

**STORAGE NAME:** h607.ei  
**DATE:** March 10, 1997

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

**BILL #:** HB 607

**RELATING TO:** Education/Postsecondary Schools

**SPONSOR(S):** Representative Chestnut

**STATUTE(S) AFFECTED:** ss. 232.2465, 239.217, 240.402, 240.4021, 240.4024, 240.4025, 240.404, 240.408, 240.4085, 240.437, F.S.

**COMPANION BILL(S):** NONE

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

- (1) EDUCATION INNOVATION
- (2) FINANCE AND TAX
- (3) EDUCATION APPROPRIATIONS
- (4)
- (5)

---

I. SUMMARY:

HB 607 establishes a three tier program of scholarships for postsecondary institutions.

**Tier I** requires a 3.5 GPA, college preparatory curriculum, 75 hours community service, and a minimum score on the SAT or ACT. The recipient receives full tuition and fees with \$300 for books. A 3.2 GPA is required for renewal. Enrollment in public and private postsecondary institutions is allowed.

**Tier II** requires students who either have an International Baccalaureate, a National Merit Scholar, or a home education student to be eligible with a minimum SAT or ACT score, a 3.5 GPA. Recipients receive 75 percent of tuition and fees and \$225 for books. A 3.2 GPA is required for renewal. Enrollment in public and private postsecondary institutions is allowed.

**Tier III** requires a 3.0 GPA with no required SAT test score. Recipients receive 50 percent of tuition, fees and \$150 for books. Enrollment is limited to public institutions.

The **Vocational Gold Seal Scholarship Program** has the same criteria as currently exist, but the recipient is required to enroll in postsecondary vocational or technical education program. For the first year of the program, 75 percent of the tuition and fees with a \$225 book allowance is paid. Year 2 is 100 percent of tuition and fees with \$300 for books. Awards are limited to two years. Recipients may attend private or public institutions with vocational or technical education programs.

HB 607 expands access to postsecondary education if the scholarship programs are funded; however, the bill does not specify any funding source. In instances when enrollment in private institutions is allowed, awards are limited to the average tuition of a comparable public institution.

Funding for scholarship programs last year was \$46 million. This year's cost for the programs in HB 607 will be \$70.5 million. This leaves a loss to the General Revenue Fund of \$24.5 million.

**STORAGE NAME:** h607.ei

**DATE:** March 10, 1997

**PAGE 2**

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.

**STORAGE NAME:** h607.ei

**DATE:** March 10, 1997

**PAGE 5**

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

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

**STORAGE NAME:** h607.ei

**DATE:** March 10, 1997

**PAGE 7**

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:**

HB 607 establishes a 3 tier scholarship program.

**Tier I** requires a 3.5 GPA, college preparatory curriculum, 75 hours community service, and a minimum score on the SAT or ACT. The recipient receives full tuition and fees

with \$300 for books. A 3.2 GPA is required for renewal. Enrollment in public and private postsecondary institutions is allowed.

**Tier II** requires students who either have an International Baccalaureate, a National Merit Scholar, or a home education student to be eligible with a minimum SAT or ACT score, a 3.5 GPA. They do not have to have the 75 hours of community service or college preparatory curriculum. Recipients receive 75 percent of tuition and fees and \$225 for books. A 3.2 GPA is required for renewal. Enrollment in public and private postsecondary institutions is allowed.

**Tier III** requires a 3.0 GPA with no required SAT test score. Recipients receive 50 percent of tuition, fees and \$150 for books. Enrollment is limited to public institutions.

The **Vocational Gold Seal Scholarship Program** has the same criteria as currently exist, but the recipient is required to enroll in postsecondary vocational or technical education program. For the first year of the program, 75 percent of the tuition and fees with a \$225 book allowance is paid. This is equivalent to Tier II. Year 2 is 100 percent of tuition and fees with \$300 for books. This is equivalent to Tier I. Awards are limited to two years. Recipients may attend private or public institutions with vocational or technical education programs.

HB 607 expands access to postsecondary education if the scholarship programs are funded; however, the bill does not specify any funding source. In instances when enrollment in private institutions is allowed, awards are limited to the average tuition of a comparable public institution.

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 has indirect authority to create rules over any law relating to education. The bill does not create any direct authority.

