

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 1745 (formerly PCB EDK 03-01) Higher Education Finance Policy  
**SPONSOR(S):** Committee on Education K-20; Kilmer  
**TIED BILLS:** **IDEN./SIM. BILLS:**

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Higher Education (Sub)	4Y 1N	Tilton	Bohannon
2) Committee on Education K-20	16Y 9N	Tilton	Bohannon
3) Finance and Tax		Monroe	Diez-Arguelles
4) Education Appropriations (Sub)			
5) Appropriations			

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### SUMMARY ANALYSIS

HB 1745 proposes a number of changes to higher education finance policies including student residency classification, fee policies, and the Bright Futures Scholarship Program.

The bill revises the initial eligibility requirements for a Bright Futures scholarship, the renewal criteria, the length of time and number of credits for which a scholarship can be used, the award amount, and payments made to institutions for the scholarships. The bill also repeals the Bright Futures Scholarship Testing Program.

The bill revises provisions relating to the determination of a student's residency status for tuition purposes. The bill ties the statutorily-required minimum 12-month residency period to the student's initial enrollment in a Florida postsecondary institution.

The bill corrects several omissions resulting from the 2002 School Code Rewrite and authorizes state universities to establish a nonrefundable admissions deposit, an educational enhancement fee, and a technology fee. The admissions deposit may not exceed \$200. The educational enhancement fee and the technology fee are each capped at five percent of tuition.

The bill directs the State Board of Education to submit a plan to the Legislature for increased tuition and reduced funding for credit hours taken by a student in excess of the number of hours required for completion of the student's diploma, certificate, or degree program.

The fiscal impact of the bill is indeterminate. The changes to the Bright Futures program and the residency provisions should result in cost savings for the State. Implementation by the state universities of the newly authorized admission deposit, educational enhancement fee, and technology fee should result in increased revenues for those institutions.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

**STORAGE NAME:** h1745a.ft.doc  
**DATE:** April 11, 2003

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. DOES THE BILL:

- |                                      |   |                             |   |
|--------------------------------------|---|-----------------------------|---|
| 1. Reduce government?                | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/>            |
| 2. Lower taxes?                      | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom?        | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families?                 | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

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

#### B. EFFECT OF PROPOSED CHANGES:

HB 1745 proposes a number of changes to higher education finance policies including student residency classification, fee policies, and the Bright Futures Scholarship Program. The proposed changes are described in the following sections.

#### FLORIDA BRIGHT FUTURES SCHOLARSHIP PROGRAM

The Florida Bright Futures Scholarship Program is a lottery-funded scholarship program created by the 1997 Legislature to reward Florida high school graduates who merit recognition of high academic achievement and enroll in a degree program, certificate program, or applied technology program at an eligible Florida postsecondary institution. A student must initiate use of his or her scholarship within three years of high school graduation and may receive the scholarship for seven years following high school graduation.

The Bright Futures Scholarship Program is an “umbrella” program providing three types of scholarships: the Florida Academic Scholarship, the Florida Medallion Scholarship, and the Florida Gold Seal Vocational Scholarship. The Gold Seal Scholarship was specifically created to recognize and reward academic achievement and career and technical preparation by high school students who wish to continue their education. A Gold Seal student must complete the secondary school portion of a sequential program of studies and continue in a planned, related postsecondary education program. If a student’s school does not offer a two-plus-two or tech-prep program, the student must complete one of a group of selected job-preparatory career education programs identified by the Workforce Estimating Conference or Workforce Florida, Inc.

General eligibility criteria, initial eligibility criteria, and renewal criteria are set forth in statute. Except in certain circumstances, initial eligibility requirements for the Academic Scholarship and the Medallion Scholarship include a minimum test score on the SAT or ACT. Current law specifically provides that IB diploma recipients and students recognized as National Merit scholars and finalists, National Achievement scholars and finalists, and National Hispanic scholars are eligible to receive an Academic Scholarship or Medallion Scholarship. Additional eligibility criteria determine which of the two awards the student receives. Current law directs the State Board of Education to establish the minimum test score.

The award amount for a Bright Futures scholarship is prescribed in statute as a percent of tuition and fees at a public postsecondary institution. The term “fees” is not defined. Academic Scholars receive an additional stipend for educational expenses. The Department of Education transmits payments for the scholarships to the institutions where the scholarship recipient enrolls.

