

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.)

BILL: CS/CS/SB 1380

SPONSOR: Committee on Fiscal Policy, Committee on Education and Senator Sullivan

SUBJECT: Bright Futures Scholarships

DATE: April 8, 1999 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>White</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Favorable/CS</u>
2.	<u>Woodruff</u>	<u>Hadi</u>	<u>FP</u>	<u>Favorable/CS</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

This Committee Substitute amends laws relating to the Florida Bright Futures Scholarship Program to:

- Require a set award amount for each scholarship, rather than having the scholarship pay for the scholar's actual tuition¹ and fees.
- Establish the required test score for the academic and merit scholarship in statute, rather than in rule. The required test score (SAT) for the Academic Scholarship will be 1270, as in current rule. The required test score for the Merit Scholarship will be raised in annual increments to 1020 and for home educated students to 1070.
- Prohibit the use of a Gold Seal Vocational Scholarship at a baccalaureate-degree level college or university.
- Requires high school counselors to give each applicant a Free Application for Federal Student Aid, document the form is turned in, or get a notarized statement from the parent or guardian of the recipient that the parent elected not to fill out the form.
- Limit the scholarship to a maximum of 132 semester credit hours or the equivalent.

This bill amends sections 240.40202, 240.40203, 240.40205, 240.40206, 240.40207, and 240.40208, and repeals section 240.40209 of the Florida Statutes.

II. Present Situation:

The 1997 Legislature created the Florida Bright Futures Scholarship Program to motivate Florida high school students to achieve and to reward them with tuition-based scholarships. The program incorporated two existing merit-based scholarship programs, the Florida Academic Scholarship and the Florida Gold Seal Vocational Scholarship, and added a third, the Florida Merit Scholarship. The funds are provided from the Educational Enhancement Trust Fund, the Lottery.

¹This analysis uses the word "tuition" with its plain meaning, not its statutory one. In the Florida Statutes, the term "matriculation fee" means in-state tuition, and "tuition" means out-of-state fees.

In the first year of full implementation, 1997-1998, almost 50,000 Florida high school students were eligible, and over 40,000 accepted their awards. The cost was \$70.74 million. In 1998-1999, the cost is almost \$102 million. The Senate has budgeted \$130 million for 1999-2000.

The program awards a scholarship that is based on the actual expenses for tuition and fees of a scholar enrolled in a public postsecondary education institution. The Academic scholarship pays the full cost of the student's tuition and fees plus \$600 a year. The Merit and Gold Seal scholarships pay 75 percent of the tuition and fees.

That means that the scholarship is worth more at a university than at a community college, where the tuition and fees are less. It is worth more for a full-time student than for a part-time student, although part-time attendance is allowed. Also, the time limit is set by credit hours, not years, so that a student may take as long as necessary, within the credit hour limit of 110 percent of the program length for a baccalaureate program and. An associate-degree-level program or a certificate-level program also has a maximum of 90 credit hours because some associate-in-science-degree programs require 90 credit hours to complete.

The requirements to earn a scholarship are not rigorous. A merit scholarship requires a "B" average and an SAT score (or equivalent) of 970, which is beneath the national average of 1013 and beneath the Florida average of 994. A student may earn a Gold Seal Vocational Scholarship with a "B" average and without taking an assessment test. About 7 percent of the recipients take college-preparatory or remedial courses when they enroll in college.

The program is partly designed to motivate high school students to take more rigorous courses, so -- except for the Gold Seal Vocational Scholarship -- the grade point average is calculated only on the academic courses required for acceptance into a state university.

Dialogue among postsecondary education administrators and decision makers since 1997 has centered around the following issues and their potential to affect student behavior in ways that will implement state priorities:

Community College vs. University

It is in the state's best interest for most students to complete their first 2 years at a community college, but the scholarship does not support that incentive. So the state limits the number of freshmen who may be admitted at state universities.

Need vs. Merit

The state has a priority for need-based aid over merit-based aid, but the Bright Futures Program has made it impossible to reach that goal. Since 1997 the proportion of financial aid based on need has been reduced from 31 percent to under 23 percent. Florida spends less than 2 percent of its state higher education funding on need-based financial aid, compared to 5.53 percent nationally. We do not know how many Bright Futures Scholars are also financially needy, but the best estimate is about 12 percent.

Students who wish to apply for need-based financial aid must complete the application for the federal Pell Grant. This application, called the Free Application for Federal Student Aid, is the required first step for any financial aid package that contains a grant based on financial need. The

form takes about an hour to fill out, and the privacy of the information is protected under the Buckley Amendment.

Rewarding Average Achievement

Economic disadvantage and academic disadvantage are related. If the academic standards are raised, fewer needy students will be eligible.

Effect on Tuition

Florida's tuition is low compared to other states. If the state pays the tuition for a large number of students, the cost to the state is not much reduced by a tuition increase.

Academic vs. Vocational

The Gold Seal Vocational Scholarship was supposed to be for students to pursue vocational education at the postsecondary level, but very few do so. Instead, that program is mostly used as a "fall-back" for university-bound students who do not make a high enough score on the SAT to get an Academic Scholarship.

- Since the Merit Scholarship became available, however, many students are eligible for both the Merit and the Gold Seal awards, and the number of Gold Seal Vocational scholars has dwindled from almost 10,000 in 1996-1997 to 5,549 in 1998-1999.
- The number who use their vocational scholarship at a state university has fallen from 93 percent to 50 percent.

Number of Credit Hours

A student may receive a scholarship for up to 110 percent of the number of credit hours required to complete an associate or baccalaureate degree. For an associate-degree-level program or a vocational-certificate-level program, the maximum is 90 credit hours even if the program is longer than 60 credit hours.

Some undergraduate programs are 5-year programs that terminate in a graduate-level degree and do not include either a baccalaureate or associate degree. The wording in the law raises the question of whether students in these programs are eligible for an initial scholarship and how long they may renew it, since the program is technically a graduate level program after the sophomore year.

III. Effect of Proposed Changes:

The Committee Substitute amends several laws that govern the Florida Bright Futures Scholarship Program. The following section-by-section analysis gives a brief discussion of the issues related to each change.

Section 1. (Amends s. 240.40203, F.S.)

Requires the high school counselor to provide each applicant for any of the three scholarships with a Free Application for Federal Student Aid form, submit it to DOE or get a notarized statement from the parent or guardian that they elected not to submit the form.

Section 2. (Amends s. 240.40203, F.S.)

States in a different way the number of credit hours a Bright Futures Scholarship will pay for. The purpose is to clarify that students who are in the undergraduate portion of a graduate program may use the scholarship for their first 4 years. Rather than citing a proportion of a baccalaureate degree program, the bill uses the equivalent in credit hours, 132 credit hours for a student in a program that requires 120 credit hours or more.

Most undergraduate programs (81.3 percent) require 120 credit hours to complete. Currently, 121 of 646 (18.7 percent) programs are exempt from the limit of 120 credit hours; these programs require from 124 to 159 credit hours to complete. Under the bill, students in these programs would become ineligible for their scholarships after they had completed 132 credit hours, even if the program required more than that.

Section 3. (Amends s. 240.40205, F.S., Academic Scholarship)

Establishes the required Scholastic Assessment Test (SAT) score for the Florida Academic Scholarship in the law, rather than allowing the State Board of Education to establish it in rule. The level is 1270, which is the current score required in rule. Students who graduate in 1999 still have a method of earning the scholarship with a score of 1180, but that “grandfather” provision will be eliminated for the 2000 graduating class.

The bill also authorizes the Department of Education to identify all tests that have a score equivalent to that of the SAT and includes specific references to the ACT.

This section of the bill eliminates the tuition basis of the award amount and sets a flat maximum award of \$2,800 annually for students in baccalaureate-degree-granting institutions. Students at institutions that do not award baccalaureate degrees may earn a maximum of \$2,000. The maximum will be for full-time attendance, with proportionate reductions for part-time students. Unless the law is changed, the amount will not increase if tuition increases.

The bill will require home education students -- like other high school students -- to complete a college-preparatory curriculum to earn this scholarship. If a student’s parents cannot document such a curriculum, the student may be eligible for a Merit Scholarship, but not an Academic Scholarship. The Department of Education will need to decide what a parent must do to provide the documentation. The bill uses the term “registered” to describe an eligible home education program, so the Department of Education may define that term; school districts will need to notify home educated high school students of their options. Section 232.0201, F.S., requires home education programs to report their students and annually to provide a progress report to the school district.

Section 4 (Amends s. 240.40206, F.S.; Merit Scholarship)

For the Merit Scholarship, the bill sets an award amount at a maximum of \$1,700 annually for a full-time student enrolled at a baccalaureate-degree-granting institution. A full-time student at a community college or technical school will be eligible for a maximum of \$1,100. These amounts are the equivalent to 75 percent of the average tuition and other fees at a community college. Unless the law is changed, the amount will not increase if tuition increases.

The Department of Education will determine the eligibility of home education students the same way as public-school students. That will require grade point averages or the equivalent in a college-preparatory curriculum.

The bill will raise the required SAT score in annual increments from 970, for students who graduate in 2001-2002 or earlier, to 1020, for students who graduate from high school in 2002-2003. A home education student without documentation of a college-preparatory curriculum must earn an additional 50 points to be eligible.

Currently, the average score for Florida students is 994, and the United States average is 1013.

An analysis of the test scores of current recipients shows that, if the required score in 1998-1999 were 1020 instead of 970, 33 percent of initial recipients would have been ineligible (4,355 of the 13,100).

Section 5. (Amends s. 240.40207, F.S., Gold Seal Vocational Scholarship)

Establishes the award at a maximum of \$1,100. This is the amount established in section 2 for the Merit Scholarship at a non-baccalaureate-degree-level institution. Unless the law is changed, the amount will not increase if tuition increases.

The bill also will prohibit the scholarship from being used to enroll in a baccalaureate-degree-level institution, beginning in 2001-2002. A student may still renew an initial award issued prior to Fall 2001.

To be eligible for the Gold Seal award, a high school student must complete the secondary education component of a vocational education program that is continued in postsecondary education, but no restriction is placed on the type of postsecondary education. Under the bill, a Gold Seal scholar may receive a scholarship for the upper division after the student “successfully completes the postsecondary education component of ” a vocational two-plus-two program begun in high school. Such a student may enroll in an associate or baccalaureate degree program and transfer to the Florida Merit Scholars component of the Bright Futures Program.

The Department of Education does not know which postsecondary education programs are a continuation of secondary vocational education programs. Presumably, the department will be generous in making those decisions, and denial of a transfer will be rare. Therefore, not much cost savings can be expected because of this provision.

Section 6. (Amends s. 240.40208, F.S.)

Corrects a cross reference to a section that is repealed in section 5.

Section 7. (Repeals s. 240.40209, F.S.)

This section of law provides a procedure for establishing separate levels of award for recipients at independent institutions. The procedure is not necessary unless the award is tied to tuition.

Section 8. Effective date of July 1, 1999.

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:

Fewer students will be eligible for scholarships each year as the required test score rises.

C. Government Sector Impact:

The bill is likely to result in a savings over time, as fewer students are eligible because of the higher test scores. In 1998-1999, if the required score were 1020, the savings would be about \$3,990,182. Also, more recipients may select community colleges for their first 2 years, because their award will go further at institutions with lower tuition and fees. Community colleges are less costly to the state as well as the student.

The Department of Education predicts a workload increase because the computer programs they have designed to calculate the awards will need to be changed. The programs to calculate eligibility will also need to be changed annually until 2002-2003, when the test scores are again at a fixed level.

The bill authorizes Gold Seal scholars to transfer to the Merit Scholars Program after completing the continuation of their high school vocational program. The department does not know which postsecondary education programs are a continuation of secondary vocational education programs. Presumably, the department will be generous in making those decisions, and denial of a transfer will be rare. Therefore, not much cost savings can be expected.

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.
