\$50,000
Travel	\$15,000	\$5,000	\$20,000
Other Support*	\$20,000	\$20,000	\$40,000
Total	\$257,100	\$43,824	\$300,924

*database development, advisory board support, printing, supplies, etc.

In addition, the BOG estimates a cost of \$65,953 to contract with the Office of Student Financial Assistance in DOE to administer the loan servicing responsibilities.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Higher Education on March 25, 2009:

The committee substitute:

- Would not create the Sure Futures Foundation, but instead would require the BOG to administer the scholarship program;
- Would create the Sure Futures Scholarship Advisory Board to advise the BOG regarding the program;
- Would not require the DOE to establish a central database of sponsors and applicants but rather would require the BOG to establish the database;
- Would not appropriate \$300,000 as a loan for the initial start-up of the program; and
- Would not require the Institute of Science and Public Affairs at Florida State University to provide staff for administrative support but rather would authorize the BOG to contract with the DOE for such services.

- B. **Amendments:**

None.