

II. Present Situation:

Financial Assistance to Graduate Students

Academic departments within the state universities provide financial assistance to graduate students who serve as teaching assistants or paid interns. Universities also may waive tuition for certain graduate students, as authorized in the General Appropriations Act (GAA). For FY 2007-2008, the GAA authorizes each university board of trustees to waive tuition and out-of-state fees for purposes that 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 also may 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.

University Major Gifts Program

The University Major Gifts Program, established in s. 1011.94, F.S., enables each public state university to provide donors with an incentive in the form of matching grants for donations which establish permanent endowments. The Board of Governors must specify the process for submission, documentation, and approval of requests for matching funds, accountability for endowments and proceeds of endowments, allocations to universities, restrictions on the use of the proceeds from endowments, and criteria used in determining the value of donations. The Board of Governors must allocate the amount appropriated to each university based on the amount of the donation and the restrictions applied to the donation. As of 2/29/2008, there were \$85 million in major gifts to Florida public universities for which matching funds are not provided in the Senate or House of Representatives budget..

III. Effect of Proposed Changes:

Section 1 creates s. 1009.893, F.S., the Sure Futures Postgraduate Scholarship Program. The program's goal is to match private-sector businesses needing employees who have advanced degrees, with students who are seeking both advanced degrees and employment. This section also expresses the program's goals, which are to create a more highly educated workforce, and to recruit and retain Florida's best and brightest graduate students by offering them comprehensive financial assistance and potential employment with businesses interested in partnering with the program.

¹ General Appropriations Act for Fiscal Year 2007-2008, specific appropriation 156, ch. 2007-72, L.O.F.

Section 2 creates s. 1009.894, F.S., the Sure Futures Foundation (foundation), to administer the new scholarship program. The section expresses a number of legislative findings, and defines the new terms created for the Sure Futures program.

The foundation will be a non-profit entity under s. 501(c)(3) of the Internal Revenue Code. The foundation's responsibilities are to:

- Adopt policies for implementation of the program;
- Approve sponsors and their scholarship criteria;
- Establish a process for matching sponsors with scholars at the inception of the scholar's graduate studies;
- Establish and maintain, when applicable, the foundations student loans; and
- Establish a process for the approval of printed materials, marketing, and advertising.

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

- The Commissioner of Education as an ex officio member;
- The chair of the Board of Governors as an ex officio member;
- Four state university presidents selected by the State University Presidents Association to serve 2-year terms;
- Four sponsors participating in the program, recommended by the Commissioner of Education and selected by the Governor, to serve 2-year terms; and
- One graduate student recommended by the Commissioner of Education and selected by the Governor to serve a 1-year term.

The Commissioner of Education, the chair of the Board of Governors, the university presidents, and the sponsors may designate specific individuals to represent them at board meetings.

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

The Institute of Science and Public Affairs at Florida State University must provide administrative support and staff to the foundation.

This section also details student eligibility requirements. To be eligible, a student must be admitted into a postgraduate program within the 16 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 obtain a list of sponsors and the graduate degree programs for which the sponsors are seeking candidates:

- 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;

² The 2005-2015 Board of Governors Strategic Plan identifies critical needs in certain education and health professions. It is not clear what the bill means by "16 identified areas of critical need."

- 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 purposes of in-state tuition; and
- A graduate of a state university or a private college or university in Florida who intends to pursue a graduate degree program at a state university.

There is no requirement that the student be a Florida resident.

A student must apply through the program to the Sure Futures Foundation using a standard application form, subject to a maximum number of applications a student may submit in a given scholarship cycle. A student selected by a sponsor would sign a contract agreeing to borrow scholarship funds through the program, with a waiver of repayment 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 student is unable to take a full course load during a summer semester, the student may be required by the sponsor to participate in an internship program. Upon graduation with an advanced degree, a graduate would begin working for the sponsor and would remain employed by the partner for a minimum of 4 years in Florida, as stipulated in the contract. If a student failed 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 would convert to a low-interest loan.

Additionally, this section explains the requirements for business sponsorships. To participate in the program, a sponsor would 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 3 percent per year, per degree program to cover the administrative costs. Contributions may be made in one lump sum or on an annual basis. The state must match the grants under the University Major Gifts Program established in s. 1011.94, F.S. This program applies to the state's public universities.

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. The bill does not say specifically whether the program is limited to public universities or whether any university located in the state is eligible to participate.

If a sponsor terminates a scholarship employee for reasons other than malfeasance, misfeasance, or nonfeasance prior to the employee's completion of the 4-year obligation, the employee would not be required to repay the scholarship. A sponsor is encouraged to establish protocols to retain an employee prior to his or her termination.

A number of procedural and accountability requirements are specified in this section, including:

- The Department of Education's Office of Student Financial Assistance (OSFA) is directed 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.

- On an annual basis, the Department of Education (DOE) is required to establish the amount necessary to cover the costs for degree programs for which sponsors may make contributions.
- Each state university must 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.
- State agencies, local workforce boards, chambers of commerce, and Enterprise Florida, Inc., are encouraged to promote participation in the program by students and sponsors.

Finally, this section gives DOE authority to adopt rules to implement the program, including rules for the necessary forms.

Section 3 appropriates a sum not to exceed \$300,000 in the form of a non-interest loan from nonrecurring general revenue to the foundation for the costs associated with establishing and administering the program. The foundation must repay the appropriation on or before December 31, 2010.

Section 4 provides an effective date of July 1, 2008.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Corporate sponsors would receive the benefit of a guaranteed employee for 4 years, for whom the sponsor would pay only ½ the cost of the employee's education.

C. Government Sector Impact:

CS/SB 346 provides an appropriation from nonrecurring general revenue to the Sure Futures foundation not to exceed \$300,000 to pay costs associated with administration of the Sure Futures Foundation and the Sure Futures Postgraduate Scholarship Program. The appropriation is made as a non-interest loan that must be repaid by the foundation by December 31, 2010.

To the extent contributions are made for scholarships by eligible sponsors, there would be an indeterminate fiscal cost to the state if the gift were matched under the University Major Gifts Program. Additionally, there may be indeterminate fiscal costs to the universities if funds are not available to match other gifts.

The Department of Education has estimated that it will require 1 Program Specialist Supervisor FTE at a cost of \$85, 613 per year, and that administrative costs will be \$50,000 in the first year of the program and \$35,000 in subsequent years. There will be unknown costs incurred by the Institute of Science and Public Affairs at Florida State University, which must provide administrative support and staff to the Sure Futures Foundation

To the extent that corporations were already providing financial assistance for their employees to obtain graduate degrees, the state could be subsidizing or underwriting half of that cost to corporations.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Higher Education, March 26, 2008:

The committee substitute:

- i. Removes the corporate tax credit for sponsors of the Sure Futures Postgraduate Scholarship Program;
- ii. Provides an appropriation not to exceed \$300,000 as a non-interest loan to the Sure Futures Foundation;
- iii. Requires sponsor contributions to be matched by the state under the University Major Gifts Program;
- iv. Removes an appropriation to the DOE for the services required of the Office of Student Financial Assistance; and

- v. Requires the Institute of Science and Public Affairs at Florida State University to provide administrative support to the Sure Futures Foundation.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
