

STORAGE NAME: h543.ei

DATE: March 9, 1997

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
EDUCATION INNOVATION
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT**

BILL #: HB 543

RELATING TO: Education/Scholarship Programs

SPONSOR(S): Representative Pruitt

STATUTE(S) AFFECTED: ss. 24.121, 232.2465, 239.217, 240.402, 240.4021, 240.4024, 240.404,
F.S.

COMPANION BILL(S): SB 858

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

- (1) EDUCATION INNOVATION
- (2) EDUCATION APPROPRIATIONS
- (3)
- (4)
- (5)

I. SUMMARY:

HB 543 provides for funding of the Florida Postsecondary Tuition Program, the Florida Undergraduate Scholars' Program, and the Vocational Gold Seal Endorsement Scholarship Program from the Educational Enhancement Trust Fund. The scholarship programs have some revised eligibility, renewal, and reinstatement requirements. All three programs do not allow Level I high school courses to be used when calculating the required GPA. Additionally, the provisions relating to the amount of the awards is revised.

The Florida Undergraduate Scholars Program retains the five options which currently exist for earning a scholarship with the added requirement that the student must be free of felony convictions at the time of application. The award is for full tuition, fees and \$500 per semester for books and college-related expenses rather than the current award of up to \$2,500. The required GPA for renewal changes from 3.2 to 3.0. Enrollment in independent institutions is allowed.

The Postsecondary Tuition Scholarship Program also has the same criteria. The award includes full tuition in a public or independent college, university, vocational or technical institution. However, independent institutions are limited to the average tuition of comparable public institutions.

The Vocational Gold Seal Scholarship Program also has the same criteria. Enrollment in independent institutions is allowed. However, independent institutions are limited to the average tuition of comparable public institutions.

The fiscal impact is a \$33.2 million loss to the General Revenue Fund.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

In 1986, the voters amended Florida's Constitution to allow state operated lotteries. The Florida Public Education Lottery Act, Chapter 24, F.S., passed in 1987 to implement Section 15 of Article X of the State Constitution, providing statutory framework for the state lottery. The intent of the Legislature as established in s. 24.102(2)(a), F.S., was to use the net proceeds of lottery games "to support improvements in public education and that such proceeds not be used as a substitute for existing resources for public education."

Section 24.121, F.S., provides that:

- ▶ "As nearly as practical" 50 percent of the gross revenue from lottery ticket sales be returned to the public in the form of prizes paid by the department or to the retailers.
- ▶ Each fiscal year, at least 38 percent of the gross revenue is deposited in the Educational Enhancement Trust Fund (EETF), which is administered by the Department of Education, to be used to the benefit of public education. Transfers are made at least once a quarter, and must be used to the "benefit of public education."
- ▶ The remaining 12 percent of the gross revenues from lottery ticket sales is authorized for use by the Department of the Lottery for payment of administrative expenses. Any unencumbered balance remaining in the Administrative Trust Fund at the end of the fiscal year is transferred to the Educational Enhancement Trust Fund.

Section 24.121(5), F.S., designates how lottery funds may be allocated and provides that education programs and purposes may include, but are not limited to:

- ▶ Endowment
- ▶ Scholarship
- ▶ Matching funds
- ▶ Direct grants
- ▶ Research and economic development related to education
- ▶ Salary enhancement
- ▶ Contracts with independent institutions to conduct programs consistent with the state master plan for postsecondary education
- ▶ Any other educational program or purpose deemed desirable by the Legislature.

The Legislature is also charged with equitably apportioning EETF moneys among public schools, community colleges, and universities. During the 1995-1996 budget year, the amount of lottery revenue which went to the EETF amounted to \$829 million dollars. Lottery revenues amounted to 2.1 percent of the total state budget. Through the General Appropriations Act, the Legislature determines the educational programs to be funded by the Educational Enhancement Trust Fund and the amount of such funding. In previous years, the Legislature has appropriated lottery money using the same formula;

approximately 70 percent to kindergarten through grade twelve, 15 percent to the state university system, and 15 percent to the state community colleges.

State Student Financial Assistance Trust Fund

The State Student Financial Assistance Trust Fund is created in s. 240.40, F.S., and is administered by the Department of Education. It is comprised from funds from General Revenue, private donations, and federal receipts for scholarship and grant programs. Individual accounting is established for each funded scholarship and grant program for auditing purposes. End of fiscal year balances remain in the trust fund.

