

STORAGE NAME: h2045.cu

DATE: April 6, 2000

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
COLLEGES & UNIVERSITIES
ANALYSIS**

BILL #: HB 2045

RELATING TO: The Florida Resident Job Preparation Forgivable Loan Program

SPONSOR(S): Representative Bob Henriquez and Others

TIED BILL(S): None

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

- (1) COLLEGES & UNIVERSITIES
 - (2) GOVERNMENTAL RULES & REGULATIONS
 - (3) EDUCATION APPROPRIATIONS
 - (4)
 - (5)
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I. SUMMARY:

This bill creates the Florida Resident Job Preparation Forgivable Loan Program so that an undergraduate student enrolled in an associate degree program at an eligible independent college or university may receive a forgivable loan.

This bill specifies that a loan recipient must attend an independent college or university that is licensed by the State Board of Independent Colleges and Universities or exempt from licensure; is located in the State of Florida; offers associate degree programs; is accredited by a regional or national accrediting agency recognized by the United States Department of Education; is not eligible to participate in the William L. Boyd, IV, Florida Resident Access Grant Program; has a secular purpose; and participates in the common course designation and numbering system and submitted 10% of its courses to the system by December 31, 1999. In order to remain eligible, an independent college or university must comply with the aforementioned criteria; submit 50% of its courses to the common course designation and numbering system by December 31, 2000; and submit 75% of its courses to the system by December 31 of every year, beginning in 2001.

This bill specifies that a loan recipient must be enrolled as a full-time student in an associate degree program at an eligible independent college or university; not be enrolled in a program of study leading to a degree in theology or divinity; achieve satisfactory academic progress as defined by the institution the student is attending; meet the general eligibility requirements for state financial assistance that are specified in statute; and agree to complete an associate degree within the maximum time frame determined by the United States Department of Education for purposes of financial assistance. A student who does not complete an associate degree within the maximum time frame determined by the United States Department of Education must repay the amount of the loan and the accrued interest.

This bill specifies the award amount issued to a recipient of a Florida Resident Job Preparation Forgivable Loan must be 100% of the annual average state cost to fund a full-time student enrolled at a public community college or an amount as specified in the General Appropriations Act. Should the Legislature decide to fund the Florida Resident Job Preparation Forgivable Loan Program in such a manner that the award amount issued to a student is equal to 100% of the annual average state cost to fund a full-time student enrolled at a public community college, a maximum appropriation of \$20.7 million is required.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

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|-----------------------------------|---|--|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

This bill does not appear to support the principle of less government because it creates an additional statewide tuition assistance program known as the Florida Resident Job Preparation Forgivable Loan Program. Additionally, the bill directs the State Board of Education to adopt rules that are necessary for the administration of the Florida Resident Job Preparation Forgivable Loan Program, including rules establishing repayment schedules and applicable interest rates, and requires the Department of Education to administer this newly created program.

B. PRESENT SITUATION:

Provisions included in section 240.605, Florida Statutes, specify that independent not-for-profit colleges and universities are an integral part of Florida's higher education system that can reduce the tax burden on the citizens of the State of Florida. Consequently, the Legislature created the William L. Boyd, IV, Florida Resident Access Grant (FRAG) Program in 1979 in order to provide tuition assistance to Florida undergraduate students enrolled at independent not-for-profit colleges or universities that are accredited. Statutory provisions direct the Department of Education to administer the William L. Boyd, IV, Florida Resident Access Grant Program.

Subsection 240.605(3), Florida Statutes, specifies that grant recipients must register at eligible independent not-for-profit colleges or universities. Eligible independent not-for-profit colleges or universities must be located in the State of Florida and chartered by the State of Florida; be accredited by the Commission on Colleges of the Southern Association of Colleges and Schools; grant baccalaureate degrees; not be a state university or state community college; and have a secular purpose. Presently, 28 independent not-for-profit colleges or universities are eligible to participate in the FRAG Program and include Barry University, Bethune Cookman College, Clearwater Christian College, Eckerd College, Edward Waters College, Embry-Riddle Aeronautical University, Flagler College, Florida College, Florida Hospital College of Health Sciences, Florida Institute of Technology, Florida Memorial College, Florida Southern College, Hamilton Holt School of Rollins College, International College, Jacksonville University, Lynn University, Nova Southeastern University, Palm Beach Atlantic College, Ringling School of Art and Design, Rollins College, St. Thomas University, Southeastern College, St. Leo University, Stetson University, the University of Miami, the University of Tampa, Warner Southern, and Webber College.

Subsection 240.605(4), Florida Statutes, specifies the eligibility requirements for students seeking to receive a William L. Boyd, IV, Florida Resident Access Grant. An eligible recipient must be a Florida resident; be enrolled as a full-time undergraduate student at an eligible

independent not-for-profit college or university; not be enrolled in a program of study leading to a degree in theology or divinity; and achieve satisfactory academic progress as defined by the college or university in which he or she is enrolled.

According to subsection 240.605(5)(a), Florida Statutes, the award amount of a William L. Boyd, IV, Florida Resident Access Grant issued to a full-time student must be 40% of the annual state cost to fund an undergraduate student at a state university or an amount as specified in the General Appropriations Act. The 1999-2000 General Appropriations Act provides a maximum award amount of \$2,074 for the FRAG Program. The most recent General Appropriations Bill (HB 2145) issued by the House of Representatives provides a maximum award amount of \$2,224 for the FRAG Program during the 2000-2001 fiscal year (Specific Appropriation 41). Lastly, a student is eligible to receive a FRAG award for a maximum of nine semesters or 14 quarters.

C. EFFECT OF PROPOSED CHANGES:

In response to the recognition that the economic welfare of the state is heavily dependent upon the education and employability of its citizens and a strong and viable system of independent colleges or universities reduces the tax burden of the citizens of the state, this bill creates the Florida Resident Job Preparation Forgivable Loan Program so that an undergraduate student enrolled in an associate degree program at an eligible independent college or university may receive a forgivable loan.

INSTITUTIONAL ELIGIBILITY CRITERIA

This bill specifies that a loan recipient must attend an eligible independent college or university. Eligible independent colleges or universities must be licensed by the State Board of Independent Colleges and Universities or exempt from licensure; be located in the State of Florida; offer associate degree programs; be accredited by a regional or national accrediting agency recognized by the United States Department of Education; not be eligible to participate in the William L. Boyd, IV, Florida Resident Access Grant Program; have a secular purpose; and participate in the common course designation and numbering system and have submitted 10% of its courses to the system by December 31, 1999. In order to remain eligible, an independent college or university must comply with the aforementioned criteria; submit 50% of its courses to the common course designation and numbering system by December 31, 2000; and submit 75% of its courses to the system by December 31 of every year, beginning in 2001.

According to data submitted by the State Board of Independent Colleges and Universities, there are 127 independent colleges or universities located in Florida that are licensed by the State Board of Independent Colleges and Universities or exempt from licensure. Additional data submitted by the State Board of Independent Colleges and Universities and the Department of Education reveal the following information:

- 67 independent colleges or universities located in Florida and licensed by the State Board of Independent Colleges and Universities or exempt from licensure offer associate degree programs;
- 59 independent colleges or universities located in Florida are licensed by the State Board of Independent Colleges and Universities or exempt from licensure, offer associate degree programs, and are accredited by a regional or national accrediting agency recognized by the United States Department of Education;

- 50 independent colleges or universities located in Florida are licensed by the State Board of Independent Colleges and Universities or exempt from licensure, offer associate degree programs, are accredited by a regional or national accrediting agency recognized by the United States Department of Education, and are not eligible to participate in the William L. Boyd, IV, Florida Resident Access Grant Program;
- 50 independent colleges or universities located in Florida are licensed by the State Board of Independent Colleges and Universities or exempt from licensure, offer associate degree programs, are accredited by a regional or national accrediting agency recognized by the United States Department of Education, are not eligible to participate in the William L. Boyd, IV, Florida Resident Access Grant Program, and have a secular purpose;
- 15 independent colleges or universities located in Florida are licensed by the State Board of Independent Colleges and Universities or exempt from licensure, offer associate degree programs, are accredited by a regional or national accrediting agency recognized by the United States Department of Education, are not eligible to participate in the William L. Boyd, IV, Florida Resident Access Grant Program, have a secular purpose, and participate in the common course designation and numbering system; and
- 7 independent colleges or universities located in Florida are licensed by the State Board of Independent Colleges and Universities or exempt from licensure, offer associate degree programs, are accredited by a regional or national accrediting agency recognized by the United States Department of Education, are not eligible to participate in the William L. Boyd, IV, Florida Resident Access Grant Program, have a secular purpose, participate in the common course designation and numbering system, and submitted 10% of their courses to the common course designation and numbering system by December 31, 1999 (Everglades College, City College-Fort Lauderdale, Florida College of Natural Health, Jones College, Keiser College, Southern College, and Webster College).

