

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 231 Student Financial Assistance

SPONSOR(S): Schools & Learning Council; Ambler and others

TIED BILLS: **IDEN./SIM. BILLS:** CS/SB 346

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Schools & Learning Council	15 Y, 0 N, As CS	Thomas/Eggers	Cobb
2) Policy & Budget Council			
3)			
4)			
5)			

SUMMARY ANALYSIS

CS/HB 231 does the following:

- Creates the Sure Futures Graduate Scholarship Program to match private-sector businesses with students who are seeking graduate degrees and employment;
- Provides that a corporate sponsor (sponsor) will provide a scholarship for a student (scholar) who contracts with the sponsor to work for a minimum of four years after graduation from a state university with a graduate degree;
- Establishes the Sure Futures Foundation (foundation) as a non-profit organization and provides for the membership and duties of the foundation board to administer the program;
- Provides that the foundation board may enter into an agreement with a state university, the Department of Education or the Board of Governors for the operations and administration of this program;
- Provides for eligibility of, and contracts between, scholars and sponsors;
- Provides for a scholarship loan to the scholar if the sponsor terminates the employee with cause;
- Authorizes the Office of Student Financial Assistance in the Department of Education to administer the scholarship loans; and
- Authorizes the State Board of Education to adopt rules to administer this program.

The bill provides for a \$300,000 noninterest loan from nonrecurring general revenue be appropriated for the 2008-09 fiscal year to be repaid by the foundation on or before December 31, 2010. Such funds are for costs associated with administration of the Sure Futures Foundation Program. The General Appropriations Act approved by the House of Representatives (HB 5001) on April 10, 2008, does not include an appropriation in the education budget for this program. Beginning July 1, 2009, the bill provides that sponsor contributions made to the program are eligible to be matched by the Legislature. Sponsor contributions must cover at a minimum of 50% of the total cost of the graduate program. **See Fiscal Comments.**

The bill provides an effective date of July 1, 2008, except for implementation of the dollar for dollar match, which is effective July 1, 2009.

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

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FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government –

- The bill provides for the creation of a Sure Futures Graduate Scholarship Program to match private-sector businesses with students who are seeking advanced degrees and employment.
- The bill creates the Sure Futures Foundation to administer the scholarship program.
- The bill authorizes the Office of Student Financial Assistance to administer the scholarship loan; establish a standard application; and establish a central data base of sponsors and student applicants.
- The bill requires each state university to offer students information concerning the program.
- The bill requires the Department of Education to annually establish the amount necessary to cover the cost for the degree program for which sponsors may make contributions. DOE is also required to set the interest of scholarship loans and other charges.
- The bill provides the State Board of Education with rulemaking authority for administration and implementation of the Sure Futures Scholarship Program.

B. EFFECT OF PROPOSED CHANGES:

Background

Academic departments with the state universities provide financial assistance to graduate students who serve as teaching assistants or paid interns. Current law authorizes each university board of trustees to waive tuition and out-of-state fees for purposes which support and enhance the mission of the university, based on policies adopted by the boards of trustees.¹ Graduate students are eligible to borrow a combined subsidized and unsubsidized federal aggregate loan amount of up to \$138,500 and may also be eligible for private student loans with no aggregate maximum.

Florida Scholarship and Loan Forgiveness programs related to work include:

- The Medical Education Reimbursement and Loan Repayment program in s. 1009.65, F.S., administered by the Department of Health;
- The Nursing Student Loan Forgiveness Program in s. 1009.66, F.S., administered by the Department of Health; and,
- The Critical Teacher Shortage Student Loan Forgiveness program in s. 1009.59, F.S., administered by the Department of Education's Office of Student Financial Aid.

¹ s. 1009.26, F.S.

Effect of Proposed Changes

CS/HB 231 creates the Sure Futures Graduate Scholarship Program to match private-sector businesses needing employees who have graduate degrees with students who are seeking both graduate degrees and employment.

The Sure Futures Foundation (foundation), a non-profit entity under s. 501(c)(3) of the Internal Revenue Code, is created to administer the scholarship program. The foundation will be governed by the Sure Futures Foundation Board. The foundation may enter into an agreement with a state university, the Department of Education, or the Board of Governors to provide operational and administrative services to the foundation. Specifically, the foundation would:

- Adopt policies and procedures for implementation of the program;
- Establish processes and procedures for the receiving and management of funds for the program;
- Provide awareness of the program;
- Establish a process for matching sponsors with scholars; and,
- Establish, in coordination with the Office of Student Financial Assistance, and maintain the foundation's scholarship loans, when applicable.