The Department of Education administers the scholarship programs and the State Board of Education can adopt rules for the programs.

Florida Academic Scholars' Certificate Program and Florida Undergraduate Scholars Fund

The Florida Undergraduate Scholars' Program awards scholarships to Florida students who meet one of the following criteria.

- ▶ National Merit Scholar or finalist
- ▶ 3.5 grade point average (GPA) and a minimum score as determined by the Department of Education on the Scholastic Aptitude Test (SAT) or American College Test (ACT); 1270 is current score set by State Board of Education
- ▶ Attendance at a home education program for grades 9 through 12 and has minimum score on the SAT or ACT
- ▶ Florida Academic Scholar, pursuant to s. 232.2465, F.S.
- ▶ International Baccalaureate Diploma

In addition to the above qualifications, the student must be a state resident for at least one year, comply with Selective Service registration requirements, all per s. 240.404, F.S.; and receive a Florida high school diploma or equivalent, file an application during high school senior year, attend the approved institution as a full-time student, and be a first time in college student.

The award can be renewed annually for a maximum of 8 semester or 12 quarters if the student continues to qualify and maintains a cumulative 3.2 GPA or has an approved equivalent student progress evaluation plan on at least 12 credit hours. An exception to the 8 semesters is for students who are enrolled in a five year undergraduate degree program; they may receive 8 semesters or 15 quarters. The award can be transferred from one eligible institution to another.

An approved Florida institution is identified in s. 232.2465(4), F.S., as a state university, a public community college, a nursing diploma school approved by the Board of Nursing, or a private institution of higher education which is accredited by a member of the Commission on Recognition of Postsecondary Accreditation or the credits of which are acceptable for transfer to state universities.

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If a student applies for an initial award during their last year in high school or for a renewal award, but does not accept it, the student may reapply at any subsequent application period within three years of their initial application. Upon reapplication, they must have a 3.2 cumulative GPA for all college work they have attempted. The department accepts reinstatement application postmarked between February 15 and June 1, and will not accept them after June 1 each year.

The annual award is \$2,500. The highest-ranked, eligible, initial applicant from each county is designated as a Challenger Astronauts Memorial Award recipient and receives \$4,000, for the initial and renewal award, rather than \$2,500. The department ranks the applicants on GPAs and test scores.

Payment is transmitted to the institution before the registration period. If full funding is not available for all eligible applicants, the department may prorate the available funds and make a partial award to the applicants. Fifteen days after the end of registration, institutions determine and inform the department of the eligibility status of the student. Although an institution does not have to re-evaluate eligibility after this, they are asked to make refunds for students who drop out and are eligible under the institution's refund policies. The institution has 60 days after registration to certify to the department the amount of funds disbursed and remit undisbursed advances.

All notification and advertising responsibilities belong to the department and are begun no later than January of each year.

Funding is from the General Revenue Fund and from the Challenger Astronauts Memorial Undergraduate Scholarship Trust Fund. All balances are carried over to the following year.

Florida Gold Seal Vocational Endorsement Program/Vocational Gold Seal Endorsement Scholarship Program

In addition to the Florida Undergraduate Scholars' award, a Florida Gold Seal Vocational Endorsement Scholarship Program is available. A student may not receive both scholarships. The vocational program was established to reward high school students for academic achievement and vocational preparation and to inform potential employers of a student's preparation. Eligibility criteria are in s. 239.217, F.S., and include:

- ▶ Must have number of credits, courses, GPA, and minimum performance standards and basic skills to meet high school graduation requirements
- ▶ Complete three vocational credits sequentially in a vocational job-preparatory or technology-education program.
- ▶ Demonstrate competency in basic occupational skills of reading, writing, and computation and general employable skills and knowledge
- ▶ 3.0 GPA for subjects required for a standard high school diploma (Level I courses are allowed)
- ▶ 3.5 GPA for secondary vocational courses

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Additionally, they must be a state resident for at least one year, attend an approved institution comply with Selective Service registration requirements, all per s. 240.404, F.S. and receive a Florida high school diploma or equivalent, file an application during high school senior year, attend the approved institution as a full-time student, and be a first time in college student.

For renewal, an applicant must maintain a 3.0 GPA and earn 12 semester credits for each term. Students who do not accept their initial awards or renewal awards may reapply to receive awards during subsequent application periods within three years of high school graduation. They must have a 3.0 GPA on all attempted college work.

