

STORAGE NAME: h1453.cu

DATE: March 19, 1997

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
Colleges & Universities
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT**

BILL #: HB 1453 (PCB CU 97-01)

RELATING TO: Florida Prepaid Tuition Scholarship Program

SPONSOR(S): Committee on Colleges & Universities; Casey & Others

STATUTE(S) AFFECTED: s. 240.552

COMPANION BILL(S): CS/SB 398 (c); HB 1325 (c)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

(1) Colleges & Universities YEAS 11 NAYS 0

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I. SUMMARY:

Section 240.552, F.S., which establishes the Florida Prepaid Tuition Scholarship Program, is scheduled for repeal October 1, 1997, and must be reviewed by the Legislature prior to that time.

The Florida Prepaid Tuition Scholarship Program was created by the 1990 Legislature to provide prepaid postsecondary tuition scholarships to economically disadvantaged youth. The program seeks to achieve the following objectives:

1. Provide an incentive for economically disadvantaged youth to improve school attendance and academic performance in order to graduate and pursue a postsecondary education;
2. Obtain the commitment and involvement of private sector entities by virtue of funding matches with a ratio of 50 percent provided by the private sector and 50 percent provided by the state; and,
3. Purchase prepaid tuition scholarships for students who meet minimum economic and school requirements and remain drug free and crime free.

The House of Representatives Committee on Colleges & Universities has reviewed the program, found that the program appears to be meeting its objectives, and recommends reenactment. This bill reenacts verbatim the provisions of s. 240.552, F.S.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

The Florida Prepaid Tuition Scholarship Program was created by the 1990 Legislature to provide prepaid postsecondary tuition scholarships to economically disadvantaged youth. The program is administered by the Florida Prepaid College Foundation, Inc., with the assistance of the Department of Education.

The Florida Prepaid Tuition Scholarship Program seeks to achieve the following objectives:

1. Provide an incentive for economically disadvantaged youth to improve school attendance and academic performance in order to graduate and pursue a postsecondary education;
2. Obtain the commitment and involvement of private sector entities by virtue of funding matches with a ratio of 50 percent provided by the private sector and 50 percent provided by the state; and,
3. Purchase prepaid tuition scholarships for students certified by the Department of Education to the Foundation who meet minimum economic and school requirements and remain drug free and crime free.

Since 1990, the Legislature has allocated \$4.272 million in matching funds to the program. This figure includes \$1 million in matching funds for each of the past three years. Over \$6.9 million in private sector pledges were received for the 1996/97 legislative appropriation. To maximize the number of participating organizations, the first \$10,000 of each pledge was fully matched. The balance was allocated on a pro rata share. Representatives of the program report that one hundred percent of all funds allocated and matched with private donations are used to purchase prepaid tuition scholarships.

Participating donors have the option of purchasing one of four tuition plan types -- two community college plans, a plan which covers two years at a community college and two years at a university, or a four-year university plan. There are currently 2,897 recipients of the prepaid tuition scholarships. Sixty-six percent of the scholarships have been awarded for two years of community college enrollment; 28 percent are for two years of community college and two years of state university enrollment; and, six percent are for four years of state university enrollment.

Over 50 percent of the scholarships have been awarded to students in grades 6 through 9. In addition to financial support, scholarship recipients receive a variety of support services, such as mentors, tutors, academic and family counseling, and employment opportunities.

Statutory provisions relating to the Florida Prepaid Tuition Scholarship Program are scheduled for repeal October 1, 1997, and must be reviewed by the Legislature prior to that time. Staff of the House of Representatives Committee on Colleges & Universities has conducted a review in accordance with the provisions of s. 20.051, F.S. A copy of

the report produced as a result of that review is available upon request. The findings and recommendations set forth in that report are as follows:

1. By providing scholarship opportunities for economically disadvantaged, at-risk students, the Florida Prepaid Tuition Scholarship Program serves an identifiable purpose that benefits the public.
2. The program contributes to the welfare of the state by increasing the likelihood that scholarship recipients remain in school and pursue a postsecondary education, thereby enhancing the career opportunities of the scholarship recipients and their ability to contribute to the economic well being of the state.
3. With a current recipient termination rate of only 2.4 percent and pledges from the private sector that exceed the matching funds provided by the Legislature, the program appears to be successfully achieving the objectives set forth in s. 240.552, F.S.

Based on the findings of the review, a verbatim reenactment of s. 240.552, F.S., is recommended.

B. EFFECT OF PROPOSED CHANGES:

This bill reenacts verbatim current law relating to the Florida Prepaid Tuition Scholarship Program.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

No.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A.

(2) what is the cost of such responsibility at the new level/agency?

N/A.

(3) how is the new agency accountable to the people governed?

N/A.

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

No.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

This bill reenacts verbatim current law relating to the Florida Prepaid Tuition Scholarship Program.

- (1) Who evaluates the family's needs?

N/A.

- (2) Who makes the decisions?

N/A.

- (3) Are private alternatives permitted?

N/A.

- (4) Are families required to participate in a program?

N/A.

- (5) Are families penalized for not participating in a program?

N/A.

- b. Does the bill directly affect the legal rights and obligations between family members?

This bill reenacts verbatim current law relating to the Prepaid Scholarship Tuition Program.

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

- (1) parents and guardians?

- N/A.

- (2) service providers?

- N/A.

- (3) government employees/agencies?

- N/A.

D. SECTION-BY-SECTION ANALYSIS:

This section need be completed only in the discretion of the Committee.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

- 1. Non-recurring Effects:

- None.

- 2. Recurring Effects:

- None.

- 3. Long Run Effects Other Than Normal Growth:

- None.

4. Total Revenues and Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

None.

3. Effects on Competition, Private Enterprise and Employment Markets:

None.

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

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

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C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

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

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON Colleges & Universities:
Prepared by:

Legislative Research Director:

Betty H. Tilton, Ph.D.

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