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DATE: April 12, 2001

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

BILL #: CS/HB 1509

RELATING TO: Student Financial Assistance

SPONSOR(S): Committee on Colleges & Universities and Representative(s) Diaz-Balart

TIED BILL(S): None

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

- (1) COMMITTEE ON COLLEGES & UNIVERSITIES YEAS 12 NAYS 0
 - (2) EDUCATION APPROPRIATIONS
 - (3) COUNCIL FOR LIFELONG LEARNING
 - (4)
 - (5)
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I. SUMMARY:

This bill prioritizes the use of financial aid fee revenues at state universities and public community colleges to provide increased support for need-based aid.

This bill addresses efforts to increase degree production in technology programs and the hard sciences by prioritizing state funds provided to state universities for fellowships and fee waivers to support students in selected disciplines.

This bill provides the Legislature with greater control over future costs of the Bright Futures program by decoupling the award amount from matriculation and fees. The bill sets a flat award amount per credit hour that will be implemented in 2005-2006.

The bill modifies initial eligibility criteria for the Bright Futures Merit Scholars award and changes the name of that award to the Florida Medallion Scholars award. The bill modifies initial eligibility criteria for the Gold Seal award and provisions relating to the use of that award.

The bill creates a new component of the Bright Futures program to provide incentives to students to enroll in programs that prepare them for high-skill, high-wage, high-demand targeted occupations that support Florida's economic needs and goals.

The bill creates the Florida Bright Futures Scholarship Testing Program to encourage greater use of credit by exam programs designed to shorten the length of time required for a student to complete an undergraduate degree thereby producing savings to the student, the student's family, and the state.

This bill incorporates a number of recommendations from the Department of Education to facilitate and streamline administration of the financial aid programs administered by the department.

The bill provides for a uniform payment standard for all Prepaid Program beneficiaries in the calculation of benefits at in-state and out-of-state institutions and in the calculation of refunds in the case of scholarship, death, or disability. The bill allows Prepaid benefits to be rolled over into the new College Savings Program.

The fiscal impact of the bill is indeterminate.

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

The bill creates a new component of the Bright Futures program to provide incentives to students to enroll in programs that prepare them for high-skill, high-wage, high-demand targeted occupations that support Florida's economic needs and goals.

B. PRESENT SITUATION:

See SECTION-BY-SECTION ANALYSIS.

C. EFFECT OF PROPOSED CHANGES:

See SECTION-BY-SECTION ANALYSIS.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Amends s. 231.621(2)(c), F.S., relating to the Critical Teacher Shortage Student Loan Forgiveness Program.

Present Situation:

Section 231.621, F.S., provides for the Critical Teacher Shortage Student Loan Forgiveness Program. The program provides financial assistance to eligible Florida teachers for the repayment of undergraduate and graduate educational loans, which led to certification 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 for study leading to certification, at the rate of \$2,500 per year for undergraduate loans and \$5,000 per year for graduate loans. Awards are made on a first-come, first-served basis, with priority given to renewal applicants. Awards are subject to availability of funds.

All repayments are contingent on continued proof of employment in the designated subject area in Florida. Current law requires that repayments must be made directly to the holder of the loan. DOE reports that applicants are required to continue to make payments on their principal loan balance during their participation in this program. In order to be eligible for receipt of the final payment, teachers must have a principal balance due with the holder of the loan. DOE indicates that making the final repayment to the holder of the loan penalizes a teacher for continuing to make payments by making the teacher ineligible for receipt of the final payment.

Effect of Proposed Changes:

The requirement that payment be made directly to the holder of the loan is modified to permit the payment to be made directly to the teacher in the case of a loan being paid in full.

Section 2. Amends s. 240.209(3)(e), F.S., relating to student financial aid fees for state universities.

Present Situation:

During the 1999-2000 year, DOE reports that Florida Student Assistance Grant (FSAG) awards valued at \$17.8 million were provided to 19,513 students attending state universities. FSAG awards are need-based. The award recipient must be an undergraduate Florida resident who is enrolled full-time.

Proviso language for Specific Appropriation 174 in the 2000-2001 General Appropriations Act requires that a minimum of 71% of the \$19.9 million provided for student financial aid be allocated for need-based financial aid. There is no requirement in law that a student be full-time to receive an award from these funds.

In addition to awards from the FSAG Program and the direct appropriation to the State University System (SUS) for financial aid, s. 240.209(3)(e), F.S., authorizes the Board of Regents (BOR) to collect for financial aid purposes an amount not to exceed five percent of the student tuition and matriculation fees per credit hour. The revenues from these fees are to remain at each campus. The funds are to be disbursed to students as quickly as possible.

The BOR must establish specific limits on the percent of fees collected in a fiscal year that may be carried forward unexpended to the following fiscal year. A minimum of 50 percent of funds from the student financial aid fee must be used to provide financial aid based on absolute need. In contrast, 100 percent of the financial aid fee revenues from students in workforce development programs must be used for need-based aid. Less than fifty percent of the financial aid fee revenues from the students in community college credit programs must be used for need-based aid.

Unlike statutory provisions relating to the financial aid fee assessed by community colleges, there is no statutory requirement that the BOR develop criteria for making financial aid awards or that each college report annually to DOE on the criteria used to make awards, the amount and number of awards for each criterion, and a delineation of the distribution of such awards. There is no statutory requirement that awards which are based on financial need be distributed in accordance with a nationally recognized system of need analysis approved by the BOR or that an award for academic merit require a minimum overall GPA of 3.0 on a 4.0 scale or the equivalent for both initial receipt of the award and renewal of the award. Current law also prohibits community colleges from using financial aid fee funds for administrative purposes. There is no similar statutory prohibition for state universities. There is no statutory requirement that a student be full-time to receive an award from these funds.

Guidelines for the use of student financial aid fee revenues are set forth in **CHANCELLOR'S MEMORANDUM CM-D-16.01-10/98**, which provides that up to 15 percent of the revenues from the student financial aid fee may be used for student financial aid administration, provided that such revenues supplement and not supplant existing university resources dedicated to student financial aid. Revenues utilized for student financial aid administration may not come from the 50 percent portion of the student financial aid fee revenues set aside for need-based aid. In addition, a university may maintain a cash balance of annual revenues from the financial aid fee of no more than 40 percent of the financial aid fees collected in a fiscal year.

The State University System reports that it collected approximately \$21.5 million in financial aid fee revenues in 1999-2000. Information regarding the actual amount used to provide need-based aid is not available.

Speakers appearing before the House of Representatives Committee on Colleges and Universities have expressed concern about the balance between need-based aid and merit-based aid and the current level of funds available to support need-based aid. In particular, concerns have been raised about the lack of need-based aid available for part-time students.

Effect of Proposed Changes:

This bill provides increased support for need-based aid by targeting a greater percentage of the financial aid fee revenues for need-based awards. Effective July 1, 2002, state universities would be required to use 75% of the funds from the student financial aid fee for need-based aid.

This bill conforms statutory provisions relating to expenditure of financial aid fee revenues by state universities to those currently in place for community colleges. State universities are prohibited from using financial aid fee revenues for administrative purposes. In addition, awards that are based on financial need must be distributed in accordance with a nationally recognized system of need analysis.

In addition, each institution would be required to submit to the BOR an annual report of the revenue collected from the financial aid fees as well as a profile of award recipients.

Section 3. Amends s. 240.271(7), F.S., relating to funding for the State University System.

Present Situation:

Data from the *1998-1999 State University System of Florida Fact Book* indicate that during the 1998-1999 academic year, the SUS awarded 34,529 Bachelor's degrees; 10,008 Master's degrees; and 1,064 Doctoral level degrees. Of these, 22.3% of the Bachelor's level degrees, 25% of the Master's level degrees, and 42.1% of the Doctoral level degrees awarded during the 1998-1999 academic year were in disciplines that could be classified as technology or science-related. These disciplines include: Computer & Information Sciences; Engineering; Engineering Technology; Biology Sciences/Life Sciences; Mathematics; Physical Sciences; and Health Professions and Related Sciences. The *Fact Book* also reports that the Fall 1998 headcount included 97,789 Upper Division students; 26,719 Beginning Graduates; and 7,408 Advanced Graduates. Of these, 25.2% of the Upper Division students, 28.9% of Beginning Graduates, and 33.3% of Advanced Graduates were pursuing degrees in the previously cited disciplines.

Degrees awarded in the Education discipline accounted for 13.1% of the Bachelor's degrees awarded, 29.5% of the Master's degrees awarded, and 22.2% of the Doctoral degrees awarded in the State University System during the 1998-1999 academic year. For Fall 1998, 11.7% of Upper division students, 21.0% of Beginning Graduates, and 28.9% of Advanced Graduates were pursuing degrees in Education programs. The extent to which students who are enrolled in graduate level Education programs or who receive graduate degrees in Education plan to enter the teaching profession at the pre-K, elementary or secondary levels is unknown.

In addition to other forms of financial assistance available for students, Proviso language in the 1999-2000 General Appropriations Act designated \$44,727,570 in Specific Appropriations 180, 181, 182, and 183 for fee waivers. Representatives of the SUS report that fee waivers are an essential element in attracting qualified students. Tuition waivers are combined with stipends or fellowships to form the total financial package used to attract and retain graduate students. In the case of

undergraduates, waivers are provided to enable universities to attract students external to Florida to contribute to the flavor and diversity of the undergraduate experience.

Reports received from BOR staff indicate that the state universities provided over 35,000 waivers valued at \$54.8 million in the following categories: Athletics; Drama; Exchange Student; Fellowship; Fellowship Matriculation; Fine Arts; Foreign Student; Graduate Assistant Matriculation; Graduate Assistant; Honors; and Music. Forty-five percent of these waivers, with a value of \$23.2 million, were provided to degree-seeking students at the upper and graduate levels in the following disciplines: Computer & Information Sciences; Engineering; Engineering-Related Technologies; Biology Sciences/Life Sciences; Mathematics; Physical Sciences; and Health Professions and Related Sciences. An additional eight percent of these waivers with a value of \$3.9 million were provided to degree-seeking students at the upper and graduate levels in the Education discipline. The data available reflect the number of waivers issued over the year rather than an unduplicated count of the number of students receiving waivers.

Section 240.271, F.S., sets forth provisions relating to funding for the State University System (SUS) and provides guidelines for the allocation of funds appropriated by the Legislature to the state universities.

Effect of Proposed Changes:

The bill addresses efforts to increase degree production in education programs, technology programs and the hard sciences by prioritizing the use of state funds provided to state universities for fellowships and fee waivers to support students in selected disciplines.

Effective July 1, 2002, state universities must use a minimum of 75 percent of the funds provided in the General Appropriations Act (GAA) for fellowships and fee waivers to support graduate students or upper-division students formally admitted to programs in the following disciplines: Computer and Information Sciences; Education; Engineering; Engineering Technology; Biology Sciences/Life Sciences; Mathematics; Physical Sciences; and Health Professions and related sciences.

The SUS must report annually to the Legislature the distribution of fellowships and fee waivers provided.

Section 4. Amends s. 240.35(11), F.S., relating to student financial aid fees for public community colleges.

Present Situation:

During the 1999-2000 year, DOE reports that FSAG awards valued at \$13.2 million were provided to 17,036 students attending public community colleges. FSAG awards are need-based. The award recipient must be an undergraduate Florida resident who is enrolled full-time.

In addition to awards from the FSAG program, s. 240.35(11)(a), F.S., authorizes each community college to establish a separate fee for financial aid purposes in an additional amount up to, but not to exceed, five percent of the total student tuition or matriculation fees collected. An additional two percent may be collected if the total amount generated by the financial aid fee is less than \$250,000. An amount not greater than 40 percent of the fees collected in a fiscal year may be carried forward unexpended to the following fiscal year.

Current law permits that up to 25 percent, or \$300,000, whichever is greater, may be awarded based on merit; participation in athletics, public service, cultural arts, or other extracurricular activities; or targeted gender or ethnic minority population. A minimum of 50 percent of the balance must be used to provide financial aid based on need. In contrast, one hundred percent of the

financial aid fee revenues from students in workforce development programs must be used for need-based aid. At least fifty percent of the financial aid fee revenues collected by state universities must be used for need-based aid. Information provided by the Division of Community Colleges indicates that the Community College System collected \$13,254,720 in financial aid fee revenues during 1999-2000. Of that amount, they expended \$5,462,869, or 41.2%, on need-based aid. The total fees used to support financial aid for non-need based students in 1999-2000 was \$7,791,850 or 58.8%.

Current law also requires the State Board of Community Colleges (SBCC) to develop criteria for making financial aid awards. Each college must report annually to DOE on the criteria used to make awards, the amount and number of awards for each criterion, and a delineation of the distribution of such awards. Awards that are based on financial need must be distributed in accordance with a nationally recognized system of need analysis approved by the SBCC. An award for academic merit must require a minimum overall GPA of 3.0 on a 4.0 scale or the equivalent for both initial receipt of the award and renewal of the award. Current law also prohibits community colleges from using financial aid fee funds for direct or indirect administrative purposes or salaries. There is no statutory requirement that a student be full-time to receive an award from these funds.

Effect of Proposed Changes:

Community colleges would be required to use a minimum of 75% of the balance of funds from the student financial aid fee for need-based aid. In addition, each institution would be required to submit to the SBCC an annual report of the revenue collected from the financial aid fees as well as a profile of award recipients.

Section 5. Reenacts and amends s. 240.40201, F.S., relating to the Florida Bright Futures Scholarship Program.

Present Situation:

Section 240.40201, F.S., creates the Florida Bright Futures Scholarship Program to establish a lottery-funded scholarship program to reward any Florida high school graduate who merits recognition of high achievement and who enrolls in an eligible Florida public or private postsecondary education institution within three years of graduation from high school. The Florida Department of Education (DOE) administers the program.

Attorneys on behalf of the National Merit Scholarship Corporation have contacted DOE regarding possible legal action if the name of the "Florida Merit Scholars" award is not changed. DOE recommends changing the name of the award to the "Florida Medallion Scholars" award. DOE sought a name change during the 2000 Session, but the proposed legislation did not pass.

Effect of Proposed Changes:

The requirement that a student enroll within three years of graduation is eliminated. Regardless of when a student first receives scholarship funding, all eligibility expires seven years after graduation. Language is added to clarify that a student must be enrolled in a degree program, certificate program, or applied technology diploma program to be eligible to receive an award.

The name of the Florida Merit Scholars award is changed to the Florida Medallion Scholars award.

Section 6. Reenacts and amends s. 240.40202, F.S., relating to Florida Bright Futures Scholarship Program.

Present Situation:

Section 240.40202, F.S., sets forth the student eligibility requirements for an initial award from the Florida Bright Futures Scholarship Program.

A student must earn a Florida high school diploma or the equivalent. There are three exceptions to the Florida high school diploma requirement – a student who is enrolled full-time in the early admission program of an eligible 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.

The student must not have been found guilty of, or pled nolo contendere to, a felony charge. The statutory provisions are silent regarding a student who pleads guilty to a felony charge.

A student must apply for the scholarship by April 1 of the last semester before high school graduation. The April 1 deadline has been problematic for some students who would otherwise be eligible for an award – for example, a student who, for whatever reason, does not learn about the program or the deadlines until the student arrives on a college campus.

A student is eligible to receive an initial award for three years following high school graduation and a renewal award for seven years following high school graduation. A student who applies for an award by April 1 and meets all other eligibility requirements, but does not use the award, may reapply during subsequent application periods for up to three years after high school graduation.

Effect of Proposed Changes:

The term “public service” is defined. For purposes of determining eligibility for a Bright Futures initial award, the term “public service” means 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, a condition of which employment is assignment outside of Florida.

A student who has pled guilty to a felony charge would not be eligible for an initial award unless the student had been granted clemency by the Executive Office of Clemency.

The April 1 application deadline for an initial award is changed to high school graduation. Requests for exceptions to this deadline may be accepted by the high school or district through December 31 following 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.

The requirement that a student accept the initial award within three years following high school graduation and a renewal award within seven years following high school graduation is eliminated. A student who meets all eligibility requirements but does not accept his or her award during the first year of eligibility after high school graduation may apply for reinstatement of the award for use within seven years after high school graduation. Reinstatement applications must be received by the deadline established by DOE.

Section 7. Reenacts and amends s. 240.40203, F.S., relating to Florida Bright Futures Scholarship Program.

Present Situation:

Section 240.40203, F.S., sets forth the student eligibility requirements for renewal awards under the Bright Futures Program. The terminology currently used does not provide a clear distinction between students who meet the minimum GPA requirements and are renewing their awards after the first of a subsequent year of eligibility, students who were eligible but did not receive an award during a previous year or years and who may wish to reestablish use of the scholarship, and students who lost their scholarship eligibility due to a low renewal GPA but earned the required GPA in a subsequent academic year.

Under current law, 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. Concerns have been expressed regarding the eligibility of students who enroll in programs that students enter as undergraduates that terminate in a graduate degree, such as the PharmD program at Florida A & M University and the University of Florida, or in the simultaneous award of a baccalaureate and graduate degree.

Effect of Proposed Changes:

The terms “renewal”, “reinstatement”, and “restoration” are defined to provide clarification regarding a student’s eligibility to receive an award following the first year of eligibility.

The term “renewal” applies to a student who receives an award for at least one term during the immediately preceding academic year. The renewal criteria are amended to reference the required number of hours as well as the required GPA.

The term “reinstatement” applies to a student who was eligible but did not receive an award during the previous academic year and who may apply to reestablish the use of the scholarship. For reinstatement, a student must have been eligible at the time of the student’s most recent Bright Futures eligibility determination. The student must apply by the deadline established by DOE.

The term “restoration” applies to a student who lost scholarship eligibility as a result of not meeting the renewal grade point average or number of hours, or both, at a prior evaluation period. A student may restore eligibility by meeting the renewal grade point average during a subsequent renewal evaluation period. A student is eligible to receive such restoration only once. The student must submit an application for restoration by the deadline established by DOE.

Provisions relating to the number of hours for which a student may receive an award are moved to the sections of law relating to a particular award.

Section 8. Reenacts and amends s. 240.40204, F.S., relating to Florida Bright Futures Scholarship Program.

Present Situation:

Section 240.40204, F.S., sets forth the criteria for postsecondary education institutions to participate in the Bright Futures program. Eligible institutions include independent Florida colleges and universities that are accredited by a member of the Commission on Recognition of Postsecondary Accreditation (CORPA) which have operated in the state for at least three years. CORPA was created as a temporary replacement for the Council on Postsecondary Accreditation (COPA) which disbanded in 1993. CORPA is no longer active. Postsecondary institutions that wish to participate in federal financial aid programs must be accredited by an accrediting association recognized by the United States Department of Education.

Effect of Proposed Changes:

The reference to the Commission on Recognition of Postsecondary Accreditation is replaced with a reference to the United States Department of Education.

Section 9. Reenacts and amends s. 240.40205, F.S., relating to Florida Academic Scholars award.

Present Situation:

Section 240.40205(1), F.S., sets forth the initial eligibility requirements for a Florida Academic Scholars award. A student must attain a minimum test score (SAT or equivalent) identified in rules of DOE. The test score established by DOE is 1270 on the recentered SAT (test taken after April 1, 1995) or the equivalent. Current law also permits a student who graduated from high school in 1999 or earlier to qualify for the Academic Scholars award if the student meets the criteria for a Florida Academic Scholars Certificate (1180 SAT and 24 credits).

Section 240.40205(2), F.S., provides that a Florida Academic Scholar is eligible for an award equal to the amount required to pay matriculation, fees, and \$600 for college-related expenses if the student is enrolled in a public postsecondary institution. The term "fees" is not defined. Currently, the award amount at a public institution is based on the following fees, if assessed: matriculation fee, financial aid fee, building fee, capital improvement fee, activity and service fee, athletic fee, and health fee. The matriculation fee assessed in the SUS for the 2000-2001 is \$ 51.79 per credit hour for an undergraduate course and \$124.61 per credit hour for a graduate level course. Representatives of DOE indicate that the award amounts for Bright Futures recipients at state universities are calculated at the undergraduate matriculation rate regardless of the level of the course.

DOE reports that the amount it transmits to an institution to cover Bright Futures awards is based on the amount that institution bills the department. DOE reports that during the 1998-1999 academic year, it transmitted \$1.6 million in Bright Futures payments to public postsecondary institutions to cover fees *in excess of* the amount attributable to mandatory per credit hour fees. Responses to a survey of the state universities and public community colleges indicate that the institutions billed 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.

Effect of Proposed Changes:

The minimum test score used to determine initial eligibility for an Academic Scholars award is set in statute at the current level of 1270 on the SAT or an equivalent score on the ACT.

DOE is authorized to define the term "fees" for purposes of determining the Bright Futures award amount. DOE policy has defined the fees to be included in the calculation of the Bright Futures payment as only those mandatory fees charged to all students at the institution (i.e., those included in the cost per credit hour/block fees) and lab fees up to a maximum of \$300 per semester.

Provisions relating to credit hour limits for receipt of an award are moved from s. 240.40203, F.S., to this section.

Beginning with the 2005-2006 academic year, the award amount will be decoupled from matriculation and fees. The award amount will be calculated based on a rate of \$120 per credit hour. This award amount takes the current \$78/credit hour average cost of matriculation and required fees at a state university and increases it by an average of five percent per year up to \$100

per credit hour. The per credit hour equivalent of the annual \$600 educational expense allowance - \$20 – is added to produce the recommended \$120/credit hour flat award amount. The total number of credit hours for which a student may receive payment may not exceed 132 semester credit hours or the equivalent.

Transition language relating to the Florida Undergraduate Scholars' Program is moved from s. 240.40208, F.S., which is repealed.

References to restoration are added to the provisions relating to the renewal of the Academic Scholars award.

Section 10. Reenacts and amends s. 240.40206, F.S., relating to Florida Merit Scholars award.

Present Situation:

Section 240.40206(1), F.S., sets forth the initial eligibility requirements for a Merit Scholars award. Students must attain a minimum test score (SAT or equivalent) identified by rules of DOE. The test score established by DOE is 970 on the SAT or the equivalent. This score corresponds to the minimum test score required for admission to a state university pursuant to BOR rule for a student whose high school GPA in the required academic courses equals 2.9. There is no minimum test score requirement in BOR rule for a student whose GPA in the required academic courses is 3.0 or higher.

Information provided by DOE indicates that the average SAT for 1999 Florida high school graduates was a composite score of 997 – 27 points above the minimum required test score for a Merit Scholars award. The average SAT nationally for 1999 high school graduates was 1016 – 46 points above the minimum required test score for a Merit Scholars award. Preliminary data from the SUS indicate that the average SAT score for first-time-in-college students who were admitted and registered during 1999-2000 was 1114 – 144 points above the minimum test score required for a Merit Scholars award. The average SAT score by institution ranged from 1007 to 1218.

A student who has been recognized by the merit or achievement programs of the National Merit Scholarship Corporation as a scholar or finalist or by the National Hispanic Recognition program as a scholar is eligible for a Florida Academic Scholars award if the student has also completed 75 hours of community service. These students automatically qualify for the award and are not required to meet the test score and GPA requirements. There is no specific provision for students who are recognized by the National Merit Scholarship Corporation or the National Hispanic Recognition Program who fail to complete the required community service.

Section 240.40205(2), F.S., provides that a Florida Merit Scholar is eligible for an award equal to the amount required to pay 75% of the matriculation and fees at a public postsecondary institution. The term "fees" is not defined.

The 1997 Legislature adopted legislation enacting more rigorous high school graduation requirements. Section 232.246(5), F.S., provides that the requisite cumulative GPA for the class entering 9th grade during the 1997-1998 school year and each class thereafter is 2.0 on a 4.0 scale. These students must also successfully complete Algebra I, or a series of equivalent courses, or a higher level course. In addition, current law prohibits a student from receiving credit toward high school graduation from any Level I course, unless assessment indicates a more rigorous course of study would be inappropriate. "Level I" is the designation in the DOE *Course Code Directory* assigned to a course in a curriculum area with contents that are at a basic or fundamental level. Levels II and III are more advanced courses. Prior to the enactment of ch. 97-2, L.O.F., each course listed in the *Course Code Directory*, regardless of the designated level, (I, II, or III), was worth the same credit value for high school graduation purposes.

Attorneys representing the National Merit Scholarship Corporation have contacted DOE regarding the name of the Florida Merit Scholars award. They have requested that DOE change the name of the award to end any confusion between the two programs. They are aware that the name change will require action by the Legislature. DOE has requested that the name of the Florida Merit Scholars award be changed to the Florida Medallion Scholars award.

Effect of Proposed Changes:

The name of the Florida Merit Scholars award is changed to the Florida Medallion Scholars award.

The minimum test score used to determine initial eligibility for a Medallion Scholars award is set in statute at 1100 on the SAT or an equivalent score on the ACT for a student who enters the ninth grade in the 2001-2002 school year or thereafter. The proposed score of 1100 on the SAT is 14 points less than preliminary reports of the average SAT score for first-time-in-college students who were admitted and registered at a state university during 1999-2000. Information provided by DOE to the Office of Economic and Demographic Research (OEDR) indicates there were 54,668 initial awards paid to Merit Scholars in Fall 2000. An analysis prepared by OEDR indicates that 47% of the initial Merit Award recipients for Fall 2000 had SAT scores less than 1100. The ethnic composition of the Fall 2000 initial Merit Scholar award recipients is reflected in the following table:

Ethnicity	Initial Florida Merit Scholars	Initial Florida Merit Scholars with a score of 1100 or above
All Other	5.9%	6.2%
Black	8.3%	7.4%
Hispanic	12.2%	11.3%
White	73.6%	75.1%
Total	100.0%	100.0%

The students graduating from high school in 2001 will be the first graduating class to fully benefit from the changes enacted to the high school graduation requirements by the 1997 Legislature.

The impact of increasing the required test score from 970 to 1100 on the overall number of Bright Futures award recipients is indeterminate. The number of students with test scores in the range of 970 to 1090 who have taken the courses required for a Gold Seal award or who would take such courses if the required test score was increased and would otherwise qualify for a Gold Seal award is unknown.

Eligibility criteria for the Merit Scholars award are expanded to include those students who have been recognized by the merit or achievement programs of the National Merit Scholarship Corporation as Scholars or Finalists or by the National Hispanic Recognition Program as scholars but have not completed the 75 hours of community service required to receive an Academic Scholars award.

DOE is authorized to define the term “fees” for purposes of determining the Bright Futures award amount.

Provisions relating to credit hour limits for receipt of an award are moved from s. 240.40203, F.S., to this section.

Beginning with the 2005-2006, the award amount will be decoupled from matriculation and fees. The award amount will be calculated based on a rate of \$ 75 per credit hour. The proposed \$75 per

credit hour amount represents 75% of the proposed per credit hour amount for the Academic Scholars award, excluding the educational expense portion. The total number of credit hours for which a student may receive payment may not exceed 132 semester credit hours or the equivalent.

References to restoration are added to the provisions relating to the renewal of the Merit Scholars award.

Section 11. Reenacts and amends s. 240.40207, F.S., relating to 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 student must complete 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 continue in a planned, related postsecondary education program. If the student's school does not offer such a two-plus-two or tech-prep program, the student must complete a job-preparatory career education program selected by the Workforce Estimating Conference or Workforce Florida, Inc., for its ability to provide high-wage employment in an occupation with high potential for employment opportunities.

In addition, the student must 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; earn a minimum unweighted GPA of 3.5 for secondary vocational courses comprising the vocational program; and complete the requirements of a vocational-ready diploma program as defined by State Board of Education rules.

A Gold Seal Scholar is eligible for an award equal to the amount required to pay 75% of matriculation and fees if the student is enrolled in a public postsecondary institution. The term "fees" is not defined.

A student may earn a Gold Seal Vocational Scholarship for 110 percent of the number of credit hours required to complete the program, up to 90 credit hours or the equivalent. A Gold Seal Scholar who has a cumulative grade point average of 2.75 in all postsecondary education work attempted may apply for a Florida Merit Scholars award at any renewal period. All other provisions of that program apply. Representatives of DOE report that the department has begun automatically transferring students from the Gold Seal component to the Merit component if the student possesses a 2.75 grade point average and is within 35 credit hours of maximizing the Florida Vocational Gold Seal Scholarship.

As noted previously, the award amount for the Gold Seal award is calculated in the same manner as the award amount for the Merit award. Also, like the Merit award, the Gold Seal award may be used at any eligible institution. Unlike the Merit award, however, a student receiving a Gold Seal award is not required to obtain a minimum score on the SAT or complete and obtain a minimum GPA in certain college-prep courses. According to information provided by DOE, there were 4,033 students who received a Gold Seal award and attended a state university during the 1997-1998 academic year, 4,258 students who received a Gold Seal award and attended a state university during the 1998-1999 academic year, and 2,809 students who received a Gold Seal award and attended a state university in 1999-2000.

A 1999 study of the Florida Bright Futures Program by the Postsecondary Education Planning Commission (PEPC) reports testimony presented to PEPC that ". . . students are routinely counseled to take the three-course vocational sequence as a 'safety net' in order to satisfy the less-

stringent initial eligibility requirements of the Gold Seal Vocational award, often without any intent of pursuing a related postsecondary program.” The report further notes that PEPC is concerned that “. . . the Legislative intent with regard to the Gold Seal Vocational program is not being met as students utilize the Gold Seal transfer provisions as a ‘back door’ to the Merit Scholars award.” PEPC recommended limiting the Gold Seal award to students enrolled in program of two years or less at a community college or vocational-technical institution. After completing an associate degree, Gold Seal students who satisfy the renewal criteria for the Merit Scholars award should be able to renew as a Merit Scholar for enrollment in a program offered by a four-year college or university.

Effect of Proposed Changes:

Initial eligibility requirements are changed to require successful completion of at least three secondary school vocational credits in one program of study, as identified by DOE. DOE has identified 85 such programs.

By July 1, 2002, the Articulation Coordinating Committee must identify the programs at each four year institution that qualify as planned related postsecondary education programs.

DOE is authorized to define the term "fees" for purposes of determining the Bright Futures award amount.

Provisions relating to credit hour limits for receipt of an award are moved from s. 240.40203, F.S., to this section.

Beginning with the 2005-2006, the award amount will be decoupled from matriculation and fees. The award amount will be calculated based on a rate of \$ 75 per credit hour. The total number of credit hours for which a student may receive payment may not exceed 90 semester credit hours or the equivalent.

References to restoration are added to the provisions relating to renewal of the Gold Seal Vocational Scholars award.

Beginning with the fall term of 2003, a Gold Seal award may only be used by students who enroll in programs of two years or less at a community college or a vocational-technical institution unless the award is a renewal of an initial award issued prior to the fall term of 2003 or as otherwise provided in s. 240.40207, F.S. A student may use an award for a program at a four-year institution if the program has been identified by the Articulation Coordinating Committee as a planned related postsecondary education program and the institution certifies annually the student's continued enrollment in such program.

Provisions for transferring from the Vocational Gold Seal award component of the program to the Merit award component are revised. A student who successfully completes an associate degree program or 60 hours, 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 is eligible to transfer to the Medallion Scholars award component of the program.

Section 12. Creates s. 240.40211, F.S., relating to Florida Bright Futures Scholarship Program targeted occupations.

Present Situation:

At the February 20, 2001 meeting of the House of Representatives Committee on Colleges and Universities, participants in a workshop on the Florida Bright Futures Scholarship Program were

asked to present their recommendations regarding the program. Representatives of the State Board of Community Colleges recommended using Bright Futures awards to emphasize and encourage enrollment in programs that prepare students for high-skill, high-wage, high-demand targeted occupations that support Florida's economic needs and goals.

Effect of Proposed Changes:

This bill creates a new component of the Bright Futures program targeting specific occupations. Using information provided by the Workforce Estimating Conference, DOE, in consultation with the Legislature, must identify targeted occupations that are high demand, high wage, and high skill for which the state's postsecondary education institutions provide the necessary education and training. DOE must identify the specific associate and baccalaureate degree programs, certificate programs, and applied technology diploma programs that prepare students for employment in the targeted occupations. Identification of targeted occupations and associated postsecondary programs must be completed and updated annually thereafter for use in providing awards beginning with the 2002-2003 fall academic term.

A student who is enrolled at a community college or an area vocational center in an identified program is eligible to receive an additional \$250 per semester, or the equivalent, for education related expenses. A student who is enrolled at a baccalaureate-degree-granting institution in the upper division of an identified program is eligible for an award of \$500 per semester.

Institutions that participate in the Bright Futures program must advise their students of the availability of these awards.

DOE is required to establish procedures for institutions to certify to DOE the initial and continued eligibility status of any student who is eligible to receive an award pursuant to this section. An institution must certify a student's continued enrollment in an eligible program annually.

DOE must evaluate this component of the Bright Futures program to determine the number of students receiving awards that become employed in the occupation for which the award was received.

This component of the Bright Futures program is to be implemented to the extent funded in the General Appropriations Act. DOE may prorate awards if funds are not sufficient to make full awards.

Section 13. Repeals ss. 240.40208 and 240.40202, F.S.

Present Situation:

Section 240.40208, F.S., provides transition language for eligibility for the Florida Bright Futures Scholarship Program for certain students who graduated from high school in 1997 or earlier, certain 1998 and 1999 high school graduates, and provides initial eligibility criteria for merit award recipients who graduated from high school in 1997.

Section 240.40242, F.S., provides that the criteria for the use of scholarship funds which apply to students under the Bright Futures program also apply to the children of deceased or disabled veterans who receive scholarships under ch. 295, F.S. Representatives of DOE indicate that this provision permits these students to use the awards they receive under ch. 295, F.S., at the same institutions that are eligible to participate in the Bright Futures Program.

Effect of Proposed Changes:

The provisions of ss. 240.40208 and 240.40242, F.S., are repealed. Provisions relating to students who graduated from high school in 1997 or earlier are transferred to the sections of law relating to the Academic Scholars award and the Gold Seal award as appropriate. Provisions relating to use of awards by children of deceased or disabled veterans are transferred to ch. 295, F.S.

Section 14. Creates an unnumbered section relating to the Florida Bright Futures Scholarship Testing Program.

Present Situation:

Section 240.116(1), F.S., provides legislative intent with regard to the use of articulated acceleration mechanisms by secondary and postsecondary students attending public educational institutions. The Legislature intends for articulated acceleration to shorten the time necessary for a student to complete the requirements associated with the conference of a high school diploma and a postsecondary degree, broaden the scope of curricular options available to students, or increase the depth of study available for a particular subject. Articulated acceleration mechanisms include the Advanced Placement Program, the International Baccalaureate Program, and the credit by examination program.

Section 240.116(4), F.S., provides that postsecondary credit for an Advanced Placement course must be limited to students who score a minimum of three on a five point scale on the corresponding Advance Placement Examination. The specific courses for which students receive credit are determined by the community college or university that accepts the student for admission. Students enrolled in Advanced Placement courses are exempt from the payment of any fees for the administration of the examination.

Section 240.116, (5) F.S., provides for credit by examination as the program through which secondary and postsecondary students generate postsecondary credit based on the receipt of a specified minimum score on a nationally standardized general or subject-area examinations. For the purpose of statewide application, such examinations and the corresponding minimum scores required for an award of credit must be delineated by the State Board of Education in the statewide articulation agreement. The maximum credit generated by a student must be mitigated by any related postsecondary credit earned by the student prior to the administration of the exam.