The foundation board would administer the foundation and would be comprised of the following eleven members:

- The Commissioner of Education, or designee, as an ex officio member;
- The Chair of the Board of Governors, or designee, as an ex officio member;
- Three members of the state university system, with at least one member being a State University President, appointed by the Governor to serve 2-year terms;
- Three sponsors participating in the program, recommended by the Commissioner of Education and appointed by the Governor, to serve 2-year terms;
- One graduate student recommended by the Commissioner of Education and appointed by the Governor to serve a 1-year term; and,
- One member of the House of Representatives, as an ex-officio member, and one member of the Florida Senate, as an ex-officio member, appointed by the Speaker of the House and President of the Senate respectively, to serve a 2-year term;

The foundation members must serve without compensation, but will be eligible for per diem and travel expenses, pursuant to s. 112.061, F.S., incurred during the performance of their responsibilities.

Student Eligibility and Potential Sponsor Provisions

To be eligible, a student must apply and be admitted into a graduate program within the areas of critical need identified by the Board of Governors in its most recent 10-year strategic plan.² The following students would be eligible to apply to the graduate degree programs for which the sponsors are seeking employees:

- A student in his or her senior year who is an undergraduate student at a state university or a private college or university in Florida;
- A student in his or her senior year who is an undergraduate student at an out-of-state university but who would otherwise qualify as a resident for tuition purposes; and
- A graduate of a state university or a private college or university who qualifies as a resident for tuition purposes.

² The 2005-2015 Board of Governors Strategic Plan identifies critical needs in certain education and health professions.

An employer may participate in the Sure Futures Graduate Scholarship Program by submitting a letter of interest to become a sponsor. The foundation will review student applications and the employer's letters of intent to match students and potential sponsors. The foundation will notify the student applicant and potential sponsor of a match and the potential sponsor will interview and notify the foundation of its prioritized matches. The foundation would make the final match determination.

Contract Provisions

Once a match is finalized, the student and sponsor will execute a contract whereby the scholar agrees to the scholarship loan offered by the sponsor with a waiver-of-payment if a 4-year employment obligation is completed. The scholarship would cover tuition, fees, and books for the degree program, health insurance, and room and board based on the university dormitory and meal plan rate for each year the student is enrolled full time as a graduate student.

A student must maintain a minimum grade point average as determined by the sponsor. If a scholar is unable to take a full course load during a summer semester, the scholar may be required by the sponsor to participate in an internship program. Upon graduation, a graduate would begin working for and remain employed by the sponsor for a minimum of four years in Florida. If a student fails to maintain the required grade point average or the graduate terminates his or her employment before completing the 4-year obligation, a prorated portion of the scholarship will convert to a scholarship loan. Should a sponsor be unable to complete the obligations of the contract, the scholar will be matched with an alternate sponsor.

The terms of the contract must include as a condition of the scholar accepting a match with a sponsor provisions for noncompetition, non-solicitation, and nondisclosure, for up to 4 years following the scholar's completion of graduate degree requirements.

Sponsorships

To participate in the program, a sponsor will contribute funds to the program in amounts equal to 50 percent of the scholarship funds necessary for completion of a degree program from the applicable university plus an annual payment of three percent per year to cover the administrative costs. Contributions must be made in one lump sum payment to the foundation in accordance with guidelines specified by the foundation. Beginning July 1, 2009, the sponsor contributions are eligible for matching by the state on a dollar for dollar basis to the extent funds are appropriated by the Legislature for this purpose.

A sponsor may establish criteria, including, but not limited to: the degree sought, minimum grade point average, and extracurricular activity requirements. A sponsor may select the state universities at which students may enroll, or it may allow its scholarships to be available for study at any state university.

If a sponsor terminates a scholarship employee without cause prior to the employee's completion of the 4-year obligation, the employee will not be required to repay any portion of the scholarship and may be matched with another sponsor to complete the remaining 4-year contracted employment period. However, if a sponsor terminates a scholarship employee with cause prior to the 4-year employment obligation, the employee is required to repay a prorated portion of the scholarship in the form of a scholarship loan.

Accountability and Organizational Provisions

The bill directs DOE's Office of Student Financial Assistance (OSFA) to establish a central database of sponsors, the graduate degree programs for which the sponsors are seeking candidates, and student applicants and their profiles, as well as establish a standard application for use by all state universities. This bill further authorizes OSFA to administer the scholarship loan. Credit for repayment of a scholarship loan will not exceed 25% in loan principal plus interest for a full year of employment service. A scholar is required to repay the scholarship loan within 10 years.

On an annual basis, DOE is required to establish the amount necessary to cover the costs for degree programs for which sponsors may make contributions. Further, DOE is required to set the interest rate of scholarship loans and other charges.

