

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/SB 1888

SPONSOR: Education Committee and Senator Kirkpatrick

SUBJECT: Student Financial Assistance

DATE: April 3, 2000 **REVISED:** _____

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

I. Summary:

Committee Substitute for Senate Bill 1888 enacts recommendations from the Department of Education to better administer state-supported financial aid programs. The major provisions of the bill are to:

- ▶ Authorize part-time attendance for recipients of Florida’s need-based grant programs, the three types of Florida Student Assistance Grants. The Florida Public Student Assistance Grant Program will give priority to students who have financial need and are in the top 20 percent of their high school class.
- ▶ Prohibit use of the Gold Seal Vocational Scholarship for baccalaureate-degree-granting programs, effective in 2002. The bill will allow Gold Seal scholars to transfer into the Merit Scholarship program after earning an associate degree.
- ▶ Revise the Bright Futures Scholarship Program to authorize a reinstatement of eligibility for the scholarship after a break of over 12 months. The eligibility “window” is changed to allow receipt of the scholarship for 7 years after high school graduation. A student who enlists in the U.S. armed forces will be eligible for an additional 4 years after discharge.
- ▶ Standardize the amount that will be paid for student fees under the Bright Futures Scholarship Program and allow the expense stipend to be paid by semester rather than annually.
- ▶ Authorize payment directly to the teacher and increase the amount paid to the teacher under the Critical Teacher Shortage Student Loan Forgiveness Program.
- ▶ Conform state to federal provisions for loan default.
- ▶ Transfer provisions for the Children of Deceased and Disabled Veterans Program from two statutes to one.
- ▶ Redefine certain terms used in the Florida Bright Futures Scholarship Program.
- ▶ Repeal programs that have gone unfunded for 3 or more years.

This bill amends the following sections of the Florida Statutes: 231.621, 240.40201, 240.40202, 240.40203, 240.40204, 240.40205, 240.40206, 240.40207, 240.40209, 240.404, 240.4064, 240.412, 240.413, 240.437, 240.472, 295.01, 295.02, 240.6055, 246.041, 240.409, 240.4095,

240.4097, and 240.404. It repeals subsection (5) of s. 240.465, ss. 228.502, 240.40242, and 240.6055, F.S.

II. Present Situation:

State-supported programs to provide student financial assistance are governed by Part IV of ch. 240, F.S. A program earmarked for children of deceased or disabled veterans is governed by s. 295.02, F.S.

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.

From time to time, authorized programs provide few awards because of a lack of funding or of qualified applicants. Administrators then recommend consolidation or elimination of programs or components within them.

Administration of recently created programs, such as the Bright Futures program, uncovers loopholes or barriers to implementation as intended by the Legislature, and clarifying amendments are recommended.

Most important, ordinary citizens gradually change in their needs for educational opportunities, and financial assistance programs may need the flexibility to meet those needs. An example is the tendency for financially needy people to enroll in college later in life, after they have family responsibilities and employment obligations. They cannot afford to attend full time, but most financial aid programs are for full-time attendance only.

III. Effect of Proposed Changes:

The legislation under consideration is an omnibus act that makes changes in a number of statutes related to state-funded student financial assistance. For clarity, the following analysis explains the present situation and the effect of proposed changes by section. However, some changes are made throughout the relevant statutes, and the section-by-section analysis refers to the following changes as “conforming”:

The Committee Substitute authorizes the Department of Education to define the term “fees” whenever a financial aid program authorizes the payment of student fees. Current practice is to pay all fees billed by the postsecondary education institutions, which may vary substantially when laboratory fees and others are included.¹ The Department proposes to define fees as those mandatory fees included in the institution’s cost-per-credit-hour, plus lab fees not to exceed \$300

¹ During the 1998-1999 academic year, DOE reports that it paid \$1.6 million to public postsecondary institutions to cover fees in excess of the mandatory per-credit-hour fees. According to staff of the House of Representatives, a survey of the state universities and public community colleges found that the institutions bill DOE for a variety of fees including: material and supply fees; lab fees; orientation fees; ID card fees; parking and transportation fees; late payment fees; late registration fees; insurance fees; testing fees; application fees; application-for-degree fees; transcript fees; internship fees; and ‘special’ fees.

per semester (or the equivalent). Paying a uniform amount will lessen administrative cost and slightly lessen the expense of the scholarships.

