

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: Florida Prepaid College Program

	<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 committee substitute authorizes the Florida Prepaid Postsecondary Education Expense Program to provide contracts that cover local fees at community colleges and universities. It renames the program and its board and trust fund to the *Florida Prepaid College Program, Board, and Trust Fund*.

This bill amends the following sections of the Florida Statutes: 240.551, 222.22, and 732.402. It reenacts sections 731.201(13) and 735.301(1), Florida Statutes, relating to exempt property (conforming provisions).

II. Present Situation:

Florida Prepaid Postsecondary Education Expense Program

The 1987 Legislature established this program to allow families to pay in advance for state postsecondary education. In return for the advance payments, the level of cost is fixed at a guaranteed level for the duration of undergraduate enrollment (s. 240.551, F.S.). The prepaid program covers the basic tuition cost (matriculation fee) of a Florida public university or community college, plus the building fee, capital improvement fee, and financial aid fee. Local fees -- health, activity and service, and athletic fees -- are not included in the program. The contract may be paid in a lump-sum plan, a five-year installment plan, or a monthly payment plan.

Exemptions from Creditors

In s. 240.551(11), F.S., moneys paid into or out of the fund of a prepaid contract are exempt from all claims of creditors of the purchaser or beneficiary.

III. Effect of Proposed Changes:

Name Change

The legislation under consideration will change the name of the prepaid program to the *Florida Prepaid College Program, Board, and Trust Fund*.

Fees

The bill amends s. 240.551(9)(a) and (b), F.S., to authorize the board to provide prepayment contracts that include the local fees governed by s. 240.35, F.S., for community colleges and s. 240.235, F.S., for state universities.

Exemption from Creditors

The bill amends s. 732.402, F.S., to include the Florida Prepaid College Program contracts as property exempt from the probate claims of creditors. This change is an expansion of current protections from creditors.

Technical Changes

The bill deletes obsolete provisions related to initial board members and the role of the Department of Legal Affairs in the developmental phases of the prepaid college program.

It also reorganizes the statute, inserts titles, and enumerates paragraphs, so the bill contains many pages of underlined and stricken text. Because of the potential for confusion, the following section analysis describes any substantive changes in each section.

Section 1. Section 240.551, F.S. Subparagraph 2. of paragraph (a) and paragraph (b) of subsection (9) authorize payment of local fees. Otherwise, no substantive change, only name change and reorganization.

Section 2. Section 222.22, F.S., no substantive change, only name change.

Section 3. Section 732.402, F.S., exempts prepaid contracts from probate claims of creditors.

Section 4. Sections 731.201(13) and 735.301(1), F.S., reenactment to conform provisions.

Section 5. Effective date.

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:

Some students may qualify for the payment of local fees. Contracts could become more expensive because of including local fees.

C. Government Sector Impact:

The actuarial studies and other administrative functions of the Prepaid College Board may become more complex because of the less predictable nature of local fees.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.