

By Senator Ring

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1 A bill to be entitled
2 An act relating to student loan default rates;
3 amending s. 1005.04, F.S.; requiring certain
4 institutions to maintain a federal student loan cohort
5 default rate below a specified percentage; providing
6 that an institution is ineligible to receive certain
7 grant payments, and remains ineligible, until the
8 institution's federal student loan cohort default rate
9 falls below a specified percentage; defining such an
10 institution's period of ineligibility; amending s.
11 1005.31, F.S.; revising the minimum standards the
12 Commission for Independent Education must use to
13 evaluate an institution for licensure to include the
14 institution's federal student loan cohort default
15 rate; requiring the commission to deny a renewal
16 license for an institution whose federal student loan
17 cohort default rate exceeds a specified percentage;
18 amending s. 1005.32, F.S.; revising the minimum
19 criteria for an independent postsecondary educational
20 institution to apply for a license by accreditation to
21 include a maximum percentage for the institution's
22 federal student loan cohort default rate; amending ss.
23 1009.89 and 1009.891, F.S.; prohibiting an institution
24 whose federal student loan cohort default rate exceeds
25 a specified percentage from receiving William L. Boyd,
26 IV, Florida Resident Access Grant payments and Access
27 to Better Learning and Education Grant Program
28 payments; defining such institutions' periods of
29 ineligibility; amending s. 1011.81, F.S.; requiring

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30 Florida College System institution performance funding
31 for industry certifications to take into consideration
32 an institution's federal student loan cohort default
33 rate; amending s. 1011.905, F.S.; requiring State
34 University System institution performance funding
35 calculations to take into consideration an
36 institution's federal student loan cohort default
37 rate; providing an effective date.
38

39 Be It Enacted by the Legislature of the State of Florida:
40

41 Section 1. Section 1005.04, Florida Statutes, is amended to
42 read:

43 1005.04 Fair consumer practices; federal student loan
44 default rates.—

45 (1) Every institution that is under the jurisdiction of the
46 commission or is exempt from the jurisdiction or purview of the
47 commission pursuant to s. 1005.06(1)(c) or (f) and that either
48 directly or indirectly solicits for enrollment any student
49 shall:

50 (a) Disclose to each prospective student a statement of the
51 purpose of such institution, its educational programs and
52 curricula, a description of its physical facilities, its status
53 regarding licensure, its fee schedule and policies regarding
54 retaining student fees if a student withdraws, and a statement
55 regarding the transferability of credits to and from other
56 institutions. The institution shall make the required
57 disclosures in writing at least 1 week prior to enrollment or
58 collection of any tuition from the prospective student. The

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59 required disclosures may be made in the institution's current
60 catalog;

61 (b) Use a reliable method to assess, before accepting a
62 student into a program, the student's ability to complete
63 successfully the course of study for which he or she has
64 applied;

65 (c) Inform each student accurately about financial
66 assistance and obligations for repayment of loans; describe any
67 employment placement services provided and the limitations
68 thereof; and refrain from promising or implying guaranteed
69 placement, market availability, or salary amounts;

70 (d) Maintain a federal student loan cohort default rate,
71 released during the fall of each academic year, below 30 percent
72 for three consecutive years or at or below 40 percent for any
73 given year. An institution eligible for a William L. Boyd, IV,
74 Florida Resident Access Grant pursuant to s. 1009.89 and an
75 institution eligible for an Access to Better Learning and
76 Education Grant pursuant to s. 1009.891, whose federal student
77 loan cohort default rate exceeds these rates, shall be
78 ineligible to receive payments from such grants for incoming
79 students. An institution is ineligible to receive such funds
80 beginning in the academic year following the fall disclosure of
81 the federal student loan cohort default rate and the institution
82 will remain ineligible for a minimum of one academic year until
83 the institution's federal student loan cohort default rate falls
84 below the threshold;

85 (e) Provide to prospective and enrolled students accurate
86 information regarding the relationship of its programs to state
87 licensure requirements for practicing related occupations and

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88 professions in Florida;

89 (f)~~(e)~~ Ensure that all advertisements are accurate and not
90 misleading;

91 (g)~~(f)~~ Publish and follow an equitable prorated refund
92 policy for all students, and follow both the federal refund
93 guidelines for students receiving federal financial assistance
94 and the minimum refund guidelines set by commission rule;

95 (h)~~(g)~~ Follow the requirements of state and federal laws
96 that require annual reporting with respect to crime statistics
97 and physical plant safety and make those reports available to
98 the public; and

99 (i)~~(h)~~ Publish and follow procedures for handling student
100 complaints, disciplinary actions, and appeals.

101 (2) In addition, institutions that are required to be
102 licensed by the commission shall disclose to prospective
103 students that additional information regarding the institution
104 may be obtained by contacting the Commission for Independent
105 Education, Department of Education, Tallahassee.

106 Section 2. Subsection (2) of section 1005.31, Florida
107 Statutes, is amended, and subsection (16) is added to that
108 section, to read:

109 1005.31 Licensure of institutions.—

110 (2) The commission shall develop minimum standards by which
111 to evaluate institutions for licensure. These standards must
112 include at least the institution's name, financial stability,
113 purpose, administrative organization, admissions and
114 recruitment, educational programs and curricula, retention,
115 completion, career placement, federal student loan cohort
116 default rate as calculated by the United States Department of

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117 Education, faculty, learning resources, student personnel
118 services, physical plant and facilities, publications, and
119 disclosure statements about the status of the institution with
120 respect to professional certification and licensure. The
121 commission may adopt rules to ensure that institutions licensed
122 under this section meet these standards in ways that are
123 appropriate to achieve the stated intent of this chapter,
124 including provisions for nontraditional or distance education
125 programs and delivery.