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

None, other than the training of administrative staff for learning new programs and eligibility and disbursement criteria.

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

Students who qualify can apply for a scholarship award.



- 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:

Not applicable.

a. Does the bill increase anyone's taxes?

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

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

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

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

3. Personal Responsibility:

Not applicable.

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

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

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:

Not applicable.

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

(1) Who evaluates the family's needs?

(2) Who makes the decisions?

(3) Are private alternatives permitted?

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

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

- 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 students can decide to work towards a scholarship and to apply.

- (2) service providers?

Not applicable.

- (3) government employees/agencies?

Not applicable.

**D. SECTION-BY-SECTION ANALYSIS:**

**Section 1** Amends s. 232.2465, F.S., to include a required 3.5 GPA for Florida Academic Scholars' Program, remove requirement for standardized test, and establish that scholarship is under Tier I rather than Florida Undergraduate Scholars' Fund.

**Section 2** Amends s. 239.217, F.S., by clarifying Vocational Gold Seal Endorsement scholarship eligibility and deleting language relating to Department of Education use of residual program balances.

**Section 3** Amends s. 240.402, F.S., by reclassifying Florida Undergraduate Scholars' Fund as an award designation under Tier II. Establishes award designees as any Florida student who does not qualify as a Florida Academic Scholar. Establishes criteria of college preparatory curriculum, 3.0 GPA, and minimum score on SAT or ACT. Deletes language relating to amount of awards, student eligibility status, fund sources, and department use of residual program balances.

**Section 4** Amends s. 240.4021, F.S., relating to Vocational Gold Seal Endorsement Scholarship Program, to require enrollment in the postsecondary portion of a sequential program of studies in a vocational job preparatory or technical education curriculum. Requires the department to issue the maximum award to each eligible applicant if funds are available. Allows for scholarship to be received for a maximum of 2 years, 4 semesters, or an equivalent number of credit hours. Allows maximum award of 75 percent of

tuition and mandatory fees plus \$112.50 book stipend per semester. The renewal award from the 3rd semester is 100 percent and mandatory fees plus a book stipend of \$150 per semester.

Allows renewal up to 4 years or 8 semesters with recipient enrolled in 900 clock hours or 24 semester hours. Allows maximum annual award to be equal to value of maximum annual community college award for renewal.

**Section 5** Amends s. 240.4024, F.S., relating to Florida Postsecondary Tuition Program, by stipulating that remedial courses may not be taken. Removes requirement for minimum score on SAT or ACT. Establishes 3 tier program for Florida Postsecondary Tuition Award: Tier I for Florida Academic Scholars; Tier II for Florida Undergraduate Scholars; and Tier III for Florida Student Achievement Awards. Establishes criteria for programs. Provides for funding from General Revenue, the EETF and the Challenger Astronauts Memorial Undergraduate School Trust Fund.

**Section 6** Amends s. 240.4025, F.S., relating to the Florida Graduate Scholars' Fund, by allowing eligibility to extend to students who received a Florida Postsecondary Tuition Program award.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

Although funding sources are not designated in HB 607, the following table outlines the cost of the programs:

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	24,407	\$49.2	31,759	\$61.6	37,414	\$71.2	42,025	\$76.4
Florida Postsecondary Tuition Program	10,060	\$10.0	16,878	\$16.8	21,683	\$21.5	25,267	\$25.1
Vocational Gold Seal Scholarship	8,212	\$11.3	7,812	\$10.6	6,477	\$8.5	6,124	\$7.9
<b>Total Merit Programs</b>	<b>42,679</b>	<b>\$70.5</b>	<b>56,449</b>	<b>\$88.9</b>	<b>65,574</b>	<b>\$101.2</b>	<b>73,416</b>	<b>\$109.3</b>

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

See chart above. Funding for scholarship programs last year was \$46 million. This year's cost for the programs in HB 607 will be \$70.5 million. This leaves a loss to the General Revenue Fund of \$24.5 million.

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:

Private institutions can benefit from the students who will qualify for one of the scholarship programs which will enable them to attend a private university.

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

None.

D. FISCAL COMMENTS:

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

**STORAGE NAME:** h607.ei

**DATE:** March 10, 1997

**PAGE 14**

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 require counties or municipalities to expend funds.

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