

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Higher Education Committee

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BILL: CS/SB 346

INTRODUCER: Higher Education Committee and Senator Ring

SUBJECT: Student Financial Assistance

DATE: March 27, 2008

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Harkey	Matthews	HE	Fav/CS
2.			CM	
3.			FT	
4.			HI	
5.				
6.				

**I. Summary:**

This bill would create the Sure Futures Postgraduate Scholarship Program to match private-sector businesses with students who are seeking advanced degrees and employment. A corporate sponsor would provide a scholarship for a student, who would agree to work for the corporate sponsor for a minimum of four years after graduation.

The bill establishes the Sure Futures Foundation (foundation) as a non-profit organization and provides for the membership and duties of a foundation board to administer the program.

The bill appropriates a sum not to exceed \$300,000 in nonrecurring general revenue to the Sure Futures Foundation. The amount must be repaid to the state by December 31, 2010. Additionally, the contribution of a sponsor would be matched by the state under the University Major Gifts Program.

This bill creates ss 1009.893 and 1009.894, Florida Statutes, and one unnumbered section of law.

**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 which support and enhance the mission of the university, based on policies adopted

by the boards of trustees.<sup>1</sup> 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.

### **University Major Gifts Program**

The University Major Gifts Program is established in s. 1011.94, F.S., to enable each university to provide donors with an incentive in the form of matching grants for donations for the establishment of 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.

### **III. Effect of Proposed Changes:**

The bill creates the Sure Futures Postgraduate Scholarship Program to match private-sector businesses, needing employees who have advanced degrees, with students who are seeking both advanced 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. In the particular the foundation would:

- 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;

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

- 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 must 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.

### **Student Eligibility Provisions**

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.<sup>2</sup> 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;
- 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.

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 four 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

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

employment before completing the 4-year obligation, a prorated portion of the scholarship would convert to a low-interest loan.

### **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 three 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.

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 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.

### **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.

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.

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.

DOE is given authority to adopt rules to implement the program, including rules for the necessary forms.

## **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:

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

C. Government Sector Impact:

The bill 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.

OSFA estimates it would need two FTE to implement the program, a Program Specialist Supervisor I at a rate of \$85, 613 and a Program Specialist II at a rate of \$70,588. The total estimated rate for the personnel would be \$156,201 for salaries and benefits.

OSFA estimates it would need \$15,000 to cover first year start-up costs and an annual amount of \$35,000 for maintenance and administrative costs needed for the application development and review, prepared documentation, and advisory sessions as proposed in this bill.

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

- Removes the corporate tax credit for sponsors of the Sure Futures Postgraduate Scholarship Program;
- Provides an appropriation of \$300,000 as a non-interest loan to the Sure Futures Foundation;
- Requires sponsor contributions to be matched by the state under the University Major Gifts Program;
- Removes an appropriation to the DOE for the services required of the Office of Student Financial Assistance; and
- Requires the Institute of Science and Public Affairs at Florida State University to provide administrative support to the Sure Futures Foundation.

**B. Amendments:**

None.