Within the Bright Futures Scholarship Program, three terms are defined and substituted as follows:

- ▶ **Renewal** means to continue to receive funds from the program in the following payment period, without a break in eligibility or in attendance. To renew a scholarship, in the previous payment period a student must earn the required grades and credit hours required by the program.
- ▶ **Reinstatement** means to start receipt of the scholarship again after a break in attendance of an academic year or more. Under reinstatement, a student ascertains eligibility for a program but does not accept the scholarship either initially or at a renewal period. If the student then wishes to start receiving the scholarship for eligible enrollment, that is called “reinstatement.” An example might be a student who attends an out-of-state college or enlists in military service, then returns to Florida to continue education with a scholarship.
- ▶ **Restoration** means to lose eligibility because of low grades or insufficient credit hours, then to restore eligibility by bringing up the grades or earning credit hours during the summer or in a subsequent year.

In each case, the student must apply to the Department of Education by a deadline set by the department.

Eligibility requirements for independent postsecondary institutions often require accreditation by an agency that is a member of the Commission on Recognition of Postsecondary Accreditation, a group that no longer exists. The U.S. Department of Education is responsible for deciding which accrediting associations should be recognized for purposes of federal financial aid programs. The bill replaces all references to CORPA with “the United States Department of Education.”

Section 1. Amends s. 231.621, F.S.

PRESENT SITUATION:

This law governs the Critical Teacher Shortage Student Loan Forgiveness Program, which repays undergraduate and graduate educational loans for eligible Florida teachers. Eligibility requires certification and employment in a critical teacher shortage subject area.

Eligible teachers may receive up to a maximum of \$10,000 toward repayment of the principal balance of their educational loans, at the rate of \$2,500 per year for undergraduate loans and \$5,000 per year for graduate loans, for study leading to certification. Awards are made on a first-come, first-served basis, with priority given to renewal applicants. Awards are subject to availability of funds, and some teachers do not receive funds from the program even though they are eligible. In those cases, a teacher must pay back the loan before the program begins to make reimbursements to the lender.

Current law requires repayments to be made directly to the holder of the loan. If the teacher has already paid off the loan, the checks are returned to the Department of Education and rerouted to the teacher. Since this program is a loan reimbursement program, it would fulfill the intent of the program more efficiently to address the checks directly to the teachers.

EFFECT OF PROPOSED CHANGES:

The Department of Education will make payments directly to the eligible teachers.

Section 2. Amends s. 240.40201, F.S., the Florida Bright Futures Scholarship Program.

PRESENT SITUATION:

This law governs the general requirements that apply to all three components of the program. All three types of scholarships within the program require the recipients to enroll in postsecondary education within 3 years of graduation from high school. Students who wait to enroll may lose their eligibility, although sometimes students have good reasons for postponing their education, such as entering the military service.

The law does not limit the type of program a student may pursue in postsecondary education, so presumably a student could use scholarship funds for avocational programs or other programs that do not confer a recognized credential.

EFFECT OF PROPOSED CHANGES:

A recipient will not be required to enroll in postsecondary education within 3 years of high school graduation, but will have a total eligibility window of 7 years. Regardless of when the student first receives scholarship funding, all eligibility ends 7 years after high school graduation. An exception is made for students who enlist in the U.S. armed services within 6 months of high school graduation -- they retain their eligibility for 4 years after their discharge.

In addition, the student must be enrolled in a degree program, certificate program, or applied technology diploma program to be eligible to receive an award.

Section 3. Amends s. 240.40202, F.S., eligibility for initial Bright Futures awards.

PRESENT SITUATION:

With three exceptions, a student must have a Florida high school diploma or the equivalent to earn a Bright Futures Scholarship. The exceptions are for a student who is enrolled full-time in the early admission program of an eligible postsecondary institution, a student who completes a home education program, and a student who earns a high school diploma from a non-Florida school while living with a parent or guardian who is on military or public service assignment away from Florida. The term "public service assignment" is not defined, and some parents have urged a broader definition than the term generally implies.

The law disqualifies a student who has been found guilty of, or plead *nolo contendere* to, a felony charge. It does not specify disqualification if the student *pled* (rather than was *found*) guilty.

A student must apply for the scholarship by April 1 of the last semester before high school graduation. Some students have complained that the April 1 deadline is the only reason they are disqualified -- for instance, if they did not know about the deadline until too late. The Department of Education has completed the computer programming required to determine eligibility and would be able to verify eligibility for some time after the date of graduation.

A student is eligible to receive an initial award for 3 years following high school graduation and a renewal award for 7 years following high school graduation. A student who applies for an award by April 1 and meets all other eligibility requirement, but does not use the award, may reapply

during subsequent application periods for up to 3 years after high school graduation.

EFFECT OF PROPOSED CHANGES:

The amendments to this section of law:

- ▶ Define the term “public service assignment” as the occupational assignment outside of Florida of a person who is a permanent resident of Florida and who is employed by the United States Government or the State of Florida.
- ▶ Expand the disqualification for felony charges to students who pled guilty.
- ▶ Extend the application deadline for an initial award to December 31 after high school graduation. There is no application deadline for the student who earns a high school diploma from a non-Florida school while living with a parent or guardian who is on military or public service assignment away from Florida.
- ▶ Allow reinstatement of an award up to 7 years after high school graduation. The Department of Education will establish a deadline for reinstatement applications.

Section 4. Amends s. 240.40203, F.S.

PRESENT SITUATION:

For the Bright Futures Scholarship program, current law uses the term “renewal” for more than one situation. It does not always distinguish among students who meet the minimum GPA requirements and are renewing their awards after a regular payment period, without a break (“renewal”); students who were eligible but did not use the award for a year or so, but now wish to start receiving it (“reinstatement”); and students who lost their scholarship eligibility because of grades but earned the required GPA in another academic year (“restoration”).

A student who is enrolled in a program that terminates in an associate degree or a baccalaureate degree may receive an award for a maximum of 110 percent of the number of credit hours required to complete the program. Some students are enrolled in programs that are undergraduate programs but continue into graduate work without terminating in a baccalaureate degree. An example is the pharmacy (“PharmD”) program at Florida A & M University and the University of Florida.

EFFECT OF PROPOSED CHANGES:

The terms “renewal”, “reinstatement”, and “restoration” are used consistently, to conform.

The bill clarifies that a recipient may be enrolled in an undergraduate program that terminates in a postbaccalaureate degree. The maximum number of credit hours the award will pay for is 132 semester hours, or the equivalent, and it will pay at the undergraduate rate.

Section 5. Amends s. 240.40204, F.S., eligible postsecondary education institutions, with conforming changes only.

Section 6. Amends s. 240.40205, F.S., Academic Scholars Award, to authorize the expense stipend to be awarded by semester instead of annually. Also makes conforming changes.

Section 7. Amends s. 240.40206, F.S., the Merit Scholars Award.

PRESENT SITUATION:

A student who has been recognized by the merit or achievement programs of the National Merit Scholarship Corporation as a Scholar or Finalist² is eligible for a Florida Academic Scholars award without being required to earn the required test score or GPA. These students are not exempt from a requirement to complete the 75 hours of community service work required by that program. Some students who are recognized by the National Merit Scholarship Corporation do not complete the required community service, and they do not receive any award unless they earn the required GPA and test scores for the Merit Scholarship.

EFFECT OF PROPOSED CHANGES:

The Merit Scholars award will be available to students who have been recognized by the merit or achievement programs of the National Merit Scholarship Corporation as Scholars or Finalists, but have not completed the required program of community service. The Department of Education will not need to verify that they have earned the required GPA and test score to qualify for the award in the usual way.

Conforming changes are also made.

Section 8. Amends s. 240.40207, F.S., the Florida Gold Seal Vocational Scholars award.

PRESENT SITUATION:

The purpose of the Gold Seal Vocational Scholars award is to recognize and reward academic achievement and vocational preparation by high school students who wish to continue their education. The requirements to earn either a Merit or a Gold Seal scholarship are not rigorous. A merit scholarship requires a “B” average on college-preparatory courses 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. Also, unlike the Merit Scholarship, the Gold Seal Scholarship does not require a college-preparatory curriculum in high school.

These differences reflect the intent that the Gold Seal Scholarship is for non-college-bound students who continue a high school vocational program in a postsecondary vocational institution, rather than a traditional university program. However, very few students use their vocational scholarship for vocational school. Prior to 1997, the program was mostly used as a “fall-back” for university-bound students who did not make a high enough score on the SAT to get an Academic Scholarship.

