

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: April 20, 1998 Revised: _____

Subject: Postsecondary Student Financial Aid

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>White</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Favorable/CS</u>
2.	_____	_____	<u>GO</u>	_____
3.	_____	_____	<u>WM</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

This bill establishes the Florida Student Financial Aid Corporation to administer all the state's financial assistance programs.

This bill substantially amends the following sections of the Florida Statutes: 216.136, 240.409, 240.4095, and 240.4097.

II. Present Situation:

A number of conditions are prevalent that make need-based financial aid a concern for policy makers. Florida's demographics reflect a growing number of economically disadvantaged and minority students who need financial assistance if they are to gain and maintain access to postsecondary education. Our state ranks 27th in the nation in providing need-based grant aid. Demand has increased so much faster than available resources that the maximum award value has slipped to \$972 from the original 1972 value of \$1200. To compensate for the shortage in aid and continue in school, needy students are going more deeply into debt. The estimated aggregate debt for Florida students is \$500 million, more than triple what it was a few years ago.

Florida has the following three major programs for need-based financial aid:

- The Florida Public Assistance Grant Program, s. 240.409, F.S., for students enrolled in public community colleges and universities.
- The Florida Private Student Assistance Grant Program, s. 240.4095, F.S., for students enrolled in nonpublic, not-for-profit colleges or universities authorized to offer baccalaureate degrees by their accrediting association, the Southern Association of Colleges and Schools (SACS).

- The Florida Postsecondary Student Assistance Grant Program, s. 240.4097, F.S., for students enrolled in nonpublic education institutions that are licensed by the State Board of Independent Colleges and Universities or are exempt from licensure because of their accreditation by an association other than SACS.

Each of these programs is administered by the Department of Education's Office of Student Financial Assistance and have similar administrative requirements that include:

- Eligible students must be full-time and degree-seeking.
- They must have unmet need of over \$200, after taking into account any Pell grant funds they receive.
- The department must adopt a rating system to determine eligibility, using a nationally recognized system of need analysis.
- Funds are deposited into the State Student Financial Assistance Trust Fund as appropriated by the Legislature. The grant awards may be from \$200 to \$1,500 and may be prorated if funds are insufficient to pay the full award to each eligible student.
- The department pays the institution, not the student, and the institution notifies the student of the award amount.
- The educational institution must certify the eligibility status of each student for renewals, the amount of funds disbursed, and must prepare a biennial report including an audit.

This system appears cumbersome to some institutions, and the 1996 Legislature considered a bill that would have authorized each eligible institution to conduct more of the administrative functions.

III. Effect of Proposed Changes:

The legislation under consideration will require state student financial assistance to be operated by each postsecondary education institution that enrolls students with need-based grants. It amends each of the grant programs to provide for the direct allocation of funds to participating institutions and authorizes the administration of the program to take place at the institution level. It will also increase the maximum award allowable from \$1200 to an average of the matriculation and other registration fees at the state's public universities. The programs for students attending nonpublic institutions will be authorized an additional \$1,000 over that average. However, the maximum award will not be available unless the Legislature appropriates enough funds for it.

The bill also amends s. 216.136, F.S., to require the education consensus estimating conference to estimate the number of students who will need financial assistance and to specify an amount necessary to provide the full award to them.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Part-time students are not now eligible for need-based financial assistance. Under the bill, if their college or university expanded eligibility, part-time students could receive grants.

C. Government Sector Impact:

Full funding of the changes in the Florida Student Assistance Grant Programs will require a significant amount of additional state funding. The exact amount will depend on the number of participants. However, the bill does not affect the freedom of the Legislature to appropriate less than is required for full funding, and full funding has not occurred in many years.

Decentralization of the assistance grant programs should result in greater management efficiency and reduced operating costs for the Department of Education.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