Section 240.116(6), F.S., requires the State Board of Education to specify the cut-off scores and International Baccalaureate exams that will be used to grant postsecondary credit. The specific course for which a student receives credit is to be determined by the community college or university that accepts the student for admission. Students enrolled in the IB Program are exempt from the payment of any fees for administration of the exams.

Effect of Proposed Changes:

The bill creates the Florida Bright Futures Scholarship Testing Program to encourage greater use of CLEP general and subject exams, AP exams, and IB exams as acceleration mechanisms.

Effective with initial award recipients for the 2002-2003 academic year, eligible Academic Scholar award recipients and eligible Medallion Scholar award recipients who enroll in a public postsecondary institution must complete at least five exams (CLEP, AP, or IB), one each in the following areas: English; humanities; mathematics; natural sciences; and social sciences. Examinations taken prior to high school graduation may be used to satisfy this requirement. The Articulation Coordinating Committee (ACC) must identify the examinations that satisfy each component of this requirement.

By January 1, 2002, the ACC must identify the minimum scores, maximum credit, and course or course for which credit is to be awarded for each exam. In addition, the Acc must identify such courses in the general education core curriculum of each state university.

Each community college and state university must award credit for specific course for which competency has been demonstrated by successful passage of one of these examinations unless the award of credit duplicates credit already awarded.

Each community college and state university must pay for the CLEP examination required pursuant to this program from funds appropriated from the Education Enhancement Trust Fund.

The credit awarded pursuant to this program applies toward the 120 hours of college credit required pursuant to s. 240.115(6), F.S. The maximum number of credit hours for which a student is eligible to receive a Bright Futures award is to be reduced by the number of hours for which credit is awarded pursuant to this program.

Section 15. Amends s. 240.404, FS., relating to general requirements for student eligibility for state financial aid.

Present Situation:

The general requirements for student eligibility for state financial aid awards include a reference to an accrediting commission that is no longer active.

The general requirements for student eligibility for state financial aid also address residency. Residency in the state for no less than one year preceding the award of aid is specifically required in this section for the following programs: 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, Florida resident access grants; and the Florida Work Experience Program. Residency in the state must be for purposes other than to obtain an education. Residency status for purposes of receiving state financial aid awards is to be determined in the same manner as resident status for tuition purposes.

Effect of Proposed Changes:

References to the Commission on Recognition of Postsecondary Accreditation are replaced with a reference to the United States Department of Education.

Residency provisions are expanded to clarify conditions under which residency status, for purposes of determining eligibility for state financial aid, may be retained.

Section 16. Creates s. 240.4084, F.S., relating to the Ethics in Business Scholarship Program.

Present Situation:

Ch. 97-381, L.O.F., creates two ethics in business scholarship programs, one administered by the Board of Regents (s. 240.2985, F.S.) and one administered by the Department of Education (s. 240.6054, F.S.).

In 1997, the Legislature appropriated \$10,000,000 from the Insurance Commissioner's Regulatory Trust Fund to the Trust Fund for Major Gifts for the purpose of funding the Ethics in Business Scholarship Program administered by the Board of Regents. Moneys for the program are to be

allocated to each university foundation based on a matching basis equal to the amount of private funds received by the foundation for program purposes. Moneys appropriated and allocated to university foundations for purposes of the program must be used to create endowments for the purpose of providing scholarships to undergraduate college students enrolled in state institutions of higher learning who register for one or more credit hours in business ethics courses and who have demonstrated a commitment to serving the interests of their community. First priority for awarding such scholarships must be given to students who demonstrate financial need. The SUS reports that most of the money initially matched occurred in 1999-2000. Consequently, the earnings on the investments are minimal and few scholarships have been awarded.

Also in 1997, the Legislature provided for the transfer of a portion of a \$6 million settlement (approximately \$4.1 million) from the Insurance Commissioner's Regulatory Trust Fund to the State Student Financial Assistance Trust Fund to be allocated to community colleges and independent postsecondary institutions to provide ethics in business scholarships. Two-thirds of the funds are allocated to community colleges, one-third to independent institutions. According to DOE policy, funds available for matching for scholarships are restricted to the interest earned per year on the transferred funds. For the first year of program implementation, prior to interest being earned, \$500,000 was appropriated from the Insurance Commissioner's Regulatory Trust Fund and matched by private donations for scholarships. For the second year of implementation, approximately \$325,000 was earned in interest and made available for private matching for scholarships. The State Board of Community Colleges reports that since 1998, 676 students have received scholarships valued at \$820,000.

Effect of Proposed Changes:

Statutory provisions relating to the two programs are transferred to a single section. Award recipients must meet the general requirements for student eligibility for state financial aid pursuant to s. 240.404, F.S. Each institution that receives an allocation of funds must submit to the Legislature an annual report of the matching funds collected and a profile of scholarship award recipients.

Section 17. Amends s. s. 240.409, F.S., relating to the Florida Public Student Assistance Grant Program; Eligibility for grants.

Present Situation:

The Florida Public Student Assistance Grant Program provides state-funded, need-based aid to eligible students who attend a Florida public community college or university. The program is administered by participating institutions in accordance with rules of the State Board of Education. Priority in the distribution of grant moneys must be given to students with the lowest total family resources. DOE must establish the maximum expected family contribution to be used by institutions in determining an applicant's eligibility for an award. Current law does not provide for an application deadline. In addition to other criteria, a student must be enrolled full-time to be eligible to receive an award.

Effect of Proposed Changes:

DOE must establish an initial application deadline. Using the priorities established in the bill, an institution must first make awards to students who meet the initial application deadline. An institution may award any remaining funds to students who apply after the deadline but are otherwise eligible. Institutions must indicate to DOE whether or not an award recipient met the application deadline established by DOE.

The requirement that a student be full-time to be eligible to receive an award is deleted. Eligibility to participate in the program is expanded to include degree-seeking students who enroll in at least six semester hours, or the equivalent, per semester.

The requirement that priority in the distribution of grant moneys be given to students with the lowest total family resources is deleted. DOE will continue to establish a maximum estimated family contribution level above which an institution may not make a grant from this program.

The formula for distributing funds to eligible institutions must also consider the number of eligible applicants who met the application deadline.

Section 17. Amends s. 240.4095, F.S., relating to the Florida Private Student Assistance Grant Program; eligibility for grants.

Present Situation:

The Florida Private Student Assistance Grant Program provides state-funded, need-based aid to eligible students who attend certain Florida independent non-profit colleges and universities which 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 program is administered by participating institutions in accordance with rules of the State Board of Education.

Priority in the distribution of grant moneys must be given to students with the lowest total family resources. DOE must establish the maximum expected family contribution to be used by institutions in determining an applicant's eligibility for an award.

Current law does not provide for an application deadline. In addition to other criteria, a student must be enrolled full-time to be eligible to receive an award.

Effect of Proposed Changes:

DOE must establish an initial application deadline. Using the priorities established in the bill, an institution must first make awards to students who meet the initial application deadline. An institution may award any remaining funds to students who apply after the deadline but are otherwise eligible. Institutions must indicate to DOE whether or not an award recipient met the application deadline established by DOE.

The requirement that a student be full-time to be eligible to receive an award is deleted. Eligibility to participate in the program is expanded to include degree-seeking students who enroll in at least six semester hours, or the equivalent, per semester.

The requirement that priority in the distribution of grant moneys be given to students with the lowest total family resources is deleted. DOE will continue to establish a maximum estimated family contribution level above which an institution may not make a grant from this program.

The formula for distributing funds to eligible institutions must also consider the number of eligible applicants who met the application deadline.

Section 18. Amends s. 240.4097, F.S., relating to the Florida Postsecondary Student Assistance Grant Program; eligibility for grants.

Present Situation:

The Florida Postsecondary Student Assistance Grant Program provides state-funded, need-based aid to eligible students who attend 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 program is administered by participating institutions in accordance with rules of the State Board of Education.

Priority in the distribution of grant moneys must be given to students with the lowest total family resources. DOE must establish the maximum expected family contribution to be used by institutions in determining an applicant's eligibility for an award.

Current law does not provide for an application deadline. In addition to other criteria, a student must be enrolled full-time to be eligible to receive an award.

Effect of Proposed Changes:

DOE must establish an initial application deadline. Using the priorities established in the bill, an institution must first make awards to students who meet the initial application deadline. An institution may award any remaining funds to students who apply after the deadline but are otherwise eligible. Institutions must indicate to DOE whether or not an award recipient met the application deadline established by DOE.

The requirement that a student be full-time to be eligible to receive an award is deleted. Eligibility to participate in the program is expanded to include degree-seeking students who enroll in at least six semester hours, or the equivalent, per semester.

The requirement that priority in the distribution of grant moneys be given to students with the lowest total family resources is deleted. DOE will continue to establish a maximum estimated family contribution level above which an institution may not make a grant from this program.

The formula for distributing funds to eligible institutions must also consider the number of eligible applicants who met the application deadline.

Section 19. Creates a new section, s. 240.40975, F.S., relating to Florida student assistance grant programs; priority for receiving grants.

Present Situation:

The Florida Student Assistance Grant Program includes three components -- the Florida Public Student Assistance Grant Program (s. 240.409, F.S.), the Florida Private Student Assistance Grant Program (s. 240.4095, F.S.), and the Florida Postsecondary Student Assistance Grant Program (s. 240.4097, F.S.). Statutory provisions for these three grant programs require that priority in the distribution of grant moneys be given to students with the lowest total family resources. DOE must establish the maximum expected family contribution to be used by institutions in determining an applicant's eligibility for an award.

Effect of Proposed Changes:

Additional priorities with regard to the distribution of grant moneys under the Florida Student Assistance Grant Program are established. In addition to the priorities and criteria for distribution of

funds established within the statutory provision relating to each of the three programs, priority in the distribution of grant moneys to eligible applicants must be given in the following order:

- (1) To the full-time students with the greatest financial need, as determined by the Department of Education.
- (2) To full-time students with financial need who graduate from public Florida high schools, who have completed the high school courses that are adopted by the Board of Regents and recommended by the State Board of Community Colleges as college-preparatory academic courses, and who rank in the top 20 percent of their high school graduating class. DOE will determine class rank.
- (3) To other full-time students with financial need.
- (4) To part-time students with financial need, if funds are remaining.

Section 21. Amends s. 240.4128, F.S., relating to the minority teacher education scholars program.

Present Situation:

Section 240.4128, F.S., creates the minority teacher education scholars program which is a collaborative performance-based scholarship program for African-American, Hispanic-American, Asian-American, and Native American students. The participants in the program include Florida's public community colleges and its public and private universities that have teacher education programs.

The total amount appropriated annually for new scholarships in the program must be divided by \$4,000 and by the number of participating colleges and universities. Each participating institution has access to the same number of scholarships and may award all of them to eligible minority students. If a college or university does not award all of its scholarships by the date set by the program administration, the remaining scholarships must be transferred to another institution that has eligible students.

Effect of Proposed Changes:

Each participating institution is required to report to DOE, by an established date, the eligible students to whom scholarships are disbursed each academic term. Each institution must also report to DOE necessary demographic and eligibility data for such students.

Section 22. Amends s. 240.437, F.S., relating to student financial aid planning and development.

Present Situation:

Section 240.437, F.S., 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 three years. DOE is directed to annually review the legislative appropriation of financial aid to identify such programs.

Effect of Proposed Changes:

The repeal provision is expanded to include any financial assistance programs administered by DOE's Bureau of Student Financial Assistance.

Section 23. Amends s. 240.465, F.S., relating to Delinquent Accounts.

Present Situation:

The provisions of s. 240.465, F.S., direct DOE to exert every lawful and reasonable effort to collect all delinquent unpaid and uncancelled scholarship loan notes, student loan notes, and defaulted guaranteed loan notes. Current law prohibits furnishing a student who is in default with the student's academic transcripts or other student records until such time as the loan is paid in full or the default status has been removed. DOE notes that when the provision to withhold transcripts was first imposed, it was an efficient mechanism to encourage students to repay their loans. The federal government has since identified other mechanisms for collecting on defaulted loans, including wage withholding and IRS offset programs. DOE suggests it may be more prudent to assist borrowers holding defaulted loans by releasing transcripts to enable them to become employed to facilitate repayment.

Effect of Proposed Changes:

The provision prohibiting the release of the student's transcript or other student records is eliminated. DOE reports that the new procedure aligns state and federal provisions for loan default. Representatives of the SUS have expressed concern regarding this proposed change. They indicate that the universities cannot garnish wages of people outside the state and there are prohibitions on using IRS tax garnishment on federal loans.

Section 24. Reenacts and amends s. 240.551, F.S., relating to the Florida Prepaid College Program.

Present Situation:

Section 240.551, F.S., creates the Florida Prepaid College Program which allows the purchase of advance payment contracts for a student's postsecondary education that lock in the cost of registration fees, local fees, and housing at the time the contract is purchased. The program offers the following plans: a 2-year community college plan; a 4-year university plan; a "2 + 2" community college/university plan; a dormitory plan; and a local fee plan. A plan can be used at any of Florida's 10 state universities and 28 community colleges and select technical schools statewide. The value of a plan may be transferred to an accredited independent college or university that is located and chartered in Florida, that is not-for-profit, and that confers certain degrees. The value of a plan may also be transferred to an accredited out-of-state college or university that is not for profit and that confers degrees.

If a beneficiary enrolls in a state postsecondary institution, the prepaid program pays for registration fees, local fees, or housing costs as covered in the beneficiary's advance payment contract. If a beneficiary enrolls in an eligible Florida independent institution, the prepaid program transfers to that institution an amount not to exceed the redemption value of the advance payment contract at a state postsecondary institution. If a beneficiary enrolls in an eligible out-of-state college or university, the prepaid program transfers to that institution an amount not to exceed the redemption value of the advance payment contract or the original purchase price plus 5 percent compounded interest, whichever is less.

With respect to refunds, if a beneficiary is awarded a scholarship, the terms of which cover the benefits included in the advance payment contract, moneys paid for the purchase of the contract must be returned to the purchaser in the amount of either the current rates at state postsecondary institutions or the original purchase price plus 5 percent compounded interest, whichever is less. Similarly, in the event of death or total disability of the beneficiary, moneys paid for the purchase of the advance payment contract must be returned to the purchaser in the amount of either the current

rates at state postsecondary institutions or the original purchase price plus 5 percent compounded interest, whichever is less.

According to information received from the Florida Prepaid College Program, customer service representatives of the program report customer confusion when current statutory requirements regarding transfer and refund policies are described. Representatives of the program recommend a uniform payment standard for all program beneficiaries in the calculation of benefits at in-state and out-of-state institutions and in the calculation of refunds when the beneficiary receives a scholarship or suffers death or total disability.

Effect of Proposed Changes:

The changes to s. 240.551, F.S., will provide a uniform payment standard for all Florida Prepaid Program beneficiaries in the calculation of benefits at in-state and out-of-state institutions and in the calculation of refunds when the beneficiary receives a scholarship or suffers death or total disability. The Florida Prepaid Program reports that such uniformity will reduce customer confusion.

The bill also allows benefits purchased under the Prepaid Program to be rolled over into the new College Savings Program at the redemption value of the advance payment contract at a state institution and allows for additional members on the board of directors of the Prepaid Program direct support organization.

Section 25. Creates s. 240.6053, F.S., relating to academic program contracts.

Present Situation:

Section 229.053(2)(n), F.S., directs the State Board of Education (SBE) to contract with certain accredited institutions for the provision of those educational programs and facilities which will meet needs unfulfilled by the state system of public postsecondary education. Section 240.147(4), F.S., directs the Postsecondary Education Planning Commission (PEPC) to recommend to the SBE contracts with independent institutions to conduct programs consistent with the state master plan for postsecondary education. State Board of Education Rule 6A-10.032, FAC, describes the purpose of the contract program, outlines the conditions that must be met for a contract program, and prescribes a review process.

Proviso language in the 1999 General Appropriations Act directed PEPC to review current policies and procedures relating to the SBE academic contracts with independent postsecondary institutions. The review was to examine issues related to funding, including establishment of a maximum amount per student and the feasibility of establishing a competitive contract process, identification of areas of need, evaluation of program quality and performance and procedures related to both the initial proposal review process and the reevaluation of existing contracts. PEPC published its report in January 2000.

PEPC found that contracting with independent institutions for the provision of educational programs, facilities, and services that will meet needs unfulfilled by the state system of public postsecondary education should be retained as a strategic option in Florida.

Effect of Proposed Changes:

The bill codifies guidelines for the academic program contracts recommended by PEPC and approved by the SBE. The contracts are to be administered by DOE. Funding for the contracts is to be based on the average cost to the state to provide similar programs in the SUS or an amount specified in the General Appropriations Act. Priority for contract support is to be given to students with financial need. The student must meet the general requirements for student eligibility for state

financial aid. The tuition and fees assessed the student may not exceed the amount required to pay the average matriculation and fees for a comparable program at a state university. The total of the amount an institution receives per student for funding, plus the tuition and fees paid by the student, and the Florida Resident Access Grant (FRAG) received by the student cannot exceed the full cost per student to the state of a similar program in the SUS. Institutions that receive support through an academic program contract must annually submit to DOE data on performance measures, including but not limited to: degrees granted; graduation rates; licensure or certification rates of graduates where applicable; and employment in Florida.

Section 26. Amends s. 295.02, F.S., relating to use of funds; age, etc.

Present Situation:

Section 295.02, F.S., provides that all sums appropriated and expended under ch. 295, F.S., must be used to pay tuition and registration fees, board, and room rent and to buy books and supplies for the children of certain deceased or disabled veterans or of parents classified as prisoners of war or missing in action. The term "fees" is not defined.

In addition, s. 295.02, F.S., provides that these children must attend a state-supported institution of higher learning. Section 240.40242, F.S., provides that postsecondary institutions eligible to participate in the Bright Futures Scholarship Program are also eligible to participate in the Children of Deceased or Disabled Veterans Scholarship Program.

Effect of Proposed Changes:

DOE is authorized to define the term "fees". Provisions from s. 240.40242, F.S., permitting certain nonpublic institutions to participate in the program are transferred to ch. 295, F.S. The award amount for students attending an eligible private postsecondary institution is equivalent to the average matriculation and fees calculated for full-time attendance at a public postsecondary institution at the comparable level. The State Board of Education is provided rule-making authority to implement the provisions of the program.

Section 27. Establishes an effective date.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See FISCAL COMMENTS.

2. Expenditures:

See FISCAL COMMENTS.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

Increased funds will be available to support need-based aid awards and degree production in targeted disciplines.

Setting the Bright Futures award amount in statute as a flat award amount provides greater Legislative control over the funding required each year to support the Bright Futures program.

The fiscal impact of the Florida Bright Futures Scholarship Testing Program is indeterminate. To the extent that the credit earned reduces the time necessary to complete an undergraduate degree, the student and the student's family may experience savings. The State should experience savings in terms of reduced Bright Futures award payments associated with the courses for which students receive credit. To the extent that credit earned for required courses produces additional capacity in these courses, access is increased. The state universities and community colleges will incur the costs associated with administering the CLEP exams as needed to fulfill the testing requirement.

DOE provides the following estimates with regard to the fiscal impact of this bill:

An estimated 100 students per year would be affected by eliminating the 3-year limitation for initial use of a Bright Futures Scholarship. Based on academic year 1999-2000 figures, expenditures would increase by \$211,972 per year.

The proposed change in the test score requirement for the Medallion award would have no fiscal impact if these students met the vocational course requirements for the Gold Seal award and use of the Gold Seal award was not limited to 2-year institutions. If those students with an SAT score less than 1100 did not meet the course requirements for the Gold Seal award, expenditures would have decreased by \$35,582,912.

With regard to limiting the use of the Gold Seal to two-year institutions, in 1999, 960 high school graduates used their Gold Seal award at a four-year institution. If they had been required to use their awards at a two-year institution, expenditures would have decreased by \$610,560 for their freshman year. An additional savings of \$610,560 could be realized during the sophomore year before the students could convert to the Medallion award for their junior and senior years.

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:

This bill does not appear to have any constitutional issues.

B. RULE-MAKING AUTHORITY:

The SBE is provided rule-making authority to implement the provisions of the program that provides financial assistance for the children of deceased or disabled veterans.

C. OTHER COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 10, 2001 the Committee on Colleges and Universities adopted a "strike-everything" amendment that increases the current percentage of financial aid fee revenues that must be spent on need-based aid from 50% to 75%; conforms state university provisions relating to expenditure of financial aid fee revenues to that currently in law for the community colleges; includes Education as one of the targeted disciplines for use of funds appropriated to support fee waivers; expands participation in the FSAG programs to include part-time students and includes part-time students in the priorities for distribution of awards; restores the formula for distributing FSAG funds to institutions to current law with the exception that eligible applicants who apply by the deadline must also be considered; creates the Bright Futures Scholarship Testing Program; permits use of the Gold Seal award in selected programs at four-year institutions; restores the process for disbursing Bright Futures funds to institutions to that currently in law; removes the section of the bill that limited scholarship benefits for children of certain veterans with service-connected disabilities; and permits benefits purchased under the Prepaid Program to be rolled over into the new College Savings Program.

VII. SIGNATURES:

COMMITTEE ON COMMITTEE ON COLLEGES & UNIVERSITIES:

Prepared by:

Staff Director:

Betty H. Tilton, Ph.D.

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