Since the Merit Scholarship was created in 1997, 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 scholarships at a state university has fallen from 93 percent to 50 percent.

²The National Merit Scholarship program is based on Preliminary Scholastic Aptitude Test (PSAT) scores rather than SAT or ACT scores. Scholars are the highest achievers. Scholars and Finalists are recruited by many colleges and universities and are eligible for a variety of scholarships. Some scholars and finalists don’t do as well on the SAT as on the PSAT, or they may not earn the required GPA in core courses to earn a Bright Futures Scholarship in the usual way.

Still, 4,033 students who received a Gold Seal award used it to attend a state university during the 1997-1998 academic year, and 4,258 students who received a Gold Seal award attended a state university during the 1998-1999 academic year.

The Gold Seal Scholarship also has a number of additional eligibility requirements that reflect its intended use by vocational students. A student must:

- Meet the general eligibility requirements for the Florida Bright Futures Scholarship Program;
- Earn a passing score on the Florida College Entry Level Placement Test, or equivalent;
- Earn a minimum weighted GPA of 3.0 on all subjects required for graduation, excluding elective courses;
- Complete with a 3.5 GPA the secondary school portion of a sequential program of study that requires at least 3 secondary school vocational credits taken over at least two academic years and continued in a planned, related postsecondary education program; if the high school does not have such a program, the student may complete any vocational program that prepares for a high-wage occupation listed by the Occupational Forecasting Conference; and
- Complete the requirements of a vocational-ready diploma program as defined by State Board of Education rules.

These requirements are complicated to administer and do not pose a limitation on the vocational programs a student may select in high school. For instance, the term “vocational-ready diploma program” is meaningless, since it excludes nothing. Although most high schools are attempting to limit their vocational programs to rigorous two-plus-two programs that require academic as well as vocational skills, anecdotal evidence continues to be reported that some students earn their Gold Seal Scholarships without serious effort in high school.

EFFECT OF PROPOSED CHANGES:

Beginning with the fall term of 2002, a student may not use a Gold Seal award at a baccalaureate degree-granting institution unless the award is a renewal of an initial award issued prior to the fall term of 2002.

Initial eligibility requirements are changed to require completion of at least three secondary school vocational credits in a program of study identified by the Department of Education. The department has identified 85 such programs. A student must complete at least three credits in the same program.

The bill deletes reference to the “vocational-ready diploma program,” which does not exist.

The bill revises provisions for transferring from the Gold Seal Vocational award component of the program to the Merit award component. A student who completes an associate-degree program, maintains a GPA of 2.75 on all postsecondary education work attempted, and enrolls in a baccalaureate-degree program at an eligible postsecondary education institution may transfer to the Merit Scholars award component of the program. The department is authorized to adjust the award type mid-year for a student who receives an associate degree in the fall and enrolls in a baccalaureate degree program during a subsequent term of the same academic year.

Conforming changes are also made.

Section 9. Amends s. 240.40209, F.S., with conforming changes only.

Section 10. Amends s. 240.404, F.S., relating to general requirements for student eligibility for state financial aid.

PRESENT SITUATION:

State financial aid programs generally require residency in the state for at least 1 year, and residency is determined the same way as for tuition purposes:³ It depends upon the residence of the student's parents, if they claim him or her as a deduction on their income tax return. No special provision is made for students whose parents are residents when they begin college but then move out of state. (Residency must be for purposes other than to obtain an education.)

EFFECT OF PROPOSED CHANGES:

The Committee Substitute authorizes award recipients to maintain residency status for state financial aid if they were classified as residents for the initial receipt of state-funded awards and they do not have a break in their enrollment for more than 12 months. Therefore, if the student's parents move out of state, the student can continue to receive financial aid.

Section 11. Amends s. 240.4064, F.S., Critical Teacher Shortage Tuition Reimbursement Program.

PRESENT SITUATION:

The Critical Teacher Shortage Tuition Reimbursement Program provides financial assistance to full-time Florida public school employees who are certified to teach in Florida and who are teaching or are preparing to teach in critical teacher shortage subject areas approved by the State Board of Education. Participants may receive tuition reimbursement for up to 9 semester hours per academic year at a rate not to exceed \$78 per semester hour, for a maximum of 36 semester hours. The awards are made first-come, first-served, the number of reimbursements depends upon the amount appropriated, and renewals take priority over initial awards. Therefore some eligible teachers do not receive an award.

The funding rate has not been adjusted since 1983, but the cost of tuition has increased over 32 percent. In 1998-1999, 1,110 awards were made, for a total of \$479,649.

EFFECT OF PROPOSED CHANGES:

The maximum award amount is increased to \$115 per semester hour, an increase of 32 percent. If the same number of awards were made as in 1998-1999, the increased cost to the state would be \$227,532.

Section 12. Amends s. 240.412, F.S., the José Martí Scholarship Challenge Grant Program.

PRESENT SITUATION:

This program provides financial assistance to Hispanic-American students who meet scholastic requirements, demonstrate financial need, and enroll for undergraduate or graduate study. The amount of the grant is \$2,000 per academic year for a maximum of eight semesters or 12 quarters of undergraduate study. Renewal awards take priority over new awards in any year in which

³Specifically, the following programs require residency: the Florida Student Assistance Grant Program; the Jose Marti Challenge Grant Program; the Mary McLeod Bethune Scholarship Program; the Seminole and Miccosukee Indian Scholarships; the Florida Minority Medical Education Program; the William L. Boyd, IV, resident access grants; and the Florida Work Experience Program.

funds are insufficient to award all eligible applicants. Priority is given to undergraduates with the lowest total family resources. According to the law, graduate students are eligible, but no awards have been made to graduate students because funding is not adequate.

EFFECT OF PROPOSED CHANGES:

References to graduate student participation in the program are removed. Conforming changes are also made.

Section 13. Amends s. 240.413, F.S., the Seminole and Miccosukee Scholarships, with conforming changes only.

Section 14. Amends s. 240.437, F.S., student financial aid planning and development.

PRESENT SITUATION:

This law provides for the repeal of financial aid programs authorized under Part IV of chapter 240, F.S., when the programs have not been funded for 3 years. The Bureau of Student Financial Assistance administers some financial aid programs that are governed by provisions in other parts of the Florida Statutes, such as a program for dependents of certain veterans in ch. 295, F.S. If CS/SB 2050 becomes a law, the bureau would administer some programs in ch. 445, F.S. The department annually reviews the legislative appropriation of financial aid to identify unfunded programs.

EFFECT OF PROPOSED CHANGES: The repeal provision is expanded to include any programs administered by DOE's Bureau of Student Financial Assistance, whether or not they are included in "this part."

Section 15. Repeals subsection (5) of s. 240.465, F.S., relating to Delinquent Accounts.

PRESENT SITUATION:

This law directs the Department of Education to collect delinquent unpaid and uncanceled scholarship loan notes, student loan notes, and defaulted guaranteed loan notes. Subsection (5) prohibits giving students their academic transcripts or other student records if they are in default. Staff notes that this provision used to be a good way to encourage students to repay their loans, but the federal government now has better mechanisms for collecting on defaulted loans, including wage-withholding and IRS-offset programs. It may be more practical to release the records to improve employability.

EFFECT OF PROPOSED CHANGES:

The department will not be required to withhold student records if the student is in default on a loan repayment.

Section 16. Amends s. 240.472, F.S., definitions, with conforming changes only.

Section 17. Amends s. 295.01, F.S., relating to Children of Deceased or Disabled Veterans.

PRESENT SITUATION:

This law provides for educational benefits in certain circumstances for the dependent children of deceased or 100% disabled Florida veterans. The law does not specify that the veteran must have served in a conflict. Questions have occurred about whether veterans should benefit if they served only in times of peace.

EFFECT OF PROPOSED CHANGES:

Eligibility criteria are amended to clarify that the parent with the 100% disability must have participated in a period of wartime service as provided for in ch. 295, F.S. Overly complex wording about residency is simplified.

Section 18. Amends s. 295.02, F.S., with conforming changes only.

Section 19. Repeals ss. 228.502, 240.40242, and 240.6055, F.S.

PRESENT SITUATION:

The 1990 Legislature established the Education Success Incentive Program, administered by the Department of Education, to encourage students from low income and disadvantaged backgrounds to maintain satisfactory academic progress and enroll in postsecondary institutions. The program has never been funded.