The seven independent colleges or universities that meet all of the institutional eligibility criteria are Everglades College, City College, Florida College of Natural Health, Jones College, Keiser College, Southern College, and Webster College. Since the bill requires an independent college or university to submit 10% of its courses to the common course designation and numbering system by December 31, 1999 in order to be eligible to participate in the Florida Resident Job Preparation Forgivable Loan Program, it appears that only the seven aforementioned institutions will ever be eligible to participate in the Program. Information submitted by the Florida Association of Postsecondary Schools and Colleges indicates that these seven institutions possessed an aggregate full-time enrollment of 4,600 Florida students as of March 2000. Consequently, approximately 4,600 students are potentially eligible to participate in the Florida Resident Job Preparation Forgivable Loan Program during the 2000-2001 academic year.

STUDENT ELIGIBILITY CRITERIA

This bill specifies the eligibility criteria for a student to qualify for the Florida Resident Job Preparation Forgivable Loan Program. In order for a student to initially receive a Florida Resident Job Preparation Forgivable Loan, he or she must be enrolled as a full-time student in an associate degree program at an eligible independent college or university; not be enrolled in a program of study leading to a degree in theology or divinity; achieve satisfactory academic progress as defined by the institution the student is attending; meet the general eligibility requirements for state financial assistance that are specified in section 240.404, Florida Statutes, except as otherwise provided by the bill; and agree to complete an associate degree within the maximum time frame determined by the United States Department of

Education for purposes of financial assistance. A student who does not complete an associate degree within the maximum time frame determined by the United States Department of Education must repay the amount of the loan and the accrued interest.

According to the eligibility criteria for the Florida Resident Job Preparation Forgivable Loan Program, a student must meet the general eligibility requirements for state financial assistance that are specified in section 240.404, Florida Statutes, except as otherwise provided by the bill. Provisions in section 240.404, Florida Statutes, require a student seeking state financial assistance to enroll at an eligible postsecondary education institution; be a Florida resident for at least one year prior to the receipt of state financial assistance; earn 12 credits per academic term or the equivalent in order to renew an award; and maintain a 2.0 grade point average in order to renew an award. Lastly, statutory provisions permit undergraduate students to receive state financial assistance for a maximum of eight semesters or 12 quarters. Although section 240.404, Florida Statutes, requires a student to maintain a 2.0 grade point average in order to renew an award, this bill permits a student to receive a forgivable loan if the student achieves satisfactory academic progress as defined by the institution he or she is attending. Consequently, the student may not be required to maintain a 2.0 grade point average.

According to the eligibility criteria for the Florida Resident Job Preparation Forgivable Loan Program, a student must agree to complete an associate degree within the maximum time frame determined by the United States Department of Education for purposes of financial assistance. The United States Department of Education's *1999-2000 Student Financial Aid Handbook* specifies that a postsecondary education institution must set a maximum time frame in which a student is expected to complete an academic program of study in order to quantify academic progress. The maximum time frame must not exceed 150% of the published length of an undergraduate academic program of study measured in academic years, academic terms, credit hours attempted, or clock hours completed. Traditionally, a student seeking to earn an associate degree must complete 60 credit hours. Consequently, a student participating in the Florida Resident Job Preparation Forgivable Loan Program must earn an associate degree within 90 credit hours (60 x 1.5) or repay the amount of the loan and the accrued interest.

AWARD AMOUNT

This bill specifies the award amount issued to a recipient of a Florida Resident Job Preparation Forgivable Loan. The award amount of a Florida Resident Job Preparation Forgivable Loan issued to a student must be 100% of the annual average state cost to fund a full-time student enrolled at a public community college or an amount as specified in the General Appropriations Act.

Information submitted by the State Board of Community Colleges indicates that the average state cost to fund a full-time student enrolled in 40 credit hours at a public community college during the 1998-1999 fiscal year was \$4,501. Should the Legislature decide to fund the Florida Resident Job Preparation Forgivable Loan Program in such a manner that the award amount issued to a student is equal to 100% of the annual average state cost to fund a full-time student enrolled at a public community college, a loan recipient would apparently receive an amount in 1998-1999 dollars of \$4,501. However, issuing an award to a student enrolled in an associate degree program at an independent college or university that is equal to 100% of the annual average state cost to fund a full-time student enrolled at a public community college does not appear to provide an incentive to the state. Specifically, the annual average state cost to fund a full-time student enrolled at a public community college is the same as providing an award to a student enrolled at an independent college or university that is equal

to 100% of the annual average state cost to fund a full-time student enrolled at a public community college.

