

STORAGE NAME: h1237a.cu.doc
DATE: April 10, 2001

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

BILL #: HB 1237
RELATING TO: Postsecondary Education
SPONSOR(S): Representative(s) Atwater
TIED BILL(S): None

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

- (1) COLLEGES AND UNIVERSITIES YEAS 11 NAYS 0
 - (2) EDUCATION APPROPRIATIONS
 - (3) COUNCIL FOR LIFELONG LEARNING
 - (4)
 - (5)
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I. SUMMARY:

The bill creates a new component of the Florida Student Assistance Grant (FSAG) program to expand eligibility to receive an award to part-time students who meet the general eligibility requirements and have been accepted to a state university or community college.

The bill directs each participating institution to report to the Department of Education the number of eligible students to whom grant moneys will be disbursed during each academic term. Each institution is instructed to report demographic and eligibility data for each recipient.

The bill directs the Department of Education to allocate to public postsecondary institutions funds for part-time students and requires that funds appropriated for the program must be allocated to eligible institutions.

The Bureau of Financial Assistance within the Department of Education estimates that extending the FSAG to part-time students will cost \$18,355,600. The estimates provided by DOE reflect the cost of expanding participation to all part-time students, not just those attending a public institution as HB 1237 provides.

The bill takes effect upon becoming law.

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 type="checkbox"/> | N/A <input checked="" 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 type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" 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"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Florida Student Assistance Grant

The Florida Student Assistance Grant (FSAG) Program consists of three state-funded, need-based financial assistance programs that are available to undergraduate students. A student must meet the following criteria to be considered for the FSAG:

- Be a Florida resident;
- Apply for a Federal Pell Grant by completing the Free Application for Federal Student Aid;
- Demonstrate a minimum financial need of \$200;
- Enroll at an eligible Florida postsecondary institution for a minimum of 12 credits per term (disabled students may be eligible to enroll on a part-time basis).
- Maintain a 2.0 cumulative grade point average while enrolled at an eligible postsecondary institution.

The FSAG Program is comprised of the following three programs: The Florida **Public** Student Assistance Grant Program, the Florida **Private** Student Assistance Grant Program, and the Florida **Postsecondary** Student Assistance Grant Program. Each program is funded separately. Each of the three programs can only be used at certain postsecondary education institutions.

Florida Public Student Assistance Grant Program

The Florida Public Student Assistance Grant Program (s. 240.409, F.S.) provides state-funded, need-based aid to eligible students who enroll full-time at a Florida public community college or university. The program is administered by participating institutions in accordance with rules of the State Board of Education. The award amount for the Florida Public Student Assistance Grant ranges from \$200 to the average cost of matriculation and registration at state universities or is an amount specified in the General Appropriations Act.

Florida Private Student Assistance Grant Program

The Florida Private Student Assistance Grant Program (s. 240.4095, F.S.) provides state-funded, need-based aid to eligible students who enroll full-time at certain Florida independent non-profit colleges and universities that offer baccalaureate degrees. The institution must be located in and chartered as a domestic corporation by the state and accredited by the Commission on Colleges of the Southern Association of Colleges and Schools (SACS). The award amount for the Florida Private Student Assistance Grant ranges from \$200 to the average cost of matriculation and registration fees at state universities plus \$1,000 or is an amount specified in the General Appropriations Act.

Florida Postsecondary Student Assistance Grant Program

The Florida Postsecondary Student Assistance Grant Program (s. 240.4097, F.S.) provides state-funded, need-based aid to eligible students who enroll full-time at an eligible Florida private college or university. The institution must be located in the state and either a private nursing diploma school that is approved by Florida Board of Nursing, an institution that is licensed by the State Board of Independent Colleges and Universities, or an institution that is exempt from licensure pursuant to s. 246.085, F.S. (excluding those institutions eligible to participate in the Private Student Assistance Grant Program). The award amount for the Florida Postsecondary Student Assistance Grant ranges from \$200 to the average cost of matriculation and registration fees at state universities plus \$1,000 or is an amount specified in the General Appropriations Act.

The 2000-2001 General Appropriations Act specifies that the maximum award for any of the three programs that make up the FSAG Program is \$1,300.

C. EFFECT OF PROPOSED CHANGES:

The bill creates a new component of the Florida Student Assistance Grant Program to expand eligibility to receive an award to part-time students who meet the general eligibility requirements. The student must have been accepted to a state university or community college. Priority in the distribution of grants will be given to students who have the lowest family resources.