Section 240.40242, F.S., authorizes postsecondary institutions eligible to participate in the Bright Futures Scholarship Program to participate in the Children of Deceased or Disabled Veterans Scholarship Program. Section 18 of this bill moves that authority to s. 295.02, F.S.

The 1993 Legislature authorized access grants for community college graduates. The program has never been funded.

EFFECT OF PROPOSED CHANGES:

Provisions relating to the Education Success Incentive Program and access grants for community college graduates are repealed. Provisions relating to programs for the children of deceased or disabled veterans are transferred from chapter 240, F.S., to ch. 295, F.S.

Section 20. Amends s. 240.6055, F.S., to delete a cross reference to access grants for community college graduates, repealed by section 19 of this bill.

Sections 21, 22, and 23. Amend ss. 240.409, 240.4095, 240.4095, F.S., to expand eligibility to part-time degree-seeking students. The requirement that a student be enrolled full-time is replaced by a requirement that the student be enrolled in at least six credit hours per semester.

These statutes govern Florida's need-based student grant programs: The Florida Public Student Assistance Grant Program, the Florida Private Student Assistance Grant Program, and the Florida Postsecondary Student Assistance Grant Program.

Section 240.409, F.S., is also amended to require the Florida Public Student Assistance Grant Program to give priority to students who have financial need and are also in the top 20 percent of their high school class.

Section 24. Amends s. 240.404, F.S., general eligibility requirements.

PRESENT SITUATION:

Students are eligible to receive state student financial assistance for a maximum of 8 semesters or 12 quarters. If a student needs more time to complete a 5-year baccalaureate program or to complete remediation to pass the College Level Academic Skills Test, their eligibility is 10 semesters or 15 quarters. In financial assistance programs created recently, eligibility is authorized

in terms of the number of credit hours required to complete the program, with an extra 10 percent included.

EFFECT OF PROPOSED CHANGES:

Students will be eligible to receive state student financial aid for a maximum of 110 percent of the number of credit hours required to complete the program, up to a total of 132 credit hours or the equivalent. This change conforms the general requirements to those of the Bright Futures programs.

Section 25. Provides an effective date of July 1, 2000.

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:

Beginning in fall semester of 2002, a Gold Seal Vocational Scholar may not initially enroll in a baccalaureate-degree-granting college or university. In the past 2 years, if this bill had been a law, the number of students who would have been affected was about 4,000 per year. For 12 hours of enrollment, a Gold Seal scholarship is worth \$1,676 at a state university and \$1,040 at a community college, so the scholarship is worth \$636 less to a community college Gold Seal scholar.⁴ However, the remaining 25 percent of tuition and fees owed to the university will be about \$558, compared to \$346 for a community college. Therefore, at today's rates, the total annual loss to a full time Gold Seal scholar for being required to attend a community college rather than a university will be about \$424.

⁴A Bright Futures Scholarship is paid to the educational institution, not to the student, unless the student has a different type of fee-paying arrangement, such as the federal HOPE scholarship or a Pre-paid College Plan. Therefore, the student will not usually realize a financial loss, but the state will realize a savings.

About a thousand students in the Critical Teacher Shortage Tuition Reimbursement Program will have their reimbursement amount increased by 32 percent, to \$115 per semester credit hour.

A number of students with financial need will be eligible for grant funds for part-time enrollment. Because this expansion may attract more people into education programs (because it will be easier for them to maintain employment while attending school with financial assistance) it is impossible to predict the number who will benefit.

C. Government Sector Impact:

The fiscal impact of this bill is noted below by the bill sections that contain a fiscal impact:

Section 8: According to figures provided by the Department of Education, the Bright Futures Scholarship Program would have saved about \$600,000 if the students who received an initial Gold Seal Vocational Scholarship in 1999 had been required to attend 2-year schools or colleges, rather than permitted to attend 4-year, baccalaureate-level colleges or universities.

Section 11: The increase in the award amount for the Critical Teacher Shortage Tuition Reimbursement from \$78 to \$115 per semester hour will mean an increase in state funding of about \$227,532, if the number of awards remains constant.

Ss.21,22,23: The Bureau of Student Financial Assistance estimates that the cost of the need-based financial aid programs will increase by 25 percent because of increasing eligibility to part-time students. Best estimates are an increase of about \$9 million.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.