#### Initial/General Eligibility Criteria

HB 1745 clarifies that a scholarship recipient must be enrolled for a minimum of six semester credit hours (or the equivalent in quarter hours or contact hours) per term to receive an award.

Beginning with initial awards for the 2004-2005 academic year, a student must submit a Free Application for Federal Student Aid to receive an initial award from the Bright Futures program.

Initial eligibility criteria for the Florida Academic Scholarship and the Florida Medallion Scholarship are revised to treat students who participate in the Advanced International Certificate of Education (AICE) Program the same as students who participate in the International Baccalaureate (IB) Program. AICE courses and International General Certificate of Secondary Education courses will receive the same weighting for purposes of determining eligibility for a Bright Futures scholarship as AP courses, pre-IB courses, and IB courses.

The minimum test score required to qualify for a Florida Academic Scholarship is set in statute at the current level of 1270 on the SAT or an equivalent score on the ACT (28) or on an equivalent exam as determined by the State Board of Education.

Beginning with initial Medallion Scholarships for 2004-2005, the minimum test score required to qualify for a Florida Medallion Scholarship is set in statute at 1050 on the SAT for a student who can document a college-prep curriculum or an equivalent score on the ACT (22) or on an equivalent exam as determined by the State Board of Education. The test score for a student who cannot document a college prep curriculum is set in statute at 1150 on the SAT. The current test score requirement for the Medallion Scholarship for students who can document a college-prep curriculum is 970 on the SAT or 20 on the ACT. The current test score requirement for students who can not document a college-prep curriculum is 1070 on the SAT.

### **Renewal Criteria**

The minimum number of hours required to renew an award is revised from 12 semester hours or the equivalent per year. A student must complete a minimum of 12 hours per term if the student received a Bright Futures scholarship for full-time enrollment. The required number of hours for renewal is prorated for less than full-time enrollment.

The GPA for renewal must be based on all postsecondary work attempted.

Provisions relating to transfer from the Gold Seal component of the program to the Medallion component of the program are revised. A student is permitted to transfer from Gold Seal to Medallion upon completion of an associate degree or admission to the Upper Division of a 4-year institution.

### **Use of award**

The bill provides extended time for persons who serve in the military to use the scholarship.

The bill reduces the number of hours for which a scholarship can be received from 110% of the number of hours required to complete a student's program to the number of hours required to complete the program. A grandfather provision is included for current award recipients.

Beginning Fall 2005, use of the Gold Seal Scholarship is limited to students who enroll in certificate, diploma, and associate or baccalaureate programs that have been identified as being continuations of secondary and career and technical programs or certain programs identified by Workforce Florida, Inc. The State Board of Education must publish a list of such programs no later than December 31, 2004.

### **Award Amount**

The term "fees" is defined for purposes of a Bright Futures Scholarship. Fees are defined to include: the financial aid fee; capital improvement fee; building fee; Capital Improvement Trust Fund fee; activity and service fee; health fee; athletic fee; and lab fees which may not exceed \$300 per semester.

Effective with awards issued for the 2007-2008 year, the Legislature will establish in the General Appropriations Act the amount to be awarded to students for each type of scholarship.

### **Payments to Institutions**

Beginning with the 2003-2004 fiscal year, the amount that the State will pay to institutions per scholarship will be established in the General Appropriations Act. The value of the scholarship to the student will not change unless the student chooses to receive a cash payment or attends a private institution. These students will receive an award equal to the amount the State pays the public institutions.

### **Bright Futures Scholarship Testing Program**

The Bright Futures Scholarship Testing Program is a program designed to increase the use of acceleration mechanisms such as CLEP, IB, AP, and dual enrollment courses. Florida Academic Scholars and Florida Medallion Scholars who attend a state university or public community college are required to participate. Prior to registering for any course for which credit may be earned through a CLEP exam and no later than the second term a student registers, the student must have completed five acceleration attempts at earning college credit in the following areas: English, Humanities, mathematics, social sciences, and natural sciences. Credit earned in high school may be used to satisfy the requirement. If no college credit was earned prior to high school graduation, the student must take CLEP exams to satisfy the requirement. Each community college and state university must award credit for specific courses for which competency has been demonstrated by successful passage of the exams. There is no cost to the student to take the CLEP exams required by the program. The state university or the community college where the student enrolls must pay for the required CLEP exams from the institution's discretionary lottery funds.

A recent review of the Testing Program by OPPAGA found that pass rates on the CLEP exams have declined while total credit hours earned have increased since implementation of the program. The review further notes that future savings depend on students voluntarily accelerating their graduation. OPPAGA recommends that given the high costs and uncertain savings, the Legislature should discontinue the testing requirement. This PCB repeals the Bright Futures Scholarship Testing Program.

### **RESIDENCY FOR TUITION PURPOSES**

Current law requires students to be classified as residents or nonresidents for the purpose of assessing tuition in community colleges and state universities. To qualify as a resident for tuition purposes, a student, or the student's parents if the student is a dependent, must have established legal residence in the state and maintained legal residence in the state for at least 12 months immediately prior to the student's qualification. Presence in the state must have been for the purpose of maintaining a bona fide domicile, rather than for the purpose of maintaining a mere temporary residence or abode incident to enrollment in an institution of higher education.

A recent review of residency determination by the Office of Program Policy Analysis and Government Accountability concluded that residency criteria are unclear and inconsistently applied, jeopardizing the accuracy of residency determinations. The review recommended that the Legislature amend current laws relating to residency determination to aid in the clarification of residency criteria.

This bill revises residency criteria to require that a person reside in-state for 12 months immediately prior to initial enrollment at a postsecondary institution in Florida. Initial enrollment is defined as the

first day of classes. A student is eligible to be reclassified from nonresident to resident if the student provides documentation that supports the student's permanent residency in the state such as documentation of permanent full-time employment for a minimum of 12 months or purchase of a home in this state and residence in said home for a minimum of 12 months. If the student is a dependent child, the residency requirements apply to the student's parents.

The bill defines certain graduate teaching assistants and graduate research assistants who are employed at least half-time as residents for tuition purposes while the student is employed in such a position.

## **STUDENT FEE POLICY**

The bill corrects several omissions resulting from the 2002 School Code Rewrite. It restores language indicating that the sum of nonresident tuition and out-of-state fees charged to undergraduates must be sufficient to defray the full cost of undergraduate education. It restores language tying the Apprenticeship tuition and fee exemption to the Apprenticeship Program. It restores language tying the tuition and fee exemption for students lacking a permanent residence to students participating in workforce development programs.

The bill authorizes a nonrefundable admissions deposit for state universities. The admissions deposit is assessed at the time an applicant is accepted by the university, may not exceed \$200, and will be applied toward the tuition of students who enroll at the institution. If a university board of trustees establishes an admissions deposit, the board must adopt policies that provide for waiver of the deposit in cases of financial hardship.

The bill also authorizes state universities to assess a technology fee and an education enhancement fee. Each fee is capped at five percent of tuition and must be recommended by a fee committee, at least one-half of whom are students appointed by the student body president.

## **OTHER**

The bill eliminates current language tying community college fines to the "cost of service provided."

The bill requires the State Board of Education to recommend a plan to the Legislature by December 31, 2003, that provides for increased tuition and reduced funding for credit hours taken by a student when such credit hours exceed the number of credit hours required for completion of the diploma, certificate, or degree program in which the student is enrolled. The degree programs addressed in the plan must include all levels -- associate, undergraduate, graduate, and professional degree programs.

### **C. SECTION DIRECTORY:**

Section 1. Amends s. 1009.21, F.S., to revise provisions relating to determination of resident status for tuition purposes.

Section 2. Amends s. 1009.23, F.S., to delete provisions relating to fines assessed by community colleges.

Section 3. Amends s. 1009.24, F.S., to revise provisions relating to undergraduate tuition and fees and authorize state universities to establish a nonrefundable admissions deposit, an educational enhancement fee, and a technology fee.

Section 4. Amends s. 1009.25, F.S., to restore provisions relating to fee exemptions that were omitted during the 2002 School Code Rewrite.

Section 5. Amends s. 1009.53, F.S., relating to the Bright Futures Scholarship Program, to revise provisions relating to initial use of the award and to revise the process for paying institutions.

Section 6. Amends s. 1009.531, relating to the Bright Futures Scholarship Program, to revise initial eligibility criteria.

Section 7. Amends s. 1009.532, F.S., relating to the Bright Futures Scholarship program, to revise renewal criteria and the number of hours for which an award may be received.

Section 8. Amends s. 1009.534, F.S., relating to the Florida Academic Scholarship, to revise provisions relating to initial eligibility criteria, award amount, and renewal criteria.

Section 9. Amends s. 1009.535, F.S., relating to the Florida Medallion Scholarship, to revise provisions relating to initial eligibility criteria, award amount, and renewal criteria.

Section 10. Amends s. 1009.536, F.S., relating to the Florida Gold Seal Vocational Scholarship, to revise provisions relating to the types of programs for which the scholarship may be used; to require the State Board of Education to identify such programs; to revise provisions relating to award amount, renewal criteria, the number of hours for which an award may be received, and provisions relating to transfer from the Gold Seal Scholarship to the Medallion Scholarship.

Section 11. Creates s. 1009.5365, F.S., relating to Bright Futures Scholarship subsidies for public postsecondary institutions.

Section 12. Repeals s. 1009.538, F.S., relating to Bright Futures Scholarship recipients attending nonpublic institutions.

Section 13. Repeals s. 1009.539, F.S., relating to the Florida Bright Futures Scholarship Testing Program.

Section 14. Requires the State Board of Education to submit a plan to the Legislature regarding fees and funding for excess hours.

Section 15. Provides an effective date.

## **II. 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:

See FISCAL COMMENTS.

D. FISCAL COMMENTS:

The fiscal impact of this PCB is indeterminate.

A student's residency for tuition classification determines whether or not the student must pay an out-of-state fee at a public postsecondary institution and also a student's eligibility to participate in certain programs that provide financial assistance such as the Florida Student Assistance Grant (FSAG) Program, the Florida Bright Futures Scholarship Program, and the Florida Resident Access Grant (FRAG) Program. To the extent that students have been classified incorrectly in the past, public postsecondary institutions may experience increased fee revenues and the costs associated with the participation of ineligible recipients in state financial assistance programs may be reduced. The costs to certain students to continue their postsecondary education in Florida may increase.

Estimates of the fiscal impact of classifying certain graduate students as residents for tuition purposes were not available at the time this analysis was prepared.

The impact of permitting state universities to establish an admissions deposit, technology fee, and educational enhancement fee is indeterminate. The admissions deposit, which may not exceed \$200, is imposed at the time of an applicant's acceptance and must be applied toward a student's tuition if the student enrolls at the institution. Otherwise, revenues from the deposits must be used to expand financial assistance, scholarships, and counseling services at the universities. The technology fee and educational enhancement fee are each capped at five percent of tuition. The extent to which each university will choose to establish each of these fees at the maximum amount is not known. Implementation of the fees will result in increased revenues for an institution.

The fiscal impact of the proposed changes to the Bright Futures Scholarship Program is indeterminate. A recent review by OPPAGA reports that raising the minimum test score requirement for the Medallion Scholarship from 970 to 1050 would have resulted in a loss of up to 39% of the 2001-2002 Medallion Scholars. The extent to which any of the students in this group qualified in a manner other than meeting the minimum test score requirement was not known at the time this analysis was prepared. OPPAGA estimates that this reduction would have produced a maximum savings of \$13.9 million for the first year of implementation of the higher test score requirement. The fiscal impact on students who would no longer receive the award and their families is unknown.

Specific Appropriation 7B of the 2002 General Appropriations Act provides a \$7.9 million appropriation for the Bright Futures Scholarship Testing Program from the Educational Enhancement Trust Fund. Section 1009.539, F.S., requires state universities and public community colleges to pay for the exams required by the testing program from their discretionary funds. Repeal of the program will relieve these institutions of that requirement.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

There do not appear to be any constitutional problems.

**B. RULE-MAKING AUTHORITY:**

The State Board of Education is authorized to adopt rules to implement the provisions of s. 1009.5365, F.S., which relates to the Bright Futures Scholarship subsidy to public postsecondary institutions.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**