The bill requires that a scholarship loan recipient is responsible for repaying the scholarship loan plus accrued interest and may receive loan repayment credit when matched with another sponsor at any time during the scheduled repayment period. The repayment credit is applicable only to the current principal and accrued interest balance remaining at the time the repayment credit is earned. A scholarship loan recipient will not be reimbursed for previous cash payments of principal and interest.

The bill requires each state university to offer students information concerning the program. A university may provide additional information or activities, such as providing one-on-one discussions with advisors, conducting seminars on the program, or working with companies in its service area to create scholarships through the program.

The bill encourages state agencies, local workforce boards, chambers of commerce, and Enterprise Florida, Inc., to promote participation in the program by students and sponsors.

The State Board of Education is given authority to adopt rules to implement the program, including rules for the necessary forms and the scholarship loan terms, repayment schedules, collection, settlement and charging off of delinquent unpaid and uncanceled scholarship loan notes.

C. SECTION DIRECTORY:

Section 1. Creates s. 1009.893, F.S., creating the Sure Futures Graduate Scholarship Program; providing purposes and goals for the program.

Section 2. Creates s. 1009.894, F.S., providing legislative findings and definitions; establishing the Sure Futures Foundation and a foundation board to administer the program; providing membership and duties of the board; providing eligibility criteria for participation in the program by students and sponsors; providing procedures for application to the program and selection of participants; requiring that sponsors and students participating in the program enter into a contract and specifying certain terms; providing benefits and requirements for students selected to participate in the program; requiring that a participating student who graduates with an advanced degree remain employed by his or her sponsor in this state for a specified period; providing that a prorated portion of the scholarship shall convert to a scholarship loan if certain obligations are not met; requiring that a sponsor make specified monetary contributions for scholarships and administrative costs of the program; providing for state matching of funds; authorizing sponsors to establish terms of sponsorship and specify universities at which a student may enroll to receive sponsorship; providing requirements if a sponsor terminates a scholarship employee; requiring that the Department of Education annually establish the amount necessary to cover certain costs; assigning administrative authority over scholarship loans to the Office of Student Financial Assistance in the department; providing duties and responsibilities of the State Board of Education, the department, and recipients with respect to the scholarship loans and their repayment; requiring that state universities make available certain information regarding the program; encouraging certain entities to promote participation in the program; requiring rulemaking.

Section 3. Provides an appropriation.

Section 4. Provides an effective date of July 1, 3008.

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:

2. Expenditures:

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Participating corporate sponsors would be eligible to receive state matching funds for the funding they provide toward the education of a future employee through the scholarship program.

The bill reduces the cost of recruitment and retention of graduate degree candidates in Florida by providing private businesses in Florida the avenue to secure identified critical need employees in advance of their out-of-state competitors. The bill provides a work-force development incubator of Florida students for Florida businesses in the identified critical need areas for advancing Florida's growth and economic development

D. FISCAL COMMENTS:

The bill provides for an appropriation from nonrecurring general revenue a sum not to exceed \$300,000 for a noninterest loan to the Sure Futures Foundation for the purpose of establishing and administering the Sure Futures Graduate Scholarship Program. The General Appropriations Act approved by the House of Representatives (HB 5001) on April 10, 2008, does not include an appropriation in the education budget for this program.³

The bill requires a sponsor to contribute funds to the program in amounts equal to 50 percent of the scholarship funds necessary for completion of a degree program. In addition, the bill requires an additional 3% contribution to the program over and above the 50% contribution for a scholar to cover administrative costs of the program. Administrative costs will include costs incurred by the entity with which the foundation may contract to implement the program as well as costs associated with reimbursement for travel and per diem expenses incurred by foundation board members.

³ Appropriations for education are provided in Section 1 and 2 of HB 5001.

Beginning July 1, 2009, to the extent funds are appropriated by the Legislature for the purposes of this program, contributions made for scholarships by eligible sponsors would be eligible for a dollar-for-dollar match. There may be an indeterminate fiscal cost to the universities if these matching funds compete with other gifts to be matched.

The Office of Student Financial Assistance may need one additional FTE to develop and maintain the application process and data base management of sponsors and scholars as proposed in this bill.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require a city or county to expend funds or to take any action requiring the expenditure of funds.

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

This bill does not appear to reduce the percentage of state tax shared with counties or municipalities.

2. Other:

B. RULE-MAKING AUTHORITY:

This bill provides rulemaking authority for administration and implementation of the Sure Futures Scholarship Program to the State Board of Education pursuant to ss.120.120.536(1) and 120.54, F.S.

C. DRAFTING ISSUES OR OTHER COMMENTS:

D. STATEMENT OF THE SPONSOR

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES