

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 795

Student Financial Assistance

SPONSOR(S): Flores

TIED BILLS:

IDEN./SIM. BILLS: SB 1750

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Colleges & Universities Committee</u>	_____	<u>Hatfield</u>	<u>Tilton</u>
2) <u>Education Appropriations Committee</u>	_____	_____	_____
3) <u>Education Council</u>	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

On January 11, 2006 Governor Bush announced his Access and Diversity Initiative (Initiative). According to the Governor's January 11th Press Release, the purpose of the Initiative is to provide incentives to traditionally underrepresented students seeking an education in Florida's state university system. The Initiative includes recommendations by the Governor for increased funding for need based financial aid, the creation of a new scholarship program titled the First Generation Matching Grants, and the creation of an Access and Diversity Commission (Commission).

HB 795 creates the First Generation Matching Grants Program (program). The program is created to enable each state university to provide donors with a matching grant incentive for contributions that will create grant-based student financial aid for undergraduate students who demonstrate financial need and whose parents have not earned college degrees. The bill requires applicants to meet certain eligibility requirements in order to receive a grant.

The bill requires appropriated funds for the program to be deposited in the State Student Financial Assistance Trust Fund and requires the Board of Governors to allocate the program's appropriated funds to match private contributions on a dollar-for-dollar basis.

Each participating state university is required to establish an application process, determine student eligibility for initial and renewal awards in conformance with the eligibility requirements each applicant must fulfill, identify the amount awarded to each recipient, and notify recipients of the amount of their awards. The bill also requires an annual report by each participating state university to be submitted to the Board of Governors, the Executive Office of the Governor, the Speaker of the House of Representatives, and the President of the Senate.

The bill requires the Board of Governors to adopt rules to implement this program.

The bill does not currently provide an appropriation for the program. In order to implement the program, this should be addressed in a subsequent committee or in the General Appropriations Act. Please see the FISCAL COMMENTS section of the bill analysis.

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

STORAGE NAME: h0795.CU.doc

DATE: 2/27/2006

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government—The bill creates the First Generation Matching Grant Program to provide financial aid to undergraduate students with financial need whose parents have not earned college degrees. In creating this program, the bill provides duties of state universities participating in the program and requires the Board of Governors to adopt rules.

Safeguard individual liberty—The bill provides for grants to be awarded to eligible applicants to cover the annual cost of attendance at a state university. Recipients of this grant have the ability to attend a state university where previously this may not have been possible.

Empower families—The bill provides for grants to be awarded to eligible applicants to cover the annual cost of attendance at a state university. This may benefit families who do not have the financial means to send a family member to college if a family member is awarded a grant under this program.

B. EFFECT OF PROPOSED CHANGES:

Background

On January 11, 2006 Governor Bush announced his Access and Diversity Initiative (Initiative). According to the Governor's January 11th Press Release, the purpose of the Initiative is to provide incentives to traditionally underrepresented students seeking an education in Florida's state university system. The Initiative includes recommendations by the Governor for increased funding for need based financial aid, the creation of a new scholarship program titled the First Generation Matching Grants, and the creation of an Access and Diversity Commission (Commission).

In addition to the announcement of the Initiative, the Governor also signed Executive Order 06-05 creating the 17-member Commission. The Executive Order provides for the Commission to meet in conjunction with the Student Affairs Committee of the Florida Board of Governors to evaluate issues surrounding disadvantaged and traditionally underrepresented students and advocate and make recommendations concerning the following:

- Specific accountability and performance measures regarding traditionally underrepresented and economically disadvantaged students for the Board of Governors and state universities to include in their strategic plans or performance evaluations.
- Need-based financial aid: Enhanced public and private need-based aid and financial assistance and, specifically, increased funding for Florida Student Assistance Grants (FSAG).
 - According to the Governor's Press Release, the Governor plans to recommend a \$35.8 million increase in need-based funding through FSAG and will also recommend an additional \$1.1 million in funding for need-based financial aid at Florida's four Historically Black Colleges and Universities.
- College Board Partnership: Additional funding for the College Board Partnership to expand services that enhance student college readiness for traditionally underrepresented students. Services include AP, PSAT and SAT teacher training; college admission test preparation; SAT preparation; tutoring programs to help students transition into college and family information on colleges.

- According to the Governor's Press Release, the Governor plans to recommend an increase in funding for the state's partnership with the College Board from \$7.1 million to \$10.1 million.
- Stanley Tate Project STARS SCHOLARSHIP Program: Additional funding for the STARS Program, which provides prepaid scholarships for at-risk, low-income students who remain drug and crime-free, stay in school and work with a mentor.
 - According to the Governor's Press Release, the Governor plans to recommend an increase in funding for this program by \$4 million, for a total of \$10 million. These state funds combined with private donations will provide an additional 2,090 scholarships, which pay for tuition at state universities and community colleges.
- College Reach-Out Program (CROP): Increased funding for CROP to provide additional after-school and weekend counseling and tutorial services, to increase participation in AP classes, to provide transportation to classes for dually enrolled students, and to purchase computers to provide increased access to the Florida Virtual School.
 - According to the Governor's Press Release, the Governor will recommend a \$1 million increase in funding for the CROP program. The funding will expand counseling and tutorial services, serving an additional 1,654 individuals, for a total of 10,200 students. It will also help expand after-school and Saturday programs, provide transportation to classes for dually enrolled students and assist in the purchase of computers to provide access to the Florida Virtual School across the 38 CROP postsecondary institutions.
- First Generation Matching Grants: The establishment of this program will provide scholarships to full-time students who are Florida residents, are the first in their families to attend college, and have demonstrated a financial need.
 - According to the Governor's Press Release, this \$6.5 million program will provide a dollar-for-dollar match for private donations to state universities
- University Presidents' Focus on Achievement Mentoring Partnership: Expanding mentoring to target low income middle school students and matching them with local campus compact mentors trained by Volunteer Florida Foundation. The purpose is to encourage economically disadvantaged and traditionally underrepresented students to pursue postsecondary goals and prepare these students for state university enrollment.

Executive Order 06-05 requires the Commission to present a Final Report on its findings and recommendations to the Governor, the President of the Senate, the Speaker of the House of Representatives, and the Board of Governors by June 30, 2006. At such time the Commission will also disband.

Effect of Proposed Changes

The bill creates the First Generation Matching Grant Program (program), one of the seven initiatives the Governor's Executive Order addressed. The program is created to enable each state university to provide donors with a matching grant incentive for contributions that will create grant-based student financial aid for undergraduate students who demonstrate financial need and whose parents have not earned college degrees.

The bill requires appropriated funds for the program to be deposited in the State Student Financial Assistance Trust Fund. Any undisbursed balance remaining in the Trust Fund and any interest income accruing to the portion of the Trust Fund that is appropriated for the program must remain in the Trust Fund. The increase in total funds must then be available for the program.

The bill requires the Board of Governors to allocate the program's appropriated funds to match private contributions on a dollar-for-dollar basis. Matching funds must be generated through contributions made to a state university after July 1, 2006, and pledged for the purpose of this program. Pledged contributions are not eligible for matching prior to the actual collection of the total funds. The bill further requires the Board of Governors to reserve a proportionate allocation for each state university on the basis of full-time equivalent enrollments. Funds that remain unmatched must be reallocated on the same basis as the original allocation and disbursed to state universities that have remaining unmatched private contributions for the program.

In order to be eligible to receive a grant from this program, the bill requires an applicant to:

- Be a resident for tuition purposes pursuant to s. 1009.21, F.S.
- Be a first-generation college student. For the purposes of this program, a student is considered "first-generation" if neither parent, as defined in s. 1009.21(1), F.S., earned a college degree at the associate level or higher.
- Be accepted at a state university.
- Be enrolled as a full-time, degree-seeking undergraduate student.
- Have demonstrated financial need by completing the Free Application for Federal Student Aid.
- Have applied for a federal Pell Grant. A Pell Grant entitlement must be considered when conducting an assessment of the financial resources available to each student.

The bill requires each participating state university to establish an application process, determine student eligibility for initial and renewal awards in conformance with the eligibility requirements each applicant must meet, identify the amount awarded to each recipient, and notify recipients of the amount of their awards. No award may exceed the annual cost of attendance calculated for comparable undergraduate students attending the institution.

The bill requires each participating state university, no later than July 1 of each year, to report to the Board of Governors, the Executive Office of the Governor, the Speaker of the House of Representatives, and the President of the Senate regarding eligibility requirements for recipients, the aggregate demographics of recipients, retention and graduation rates of recipients, and a delineation of funds awarded to recipients.

The bill provides that payment of the state matching grant is to be transmitted to the president of each participating institution in advance of the registration period.

The bill requires the Board of Governors to adopt rules to implement this program.

The effective date of the bill is July 1, 2006.

C. SECTION DIRECTORY:

Section 1: Creates s. 1009.701, F.S., which creates the First Generation Matching Grant Program to provide financial aid to undergraduate students with financial need whose parents have not earned college degrees; providing for appropriation, allocation, and distribution of funds; providing student eligibility requirements; providing duties of state universities participating in the program; and requiring the Board of Governors to adopt rules.

Section 2: Provides an effective date of July 1, 2006.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

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

2. Expenditures:

Please see FISCAL COMMENTS.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

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

2. Expenditures:

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

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill requires matching funds; therefore, there will be an impact on the private sector as universities will need donations to be made for this program in order to receive any funding from the state.

The bill provides for grants to be awarded to eligible applicants to cover the annual cost of attendance at a state university. Recipients of this grant have the ability to attend a state university where previously this may not have been possible.

D. FISCAL COMMENTS:

The bill does not currently provide an appropriation for the program. In order to implement the program, this should be addressed in a subsequent committee or in the General Appropriations Act.

According to the Governor's January 11, 2006 Press Release, Governor Bush and Lt. Governor Jennings are recommending a total of \$52.4 million in the 2006-07 budget for the Governor's Access and Diversity Initiative. Line item 79 of the Governor's Budget Recommendations for fiscal year 2006-07 provides \$6.5 million from the General Revenue Fund for the First Generation Matching Program created in this bill.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require a city or county to spend funds or to take any action requiring the expenditure of funds.

2. Other:

The bill does not appear to raise constitutional issues.

B. RULE-MAKING AUTHORITY:

The bill requires the Board of Governors to adopt rules to implement the program.

C. DRAFTING ISSUES OR OTHER COMMENTS:

All students who complete the Free Application for Federal Student Aid are automatically reviewed for federal Pell Grant eligibility.¹ Therefore, the eligibility criteria provided in subsection (4)(f) of the bill, requiring an applicant to apply for a federal Pell Grant, is not needed.

¹ See www.collegeboard.com

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES