

STORAGE NAME: h4693a.cu
DATE: April 20, 1998

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

BILL #: HB 4693

RELATING TO: Student Grants

SPONSOR(S): Rep. Wise

COMPANION BILL(S): SB 1852 by Senator Kirkpatrick

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

- (1) COLLEGES & UNIVERSITIES YEAS 6 NAYS 1
 - (2) EDUCATION APPROPRIATIONS
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

HB 4693 transfers administration of three state funded need-based financial aid programs -- the Florida Public Student Assistance Grant Program, the Florida Private Student Assistance Grant Program, and the Florida Postsecondary Student Assistance Grant Program -- from the Department of Education (DOE) to the postsecondary institutions participating in the programs.

DOE will no longer be required to determine the criteria and procedure for establishing standards of eligibility, to establish the rating system upon which approval of grants is based, to establish application deadlines, or to prorate awards when funding is insufficient to make full awards. DOE must transmit payment of the grants to participating institutions in advance of the registration period. Institutions will no longer be required to certify to DOE the eligibility status of each award recipient or the amount of funds disbursed to each student. Institutions will no longer be required to remit to DOE any undisbursed funds. Each participating institution must report to DOE the eligible students to whom grant moneys are disbursed each academic term, including demographic and eligibility data for such students.

Participation in the grant programs is expanded to include part-time students.

The annual award cap for the Public Student Assistance Grant is revised from \$1,500 per academic year to the weighted average of the cost of tuition and matriculation fees for 30 credit hours at state universities. The annual award cap for the Private Student Assistance Grant is revised from \$1,500 per academic year to the weighted average cost of matriculation and tuition fees for 30 credit hours at state universities plus \$1,000. The annual award cap for the Postsecondary Student Assistance grant is revised from \$1,500 per academic year to the weighted average prior-academic-year cost of tuition and matriculation fees at state universities plus \$1,000.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

The primary award used to distribute state funded need-based aid is the Florida Student Assistance Grant (FSAG). The FSAG is administered by the Office of Student Financial Assistance (OSFA) within the Department of Education (DOE). The FSAG is comprised of three programs -- the Public Student Assistance Grant Program, the Private Student Assistance Grant Program, and the Postsecondary Student Assistance Grant Program. DOE is responsible for determining the criteria and procedure for establishing standards of eligibility for each of the programs as well as establishing application deadlines for the programs. DOE must establish a rating system upon which to base the approval of the grants, including the use a nationally recognized system of need analysis. Priority in the distribution of grant moneys must be given to students with the lowest total family resources.

Each program serves different types of postsecondary institutions. Recipients of Public Student Assistance Grants must attend a state university or community college. Recipients of a Private Student Assistance Grant must attend a baccalaureate-degree-granting nonpublic institution which is accredited by SACS and which is located in and chartered as a domestic corporation by the state. Recipients of Postsecondary Student Assistance Grants must attend a postsecondary institution that is located in and chartered as a domestic corporation by the state. In addition, the institution must be either licensed or exempt from licensure by the State Board of Independent Colleges and Universities or a private nursing diploma school approved by the Florida Board of Nursing. Institutions that are eligible to participate in the Private Student Assistance Grant Program are not eligible to participate in the Postsecondary Student Assistance Grant Program.

Funding for each program is determined annually by the Legislature. The following appropriations were made for the 1997-1998 academic year:

Public Student Assistance Grant	\$27,153,354
Private Student Assistance Grant	\$ 6,567,477
Postsecondary Student Assistance Grant	\$1,621,813

Current law caps the award amount for each program at \$1,500 per academic year, or an amount specified in the General Appropriations Act and requires an applicant to be enrolled full-time and to have a demonstrated unmet need of at least \$200 to receive an award.

Representatives of DOE provided a description of the current process followed to award a student assistance grant. To apply for a grant, a student must complete the Free Application for Federal Student Aid (FAFSA) and submit it to the U.S. Department of Education. The FAFSA must be processed error free by May 15 prior to the academic year which the student plans to attend school. The U. S. Department of Education (USDOE) uses the FAFSA to determine the student's Estimated Family Contribution (EFC) and forwards that information to OSFA. OSFA determines the EFC cutoff levels for each of the three grant programs. Based on information provided by the student, OSFA sorts the applications by type of program, determines if an applicant has the eligible EFC for a given program, and divides the number of eligible applicants into the

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dollars available for the program to determine the annual award amount. OSFA distributes the appropriated funds to the institutions for disbursement to eligible students.

Current law requires institutions to certify to DOE, within 30 days of the end of regular registration, the eligibility status of each awarded student. In addition, institutions must certify to DOE the amount of funds disbursed to each student and must remit to DOE any undisbursed advances within 60 days of the end of regular registration.

If the funds appropriated by the Legislature are not adequate to make full awards to all eligible applicants, DOE must reduce the amount of each recipient's grant award pro rata. The adjustment is made by reducing the second semester or the second or third quarter award disbursements to grant recipients.

If a grant recipient transfers from an institution eligible to participate in one of the three grant programs to another, the student's eligibility for a grant award is transferable upon approval by the department.

Each institution that receives moneys through the Florida Private Student Assistance Grant Program or the Florida Postsecondary Student Assistance Grant Program must submit to DOE a biennial report that includes an independent external audit of the institution's administration of the program and a complete accounting of moneys allocated to the institution for the program.

B. EFFECT OF PROPOSED CHANGES:

This bill transfers administration of the student assistance grants programs from DOE to the institutions participating in the programs. DOE will no longer be involved in determining the criteria and procedure for establishing standards of eligibility, establishing application deadlines, or prorating award amounts when funding is inadequate. DOE must transmit payment for the grants to the institution in advance of the registration period. The bill does not, however, provide a process for determining the amount to be disbursed to each institution.

Institutions will no longer be required to certify to DOE the eligibility status of award recipients or the amount of funds disbursed to each student. Institutions will no longer be required to remit undisbursed advances to DOE within 60 days of the end of regular registration. Each participating institution must report to DOE the eligible students to whom grant moneys are disbursed each term, including necessary demographic and eligibility data for such students.

The annual award cap for the Public Student Assistance Grant is revised from \$1,500 per academic year to the weighted average of the cost of tuition and matriculation fees for 30 credit hours at state universities. The annual award cap for the Private Student Assistance Grant is revised from \$1,500 per academic year to the weighted average cost of matriculation and tuition fees for 30 credit hours at state universities plus \$1,000. The annual award cap for the Postsecondary Student Assistance grant is revised from \$1,500 per academic year to the weighted average prior-academic-year cost of tuition and matriculation fees at state universities plus \$1,000.

Participation in the programs is expanded to include part-time students.

Provisions relating to the transfer of eligibility for an award when a student transfers between eligible institutions are eliminated.

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?

The State Board of Education must develop rules for the administration of the Florida Public Student Assistance Grant Program, the Florida Private Student Assistance Grant Program, and the Florida Postsecondary Student Assistance Grant Program by the institutions participating in the respective programs.

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

Responsibility for administration of the student assistance grant program is transferred from the Department of Education to the participating institutions.

(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?

Institutions participating in one of the student assistance grants programs will assume responsibility for administration of the program.

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

The cost is indeterminate.

(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?

N/A

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

N/A

5. Family Empowerment:

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

- (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?

N/A

- 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. STATUTE(S) AFFECTED:

Amends ss. 240.409, 240.4095, and 240.4097, F.S.

E. SECTION-BY-SECTION RESEARCH:

Section 1. Amends s. 240.409, F.S., to transfer administration of the Florida Public Student Assistance Grant Program from the Department of Education to the institutions participating in the program; to permit participation in the program by part-time students; and, to revise the award cap from \$1,500 per academic year to the weighted average of the cost of tuition and matriculation fees for 30 credit hours at state universities .

Section 2. Amends s. 240.4095, F.S., to transfer administration of the Florida Private Student Assistance Grant Program from the Department of Education to the institutions participating in the program; to permit participation in the program by part-time students; and, to revise the award cap from \$1,500 per academic year to the weighted average cost of matriculation and tuition fees for 30 credit hours at state universities plus \$1,000.

Section 3. Amends s. 240.4095, F.S., to transfer administration of the Florida Postsecondary Student Assistance Grant Program from the Department of Education to the institutions participating in the program; to permit participation in the program by part-time students; and, to revise the award cap from \$1,500 per academic year to the weighted average prior-academic-year cost of tuition and matriculation fees at state universities plus \$1,000 .

Section 4. Establishes an effective date.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

See FISCAL COMMENTS.

2. Recurring Effects:

See FISCAL COMMENTS.

3. Long Run Effects Other Than Normal Growth:

See FISCAL COMMENTS.

4. Total Revenues and Expenditures:

See FISCAL COMMENTS.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

See FISCAL COMMENTS.

2. Direct Private Sector Benefits:

See FISCAL COMMENTS.

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

See FISCAL COMMENTS.

D. FISCAL COMMENTS:

The fiscal impact of decentralizing the student assistance grant programs is indeterminate. The workload of DOE associated with administering the program may diminish although DOE will still be responsible for distributing the appropriated funds to participating institutions. While the institutions will be given responsibility for administration of the program, the increased flexibility in packaging aid awards may offset any increased workload associated with administration of the grant program. Expansion of the program to include part-time students will provide greater access to financial assistance for these students.

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.

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:

On April 20, 1998, the Committee on Colleges & Universities adopted a strike-everything amendment that transfers the administration of the three grant programs from DOE to the institutions participating in the programs; revises the award cap for all three programs; permits participation by part-time students; requires DOE to establish the maximum Estimated Family Contribution that can be used in providing an award under one of the grant programs; provides a process for distributing grant funds to participating institutions; requires participating institutions to certify to DOE the amount of funds disbursed to each student and to remit any undisbursed funds to DOE by June 1 of each year; provides for the Education Estimating Conference to address financial aid funding; and, delays the effective date of the decentralization until July 1, 1999.

VII. SIGNATURES:

COMMITTEE ON Colleges & Universities:
Prepared by:

Legislative Research Director:

Betty H. Tilton, Ph.D.

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