As mentioned in the Present Situation of this bill analysis, the award amount of a William L. Boyd, IV, Florida Resident Access Grant issued to a full-time student must be 40% of the annual state cost to fund an undergraduate student at a state university or an amount as specified in the General Appropriations Act. Information submitted by the Board of Regents indicates that the average state cost to fund a full-time undergraduate student enrolled in 40 credit hours at a state university during the 1998-1999 fiscal year was \$8,420. Should the Legislature decide to fund the William L. Boyd, IV, Florida Resident Access Grant Program in such a manner that the award amount issued to a student is equal to 40% of the annual average state cost to fund a full-time undergraduate student enrolled at a state university, a grant recipient would apparently receive an amount in 1998-1999 dollars of \$3,368. This potential award amount for the William L. Boyd, IV, Florida Resident Access Grant Program is \$1,133 less than the potential award amount for the Florida Resident Job Preparation Forgivable Loan Program.

This bill also specifies that a student is eligible to receive a Florida Resident Job Preparation Forgivable Loan for a maximum of six semesters or nine quarters, except as otherwise provided by subsection 240.404(3), Florida Statutes. The provisions in subsection 240.404(3), Florida Statutes, permit an undergraduate student to receive state financial assistance for a maximum of eight semesters or 12 quarters. Consequently, the bill appears to indirectly permit a student enrolled in an associate degree program to receive a Florida Resident Job Preparation Forgivable Loan for a maximum of eight semesters or 12 quarters.

D. SECTION-BY-SECTION ANALYSIS:

SECTION 1: Creates section 240.6052, Florida Statutes, in order to (1) create the Florida Resident Job Preparation Forgivable Loan Program so that an undergraduate student enrolled in an associate degree program at an eligible independent college or university may receive a forgivable loan; (2) specify the institutional eligibility criteria; (3) specify the student eligibility criteria; (4) specify the award amount for the Florida Resident Job Preparation Forgivable Loan; (5) require the Department of Education to disburse Florida Resident Job Preparation Forgivable Loan funds to the institution that an eligible student is attending; (6) require the Department of Education to include in its Legislative Budget Request adequate funding for the Florida Resident Job Preparation Forgivable Loan Program; and (7) direct the State Board of Education to adopt rules that are necessary for the administration of the Florida Resident Job Preparation Forgivable Loan Program, including rules establishing repayment schedules and applicable interest rates.

SECTION 2: Establishes an effective date of July 1, 2000.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

This bill does not appear to have a fiscal impact on state revenues.

2. Expenditures:

This bill specifies that the award amount of a Florida Resident Job Preparation Forgivable Loan issued to a student must be 100% of the annual average state cost to fund a full-time student enrolled at a public community college or an amount as specified in the General Appropriations Act. Information submitted by the State Board of Community Colleges indicates that the average state cost to fund a full-time student enrolled in 40 credit hours at a public community college during the 1998-1999 fiscal year was \$4,501. Information submitted by the Florida Association of Postsecondary Schools and Colleges indicates that the seven institutions eligible to participate in the Florida Resident Job Preparation Forgivable Loan Program possessed an aggregate full-time enrollment of 4,600 Florida students as of March 2000. Assuming that all 4,600 students are eligible to participate in the Program and the Legislature decides to fund the Program in such a manner that the award amount issued to a student is equal to 100% of the annual average state cost to fund a full-time student enrolled at a public community college, a maximum appropriation of \$20.7 million ($\$4,501 \times 4,600$) is required.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

This bill does not appear to have a fiscal impact on local revenues.

2. Expenditures:

This bill does not appear to have a fiscal impact on local expenditures.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

This bill creates the Florida Resident Job Preparation Forgivable Loan Program so that an undergraduate student enrolled in an associate degree program at an eligible independent college or university may receive a forgivable loan in an amount that is equal to 100% of the annual average state cost to fund a full-time student enrolled at a public community college or an amount as specified in the General Appropriations Act.

D. FISCAL COMMENTS:

None.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take action which requires the expenditure of funds.

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B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that counties or municipalities have to raise revenues.

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

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

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

This bill directs the State Board of Education to adopt rules that are necessary for the administration of the Florida Resident Job Preparation Forgivable Loan Program, including rules establishing repayment schedules and applicable interest rates.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON COLLEGES & UNIVERSITIES:

Prepared by:

Staff Director:

Daniel Furman

Betty H. Tilton, Ph.D.