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

BILL #: HB 665
RELATING TO: State support for certain postsecondary students
SPONSOR(S): Representative Kravitz
TIED BILL(S): None

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

- (1) COMMITTEE ON COLLEGES & UNIVERSITIES
 - (2) EDUCATION APPROPRIATIONS
 - (3) COUNCIL FOR LIFELONG LEARNING
 - (4)
 - (5)
-

I. SUMMARY:

THIS DOCUMENT IS NOT INTENDED TO BE USED FOR THE PURPOSE OF CONSTRUING STATUTES, OR TO BE CONSTRUED AS AFFECTING, DEFINING, LIMITING, CONTROLLING, SPECIFYING, CLARIFYING, OR MODIFYING ANY LEGISLATION OR STATUTE.

HB 665 prohibits any funds from general revenue, the lottery, or financial aid fee revenues to be used to provide scholarships, fellowships, grants, loans, tuition or fee waivers, or other financial assistance to any nonresident alien student who is enrolled in a Florida public postsecondary institution and who is a citizen of any country that has been identified by the United States Department of State as terrorist or supporting terrorism. A student's country of citizenship is to be determined at the time of the student's enrollment.

The U.S. Secretary of State has designated seven governments as state sponsors of international terrorism. The seven governments include Iran, Iraq, Syria, Libya, Cuba, North Korea, and the Sudan.

The Florida Community College System (FCCS) and the State University System (SUS) report a total of 453 nonresident aliens from countries that the U.S. Secretary of State has deemed state sponsors of international terrorism. The SUS reported awarding \$183,910 in state-funded financial assistance to students from these countries for Fall 2001, while the FCCS awarded \$20,961.

The bill has an effective date of January 1, 2001.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|--|---|
| 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 type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

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

The provisions of the bill will increase administrative duties such as regulation and monitoring, with respect to the disbursement of state financial assistance funds at Florida public postsecondary institutions.

The bill may limit opportunities for individuals or families by revoking monies for financial assistance that might otherwise be received.

B. PRESENT SITUATION:

STATE FUNDED FINANCIAL ASSISTANCE

State funded financial assistance is provided to students through several different mechanisms. Many programs are funded through direct appropriation from general revenue, trust funds, or lottery dollars. Of these programs, several require that the student be a Florida resident to receive awards. The categories of funds described below do not have a Florida residency requirement in order to be awarded.

Financial Aid Fee Revenues

Section 239.115(8), F.S., authorizes each school board and community college board of trustees to establish a financial aid fee in an amount up to 10 percent of the student fees collected for workforce development programs funded through the Workforce Development Fund. Awards must be based on student financial need and must be distributed in accordance with a nationally recognized system of need analysis. All expended funds under this provision must be used for need-based aid.

Section 240.209(2)(e), F.S., authorizes the Board of Regents (BOR)¹ 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. A minimum of 75 percent of funds from the student financial aid fee for new financial aid awards must be used to provide financial aid based on absolute need. 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,

¹ Chapter 2001-170, L.O.F., abolished the Board of Regents and the State Board of Community Colleges effective July 1, 2001. All powers and duties of those boards were transferred, by Type II transfer, to the Florida Board of Education.

provided that such revenues supplement and not supplant existing university resources dedicated to student financial aid. Each 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.

Section 240.35(11), F.S., authorizes each community college to establish a separate fee for financial aid purposes in an amount not to exceed five percent of the total tuition and matriculation fees collected. The funds must be disbursed to students as quickly as possible. Twenty-five percent or \$300,000, whichever is greater, of the collected financial aid fee revenues may be used to assist students who demonstrate academic merit; who participate in athletics, or other extracurricular activities; or who are identified as members of a targeted gender or minority population. Of the remaining funds, 75 percent of these funds for new awards must be used to provide financial aid based on absolute need. In addition, a community college may carry forward, unexpended, an amount not greater than 40 percent of the financial aid fees collected in a fiscal year. Current law also prohibits community colleges from using financial aid fee funds for administrative purposes.

Current law requires both state universities and community colleges to comply with the following provisions regarding awards made from financial aid fee revenues:

- Awards based on need must be distributed in accordance with a nationally recognized system of need analysis.
- An award for academic merit must require a minimum overall grade point average of 3.0 on a 4.0 scale or the equivalent for both the initial reward and renewal of the award.
- Each state university and community college must report annually to the Department of Education (DOE) on the financial aid fee revenues collected, the amount carried forward, the criteria used to make awards, the amount and number of awards for each criterion, and a delineation of the distribution of such awards. The report must also include an assessment, by category, of the financial need of every student who receives an award, regardless of the purpose for which the award is received.

The State University System reports that it collected approximately \$21.5 million in financial aid fee revenues in 1999-2000. The Florida Community College System reports that it collected approximately \$14 million in financial aid fee revenues in 1999-2000.

Specific Appropriation for the State University System for Financial Aid

Specific Appropriation 207 of the 2001-2002 General Appropriations Act allocates \$20,695,215 to the State University System for financial aid. Proviso language requires that a minimum of 71 percent of the funds provided in Specific Appropriation 207 must be allocated for need-based financial aid.

Fee Waivers

Proviso language in the 2000-2001 General Appropriations Act designated \$55,241,209 in Specific Appropriations 194, 195, 196, and 197 for fee waivers. These funds are typically used to support:

- Out-of-state fee waivers for students under the following categories: athletics, drama, exchange student, fellowship, fine arts, foreign student, graduate assistant, honors, music, and other.
- Matriculation fee waivers for graduate assistants and fellowships.

In November 2001, the Legislature cut the \$55,241,209 designated for fee waivers from the budget. However, proviso language provides that "... university presidents may waive student fees for

undergraduate and graduate students and/or use discretionary funds to provide scholarships and other financial aid for these students.”²

Other Sources of Funds for Financial Assistance

Section 240.287, F.S., authorizes each university to invest available agency and activity funds and to use the earnings from such investments for student scholarships and loans. Each university must provide procedures for the administration of these scholarships and loans by rules.

STATE SPONSORS OF INTERNATIONAL TERRORISM

Title 22 of the United States Code, Section 2656(f) requires the Department of State to provide to Congress a full and complete annual report on terrorism for certain countries and groups. The legislation additionally requires a detailed assessments of foreign countries where significant terrorist acts occurred and countries about which Congress was notified during the preceding five years pursuant to Section 6(j) of the Export Administration Act of 1979. The Department of State’s most recent report, *Patterns of Global Terrorism*, as required by this provision was released by the Office of the Coordinator for Counterterrorism on April 30, 2001 providing the required information for the year 2000.

The Overview of State-Sponsored Terrorism portion of the report states that “[t]he designation of state sponsors of terrorism by the United States – and the imposition of sanctions – is a mechanism for isolating nations that use terrorism as a means of political expression. The United States is firmly committed to removing countries from the list once they have taken necessary steps to end their link to terrorism. In fact, the United States is engaged in ongoing discussions with North Korea and Sudan with the object of getting those governments completely out of the terrorism business and off the terrorism list.” Iran, Iraq, Syria, Libya, Cuba, North Korea, and the Sudan are the seven governments that the U.S. Secretary of State has designated as state sponsors of international terrorism.³ The report stresses that by law, if the United States deems a country to “repeatedly provide support for acts of international terrorism,” the U.S. Government is required to add such country to the list.

NATIONAL TRACKING OF STUDENT VISAS

In 1996, Congress passed a law requiring computerized tracking of students when they received visas, when they entered the country, and when they enrolled in college. The system is designed to allow the immigration service to quickly detect when a student has violated his or her visa conditions. The system is also designed to track a student’s course of study and any change of address. Congress has twice delayed the start date for the system. It is now scheduled to be available in January 2003.

Representatives of the Division of Colleges & Universities with the Florida Department of Education report that the new mandated tracking system of students visas, known as the Student and Exchange Visitor Information System (SEVIS) may be implemented as early as June 2002 by the U.S. Immigration and Naturalization Service (INS). According to DOE, “[i]n February – March 2002, there will be an opportunity for personnel from educational entities to attend one day workshops that will provide education on the technology and business practice of SEVIS and provide a place where there can be discussion on the challenges and development strategies for school-specific solutions for implementing SEVIS.”

² Chapter 2001-380, L.O.F.

³ List of countries as reported in the Secretary of State’s April 2001 *Patterns of Global Terrorism* report.

C. EFFECT OF PROPOSED CHANGES:

The bill, notwithstanding any other provision of law to the contrary, prohibits any funds from general revenue, the lottery, or financial aid fee revenues to be used to provide scholarships, fellowships, grants, loans, tuition or fee waivers, or other financial assistance to any nonresident alien student who is enrolled in a Florida public postsecondary institution and who is a citizen of any country that has been identified by the United States Department of State as terrorist or supporting terrorism. A student's country of citizenship is to be determined at the time of the student's enrollment.

The U.S. Secretary of State has designated seven governments as state sponsors of international terrorism. The seven governments include Iran, Iraq, Syria, Libya, Cuba, North Korea, and the Sudan.

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:

See fiscal comments.

2. Expenditures:

See fiscal comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

See fiscal comments.

2. Expenditures:

See fiscal comments.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

To the extent that students are forced to leave due to the lack of financial assistance from the state, private businesses may suffer slight decreases in revenue.

D. FISCAL COMMENTS:

Representatives of the Florida Department of Education report that the lack of state-funded student financial assistance may limit the number of students who are able to continue their enrollment at Florida public institutions. Therefore, there could be decreased enrollments in community colleges and state universities resulting in the loss of tuition and fees to the institutions. Additionally, some institutions may have to fill employee positions currently occupied by such students if the student is unable to maintain enrollment without the state financial assistance. DOE also reports that institutions will also need to put into place a tracking system to report on these students.

The Florida Community College System and the State University System report a total of 453 nonresident aliens from countries that the U.S. Secretary of State has deemed state sponsors of international terrorism. The SUS reported awarding \$183,910 in State-funded financial assistance to students from these countries for Fall 2001, while the FCCS awarded \$20,961. The following tables detail the total amounts awarded by country, award type, and system.

FLORIDA COMMUNITY COLLEGE SYSTEM (FCCS)

	Cuba	Iran	Iraq	Libya	N. Korea	Sudan	Syria	Total
Scholarships	\$0	\$163						\$1,663
Fellowships	\$0							\$0
Grants	\$ 3,650	\$1,640	\$1,300			\$650		\$26,478
Loans	\$13,558							\$41,084
Tuition waivers	\$0							\$0
Other	\$0							\$800
Total CC Financial Aid	\$17,208	\$1,803	\$1,300	\$0	\$0	\$650	\$0	\$20,961

STATE UNIVERSITY SYSTEM (SUS)

	Cuba	Iran	Iraq	Libya	N. Korea	Sudan	Syria	Total
Undergraduates								
Scholarships	\$0	\$26,209	\$4,346	\$0	\$2,086	\$1,794	\$1,359	\$35,794
Fellowships	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grants	\$0	\$21,632	\$773	\$0	\$1,250	\$0	\$3,573	\$27,228
Loans	\$0	\$4,250	\$0	\$0	\$0	\$0	\$0	\$4,250
Tuition waivers	\$0	\$13,175	\$0	\$0	\$0	\$0	\$0	\$13,175
Other	\$0	\$3,002	\$0	\$0	\$0	\$0	\$0	\$3,002
Undergrad Total	\$0	\$68,268	\$5,119	\$0	\$3,336	\$1,794	\$4,932	\$83,450
Graduate Students								
Scholarships		\$750	\$0	\$0	\$1,055	\$500	\$0	\$2,305
Fellowships	\$0	\$4,885	\$0	\$0	\$0	\$2,500	\$0	\$7,385
Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loans	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tuition waivers	\$5,216	\$28,517	\$0	\$0	\$10,175	\$2,267	\$10,730	\$56,905
Other	\$0	\$14,215	\$0	\$0	\$7,042	\$5,342	\$7,267	\$33,866
Grad Total	\$5,216	\$48,367	\$0	\$0	\$18,272	\$10,609	\$17,997	\$100,461
Total SUS Financial Aid	\$5,216	\$116,635	\$5,119	\$0	\$21,608	\$12,403	\$22,929	\$183,910

Total Combined State Funded Student Financial Assistance for the FCCS and the SUS

	Cuba	Iran	Iraq	Libya	N. Korea	Sudan	Syria	Total
Total Combined Financial Aid	\$22,424	\$118,438	\$6,419	\$0	\$21,608	\$13,053	\$22,929	\$204,871

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

A. APPLICABILITY OF THE MANDATES PROVISION:

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

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that counties or municipalities 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 violate any constitutional provisions.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

The bill has an effective date of January 1, 2001. The sponsor of the bill plans to offer and amendment that will change the effective date to "upon becoming a law".

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON COMMITTEE ON COLLEGES & UNIVERSITIES:

Prepared by:

Staff Director:

Maria L. Eckard

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