The annual award is \$2,000. If full funding is not available, the department may prorate awards to applicants. Payment to the institution is done in the same manner as payment for the Florida Undergraduate Scholars' Award.

Florida Postsecondary Tuition Program

The Florida Postsecondary Tuition Program was created during the 1996 legislative session to provide financial assistance for postsecondary education to outstanding Florida high school students. This financial assistance can be used at any Florida public university, community college, or technical institute. (The original 1996 House Bill proposed permitting students to use the tuition funds at private institutions.) Financial assistance is to assist with the cost of education, but not to exceed the cost of tuition, books and mandatory fees, and may not be used for remedial courses.

Eligibility for the program is based on the following criteria:

- Florida residency
- Florida high school diploma or equivalency diploma. Home education students, students who are enrolled on a full-time basis in the early admission program of an eligible postsecondary institution, and students who are dependents of Florida residents who are on military or public service assignments away from Florida when the dependents live with the Florida residents and receive high school diplomas from non-Florida schools are exempt from this provision.
- Free from felony convictions
- GPA of 3.0 unless student is in home education program or a high school equivalency diploma recipient, where the student must have a minimum score on Scholastic Assessment Test or American College Test

Students must use the scholarship by the date established by the department.

Eligible Florida postsecondary institution is defined as an institution within the State University System, the community college system, or a public vocational-technical institution.

The annual awards may be received by students for the first 30 semester credit hours attempted. The maximum amount of the award is tuition, mandatory fees, and a book

allowance of up to \$150 per semester. Awards shall be disbursed in equal installments each academic term. Students who have a 3.5 or higher GPA in a college preparatory curriculum may receive a higher award determined by the department. Students attending a Florida public technical institute may qualify for tuition scholarships for the cost of tuition, mandatory fees and up to \$150 per semester for a book allowance.

Full-time enrollment is not required. Awards will be distributed on the following basis:

- Students enrolled for 6 to 8 credit hours may receive up to one-half of the maximum award
- Students enrolled for 9 to 11 credit hours may receive up to three-fourths of the maximum award
- Students enrolled for 12 or more credit hours may receive up to the full award

The receipt of the scholarship will be considered in the calculation of the student's federal loan eligibility.

Students may renew during their sophomore, junior, and senior years if they meet the following criteria:

- Maintain a 3.0 cumulative GPA
- Make satisfactory academic progress
- Have used, within five years, less than the maximum number of semesters, as determined by the Department of Education. The department may waive this for students who demonstrate that compliance would entail extraordinary hardship.

Students must comply with the application requirements of their postsecondary institution. Renewal applications must be completed and submitted to the institution. The institution shall determine whether the student meets the criteria and submit a request for payment to the Department of Education.

The Department of Education is given the authority to create rules to implement and administer the program. If funds are not appropriated in an amount sufficient to fund the full program for eligible students, the amount may be prorated for a partial award to applicants.

The criteria for the Florida Postsecondary Tuition Program will also apply to the children of deceased or disabled veterans who receive scholarships under Chapter 295, F.S.

B. EFFECT OF PROPOSED CHANGES:

The Florida Postsecondary Tuition Program, the Florida Undergraduate Scholars Program, and the Vocational Gold Seal Endorsement School Program will be funded annually from the Educational Enhancement Trust Fund. The funds to these scholarship programs will be allocated before the equitable distribution formula for public schools, community colleges, and state universities. The split used in recent years of 70 percent

to public schools, 15 percent to community colleges and 15 percent to state universities will not be applicable.

For purposes of the Florida Undergraduate Scholars' Fund, the Florida Academic Scholars' Certificate Program, and the Florida Postsecondary Tuition Program, postsecondary institution is redefined to include private institutions. Postsecondary institution replaces the list of eligible institutions currently in the statutes. The list of eligible institutions which will not be listed are: "state university, a public community college, a nursing diploma school approved by the Board of Nursing, or a private institution of higher education which is accredited by a member of the Commission on Recognition of Postsecondary Accreditation or the credits of which are acceptable for transfer to state universities." Section 240.402, F.S., will identify the institutions as a Florida state or eligible Florida independent university or community college. State technical institutes are also eligible. A Florida independent college, university, or vocational technical school is eligible if it meets these criteria:

- Located in and chartered as a Florida domestic corporation
- Minimum program completion and placement rate
- Sound financial condition
- Accredited and operated in state for three years under the same owner without complaints or licensed by state and operated for five years under same owner without complaints

All programs require residency in Florida for at least one year before the award of aid.

Florida Undergraduate Scholars' Fund/Florida Academic Scholars' Certificate Program

Specific criteria changes in the program are as follows:

Students will be able to qualify for the Florida Undergraduate Scholars' Fund by the end of the first semester of their senior year by using their cumulative GPA as of this time frame. This should give graduating seniors more financial planning time for after high school graduation and submitting applications to colleges and universities. Prior to graduation, a student may be notified of eligibility of the award; however, it will be dependent upon the student receiving a high school diploma. A student will be required to receive a standard Florida high school diploma; a high school equivalent will not be allowed.

Level I courses will not be included in determining the required GPA for the Florida Undergraduate Scholarship.

Students in home education programs will be required to complete the program rather than attend the program for grades 9 through 12.

The student may not have been convicted of a felony at the time the application is submitted.

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The annual and subsequent renewal awards will be for tuition, mandatory fees, and \$500 for books and college-related expenses. Challenger Astronauts Memorial Awards and subsequent renewals will still be for \$4,000.

For renewal, a 3.0 cumulative GPA rather than a 3.2 is required. A recipient who fails to meet the GPA requirement for renewal may apply for the Florida Postsecondary Tuition Program if he meets the reinstatement requirements for that program.

Appropriations for the Florida Undergraduate Scholarship award will be from the Educational Enhancement Trust Fund and not from General Revenue.

Vocational Gold Seal Endorsement Scholarship Program

Changes in the Vocational Gold Seal Endorsement Program and Scholarship are as follows:

The required three secondary school vocational credits must be taken over at least two school years.

Level 1 courses are not included when determining the GPA for eligibility for the Florida Gold Seal Vocational Endorsement.

A student may be enrolled as a part time student, rather than being required to be a full time student; however, the part time student, as well as the full time student, must be seeking a certificate or degree.

The minimum cumulative GPA is changed to 2.5 from 3.0.

A student who fails to attain the required 2.5 GPA may be reinstated once if GPA is brought up to required 2.5.

Awards paid to qualifying private postsecondary institutions cannot exceed the average tuition which would be paid to a state university for the same number of credit hours.

Florida Postsecondary Tuition Program

Changes in the Florida Postsecondary Tuition Program will be as follows:

The Florida Postsecondary Tuition Program is more specifically identified as being for undergraduate programs. Eligible Florida institutions include not only public universities, community colleges, and technical institutes, but independent colleges, universities, or vocational technical schools meeting the same criteria used to define postsecondary institutions in s. 240.402, F.S.

This financial assistance may be used to assist with any educational costs but may not exceed the cost of tuition.

The student must receive a standard Florida high school diploma. A high school equivalent cannot be used for eligibility purposes. Home education program students must have completed the program and not just attended for grades 9 through 12.

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The student must be free of felony convictions at the time of application.

Students will be able to qualify for the Florida Postsecondary Tuition Program by using their cumulative GPA at the end of the first semester of their senior year. This should give graduating seniors more financial planning time for after high school graduation and submitting applications to colleges and universities. Prior to graduation, a student may be notified of eligibility of the award; however, it will be dependent upon the student receiving a high school diploma.

Level I courses are not included when determining the qualifying GPA.

Qualifying minimum scores on the Scholastic Assessment Test or the American College Test must be attained by the time of graduation.

The scholarship must be used within 7 years of the high school graduation date.

Students may be enrolled full-time or part-time.

Awards paid to qualifying private postsecondary institutions cannot exceed the average tuition which would be paid to a state university for the same number of credit hours.

Students attending a Florida public technical institute or independent vocational technical school must be in a program consisting of at least 900 hours. The provisions for the number of credit hours as they relate to the amount awarded are the same except that an equivalent in clock hours may substitute for credit hours.

Renewal GPA must be 2.5 cumulative in courses attempted and the student must be making satisfactory academic progress if classified as a certificate-seeking or diploma-seeking student.

Renewal criteria also stipulate that a student must have used less than the maximum number of semesters of eligibility and they must still be within 7 years from the high school graduation date. The exemption waiving this paragraph for students who demonstrate extraordinary hardship is removed.

Renewal eligibility is determined at the end of the second semester or third quarter of each subsequent academic year. A student whose GPA falls below 2.5 may be reinstated once only during the eligibility period.

The department, rather than the institution, establishes application requirements with which the student must comply.

The department is allowed to send a portion of the payment to the institution prior to registration.

Auditing requirements are included.

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 Department of Education and the State Board of Education have the authority to make rules over educational programs.

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

Administrators for the financial aid programs will need to learn the new criteria associated with each program.

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

Students who meet the qualifying criteria will be eligible to apply for the scholarships.

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

Not applicable.

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

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

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

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?

No.

4. Individual Freedom:

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

Not applicable.

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:

(1) Who evaluates the family's needs?

Not applicable.

(2) Who makes the decisions?

Not applicable.

(3) Are private alternatives permitted?

Not applicable.

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

No.

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

No.

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

No.

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?

Parents and guardians can motivate their children to meet the qualifying criteria so that the student will be eligible for a financial award to meet or help meet the educational costs beyond high school.

(2) service providers?

The institutions, with the department, handle the administrative tasks of disbursement and ensuring that students are eligible.

(3) government employees/agencies?

Same as above.

D. SECTION-BY-SECTION ANALYSIS:

Section 1 Amends s. 24.121, F.S., relating to the allocation of revenues and expenditure of funds for public schools, to provide an exception to the equitable distribution to public schools, community colleges and state universities from the Educational Enhancement Trust Fund for three scholarship programs: the Florida Postsecondary Tuition Program, the Florida Undergraduate Scholars' Program, and the Vocational Gold Seal Endorsement Scholarship Program, which shall all be funded annually out of the Educational Enhancement Trust Fund.

Section 2 Amends s. 232.2465, F.S., relating to the Florida Academic Scholars' Certificate Program by changing type of institutions in which Florida Academic Scholar is allowed to be enrolled for eligibility purposes. "Postsecondary institution," replaces specific list of state university, public community college, nursing diploma school, and private institution. Postsecondary institution is further in s. 240.402, F.S., which is also amended in this bill.

Section 3 Amends s. 239.217, F.S., relating to the Florida Gold Seal Endorsement Program by requiring that the necessary three or more secondary school vocational credits be taken over at least two school years, and that the required 3.0 GPA be for subjects other than Level I courses.

Section 4 Amends s. 240.402, F.S., relating to Florida Undergraduate Scholars' Fund by allowing student's GPA at the end of the first semester of the senior year be the considered GPA for eligibility purposes. A student may be notified of award before high school graduation pending award of a high school diploma. Eliminates Level I courses from qualifying GPA. Requires home school students to have completed a home school program rather than attended a home school program for grades 9 through 12. Requires that International Baccalaureate Diploma students must have received a standard Florida high school diploma. Adds eligibility requirement that applicant has not been convicted of a felony at the time of application.

Redefines eligible institutions where Florida Undergraduate Scholars may attend by removing nursing diploma schools and schools accredited by a member of Commission on Recognition of Postsecondary Accreditation; and replacing with Florida state universities or community colleges, technical schools, or Florida independent colleges, universities, and vocational-technical schools which are located in and chartered as a state domestic corporation, have a minimum program completion and placement rate, are financially sound, and are either accredited by the U.S. Department of Education and have operated in Florida for three years under the same owner without complaint or are licensed by Florida and have operated for 5 years under the same owner without complaint.

Upon reapplication by students who initially apply for awards but do not accept the initial award, or a renewal award, the cumulative GPA requirement for any college work is changed from 3.2 to 3.0. Annual amount

of scholarship is changed from \$2500 to an amount equal to tuition and mandatory fees plus \$500 for books and college-related expenses. Students falling below a 3.0 GPA may be eligible for Postsecondary Tuition Program if they meet reinstatement requirements for that program.

Changes the source of appropriations for funding the Florida Postsecondary Tuition Program, the Florida Undergraduate Scholars' Program, and the Vocational Gold Seal Endorsement Scholarship Program from the General Revenue Fund to the Educational Enhancement Trust Fund.

Section 5 Amends s. 240.4021, F.S., relating to Vocational Gold Seal Endorsement Scholarship Program, by allowing part time students to be eligible for Gold Seal Scholarship awards, changing renewal GPA requirement from 3.0 to 2.5. Adds a one time reinstatement policy for students who fall below a 2.5 GPA but subsequently restore it. Changes annual award from \$2,000 to tuition, without exceeding the average tuition charged by state universities; the average will be calculated by the department and based upon the average cost per credit hour.

Section 6 Amends s. 240.4024, F.S., relating to Florida Postsecondary Tuition Program. Specified program is for undergraduate degrees. Specifies that eligible Florida independent institutions are eligible if they are located in and chartered as a state domestic corporation, have a minimum program completion and placement rate, are financially sound, accredited by agency recognized by the U.S. Department of Education and have operated for three years under the same owner without complaints or licensed by the state and operated in Florida for five years without complaints. Allows any educational costs but may not exceed cost of tuition.

Requires eligible students have a standard Florida high school diploma in or after 1997 rather than a high school equivalency diploma. Requires home school students to have completed, rather than attended during grades 9 through 12, a home education program. Requires applicants be free of felony convictions at time of application.

Allows students to qualify at the end of the first semester of senior year of high school rather than end of senior year. Requires that 3.0 cumulative GPA be in courses other than Level I courses, and that minimum score on American College Test or Scholastic Assessment Test be attained by high school graduation. Requires that scholarships must be used within 7 years of high school graduation. Provides that a student may be notified of eligibility of award before graduation pending award of a high school diploma.

Students may receive scholarships for part-time enrollment as well as full time enrollment at any Florida public institutions or eligible independent institutions. Provides that tuition at independent institutions will not exceed the average tuition as calculated by the department for state universities. Removes provision that awards be disbursed in equal installments each term. Students attending technical institutes and pursuing certificates or diplomas must enroll in at least 900 clock hours in length. Enrollment hours

may be for an equivalent number of clock hours or credit hours. Changes renewal GPA from 3.0 to 2.5, and adds that GPA is for courses attempted, and, if they are certificate-seeking or diploma-seeking student, they must be making satisfactory academic progress.

Requires that award be used within 7 years of high school graduation. Removes the exception for extraordinary hardship.

Specifies that renewal eligibility is determined at the end of the second semester (or third quarter) of every year. Provides for a one-time reinstatement policy for students falling below a 2.5 GPA and subsequently restoring it.

Replaces institution with department for compliance requirements to be met by student. Allows department to transmit a portion of funds to the institution prior to registration. Requires that an annual report and audit from institutions receiving money through this program must be filed with Department of Education on or before March 1 of every year.

Section 7 Amends s. 240.404, F.S., by adding s. 240.4024, F.S. to list of statutes that require students for state financial aid awards be residents of Florida for no less than one year.

Section 8 Provides an effective date of July 1, 1997.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

2. Recurring Effects:

The following table reflects the estimated costs:

Program Title	1997-1998		1998-1999		1999-2000		2000-2001	
	Awards	Cost (\$M)	Awards	Cost (\$M)	Awards	Cost (\$M)	Awards	Cost (\$M)
Florida Undergraduate Scholars	17,700	\$50.8	20,620	\$59.1	23,458	\$67.3	26,296	\$75.4
Florida Postsecondary Tuition Program	11,596	\$12.9	19,353	\$21.6	24,964	\$27.8	28,528	\$31.8
Vocational Gold Seal Scholarship	13,381	\$15.5	18,701	\$21.6	23,472	\$27.1	27,682	\$32.0
Total Merit Programs	42,677	\$79.2	58,674	\$102.3	71,894	\$122.3	82,506	\$129.2

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

See chart above. Funding will be from the Educational Enhancement Trust Fund. Historically, these funds from the lottery revenue are split with 70 percent going to public schools, 15 percent to the universities, and 15 percent to the community colleges. Last year, the existing scholarship programs were funded at \$46 million. The total cost to fund the proposed programs is \$79.2 million. This is a difference of \$33.2 million, which will be a loss to the General Revenue Fund.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

Indeterminate.

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:

Private independent institutions can now benefit by receiving state dollars as scholarship funds for qualifying students.

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

None.

D. FISCAL COMMENTS:

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 expend funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority of counties or municipalities to raise revenue.

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

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

V. COMMENTS:

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

VII. SIGNATURES:

COMMITTEE ON EDUCATION INNOVATION:

Prepared by:

Legislative Research Director:

Ouida J. Ashworth

Peter C. Doherty