The bill directs each participating institution to report to the Department of Education the number of eligible students to whom grant moneys will be disbursed during each academic term. Each institution is instructed to report demographic and eligibility data for each recipient.

The bill directs the Department of Education to allocate to public postsecondary institutions funds for part-time students and requires that funds appropriated for the program must be allocated to eligible institutions.

D. SECTION-BY-SECTION ANALYSIS:

This section need be completed only in the discretion of the Committee.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

2. Expenditures:

The Bureau of Student Financial Assistance within the Department of Education (DOE) projects that 44,800 students would be eligible for participation if the FSAG were expanded to include part-time students and estimates the following costs. The projected costs are based on the assumption that part-time students will only attend one semester per year.

Program Costs

Program Funding	\$18,355,600
State Student Financial Aid Database new program start up costs	\$ 20,000
State Student Financial Aid Database maintenance	\$ 15,000

Operational Costs

Publication and Training Expenses	\$ 30,000
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Total **\$18,420,600**

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The increased availability of need-based financial aid to part-time students may allow more Florida residents to attend a state university or community college. Additional financial assistance may help to alleviate some of the financial burden associated with attaining a postsecondary education at a state university or community college.

D. FISCAL COMMENTS:

The Bureau of Student Financial Assistance, in calculating the estimated total cost of expanding participation in the FSAG to part-time students, made the following assumptions:

- Most students attending part-time will not attend a full year.
- Minimum of 44,800 students will be eligible to receive awards.
- Maximum full-time award is \$1,300; half-time award is \$650, and three-quarter award is \$975.
- Half-time award/semester is \$325; three-quarter award/semester is \$487.50.
- 48% of part-time recipients are projected to receive half-time semester awards.
- 52% of part-time recipients are projected to receive three-quarter semester awards.
- 21,504 students receiving \$325 = \$6,998,800.
- 23,296 students receiving \$487.50 = \$11,356,800.
- Total cost = \$18,355,600.

The estimates provided by DOE reflect the cost of expanding participation to all part-time students not just those attending a public institution as HB 1237 provides.

The SUS and the Community College System receive 38% and 32.5%, respectively, of the FSAG funds currently. The Community College System estimates that their share of the part-time FSAG would be higher since 70% of the students in the Community College System are enrolled part-time.

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 take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

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

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:

The bill requires the State Board of Education to establish rules establishing a date specific by which reports by each participating institution are due to the Department of Education. The bill does not grant the State Board of Education the specific authority to adopt rules to implement the sections created by this bill.

C. OTHER COMMENTS:

The Community College System reports that it is particularly difficult for community college students, 70% of whom are enrolled on a part-time basis, to find need-based aid. They attribute this difficulty in part to the full-time enrollment requirement to receive the FSAG award.

The bill does not expand the FSAG to part-time students attending private colleges and universities eligible under s. 240.4095, F.S., or postsecondary institutions eligible under s. 240.4097, F.S.

The bill does not define "general eligibility requirements".

The bill does not provide for funds appropriated to the program to be placed in the State Student Financial Assistance Trust Fund.

The bill does not grant the State Board of Education the specific authority to adopt rules to implement the section created by this bill.

The Bureau of Student Financial Assistance expressed the following concerns about the bill:

- The bill does not define "part-time".
- The bill does not require demonstration of financial need using a standard needs analysis form or process.
- There may be confusion over the title of the newly created section – The Florida Public Student Assistance Grant. This is the same name as the component of the FSAG that serves students who attend a state university or public community college full-time.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

The Bureau of Student Financial Assistance recommended the following amendments:

- Define part-time as at least 6 credit hours per term.
- Change the title of the program from the Florida Public Student Assistance Grant Program to the Florida Public Part-time Student Assistance Grant Program.
- Require the use of the need-analysis document to demonstrate financial need as a student eligibility requirement.
- Expand eligibility to private postsecondary institutions currently eligible to participate in s. 240.4095, F.S., the Florida Private Student Assistance Grant Program, and s. 240.4097, F.S., the Florida Postsecondary Student Assistance Grant Program.

VII. SIGNATURES:

COMMITTEE ON COLLEGES AND UNIVERSITIES:

Prepared by:

Staff Director:

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