126 (16) The commission shall deny a renewal of an annual
127 license for an institution whose federal student loan cohort
128 default rate exceeds 30 percent.

129 Section 3. Present paragraph (e) of subsection (1) of
130 section 1005.32, Florida Statutes, is redesignated as paragraph
131 (f), and a new paragraph (e) is added to that subsection, to
132 read:

133 1005.32 Licensure by means of accreditation.—

134 (1) An independent postsecondary educational institution
135 that meets the following criteria may apply for a license by
136 means of accreditation from the commission:

137 (e) The institution's federal student loan cohort default
138 rate, as calculated by the United States Department of
139 Education, does not exceed 30 percent.

140 Section 4. Subsection (3) of section 1009.89, Florida
141 Statutes, is amended to read:

142 1009.89 The William L. Boyd, IV, Florida Resident Access
143 Grants.—

144 (3) The department shall issue through the program a
145 William L. Boyd, IV, Florida Resident Access Grant to any full-

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146 time degree-seeking undergraduate student registered at an
147 independent nonprofit college or university which is located in
148 and chartered by the state; which is accredited by the
149 Commission on Colleges of the Southern Association of Colleges
150 and Schools; which grants baccalaureate degrees; which is not a
151 state university or Florida College System institution; and
152 which has a secular purpose, so long as the receipt of state aid
153 by students at the institution would not have the primary effect
154 of advancing or impeding religion or result in an excessive
155 entanglement between the state and any religious sect. Any
156 independent college or university that was eligible to receive
157 tuition vouchers on January 1, 1989, and which continues to meet
158 the criteria under which its eligibility was established, shall
159 remain eligible to receive William L. Boyd, IV, Florida Resident
160 Access Grant payments. An eligible institution whose federal
161 student loan cohort default rate, as calculated by the United
162 States Department of Education, exceeds 30 percent is ineligible
163 to receive a William L. Boyd, IV, Florida Resident Access Grant
164 payment for an incoming student. An institution is ineligible to
165 receive such funds beginning in the academic year following the
166 fall disclosure of the federal student loan cohort default rate,
167 and the institution shall remain ineligible for a minimum of one
168 academic year until the institution's federal student loan
169 cohort default rate falls below the 30 percent threshold.

170 Section 5. Subsection (3) of section 1009.891, Florida
171 Statutes, is amended to read:

172 1009.891 The Access to Better Learning and Education Grant
173 Program.—

174 (3) The department shall issue an access grant to any full-

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175 time student seeking a baccalaureate degree who is registered at
176 a for-profit college or university that is located in and
177 chartered by the state and that is accredited by the Commission
178 on Colleges of the Southern Association of Colleges and Schools
179 or who is registered at a nonprofit college or university that
180 is chartered out of the state, that has been located in the
181 state for 10 years or more, and that is accredited by the
182 Commission on Colleges of the Southern Association of Colleges
183 and Schools, the Middle States Association of Colleges and
184 Schools, the North Central Association of Colleges and Schools,
185 or the New England Association of Colleges and Schools; that
186 grants baccalaureate degrees; that is not a state university or
187 Florida College System institution; and that has a secular
188 purpose, if the receipt of state aid by students at the
189 institution would not have the primary effect of advancing or
190 impeding religion or result in an excessive entanglement between
191 the state and any religious sect. Institutions eligible for the
192 Access to Better Learning and Education Grant Program in the
193 initial year of funding shall include only those for-profit
194 colleges or universities identified in this subsection.
195 Nonprofit colleges or universities identified in this subsection
196 shall be eligible for financial support in the second year of
197 funding. An eligible institution whose federal student loan
198 cohort default rate, as calculated by the United States
199 Department of Education, exceeds 30 percent is ineligible to
200 receive an Access to Better Learning and Education Grant Program
201 payment for an incoming student. An institution is ineligible to
202 receive such funds beginning in the academic year following the
203 fall disclosure of the federal student loan cohort default rate,

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204 and the institution will remain ineligible for a minimum of one
205 academic year until the institution's federal student loan
206 cohort default rate falls below the 30 percent threshold.

207 Section 6. Subsection (2) of section 1011.81, Florida
208 Statutes, is amended to read:

209 1011.81 Florida College System Program Fund.—

210 (2) Performance funding for industry certifications for
211 Florida College System institutions must take into consideration
212 an institution's federal student loan cohort default rate and is
213 contingent upon specific appropriation in the General
214 Appropriations Act and shall be determined as follows:

215 (a) Occupational areas for which industry certifications
216 may be earned, as established in the General Appropriations Act,
217 are eligible for performance funding. Priority shall be given to
218 the occupational areas emphasized in state, national, or
219 corporate grants provided to Florida educational institutions.

220 (b) The Chancellor of the Florida College System shall
221 identify the industry certifications eligible for funding on the
222 Postsecondary Industry Certification Funding List approved by
223 the State Board of Education pursuant to s. 1008.44, based on
224 the occupational areas specified in the General Appropriations
225 Act.

226 (c) Each Florida College System institution shall be
227 provided \$1,000 for each industry certification earned by a
228 student. The maximum amount of funding appropriated for
229 performance funding pursuant to this subsection shall be limited
230 to \$15 million annually. If funds are insufficient to fully fund
231 the calculated total award, such funds shall be prorated.

232 Section 7. Paragraph (c) of subsection (1) of section

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233 1011.905, Florida Statutes, is amended to read:

234 1011.905 Performance funding for state universities.-

235 (1) State performance funds for the State University System
236 shall be based on indicators of system and institutional
237 attainment of performance expectations. For the 2012-2013
238 through at least the 2016-2017 fiscal year, the Board of
239 Governors shall review and rank each state university that
240 applies for performance funding, as provided in the General
241 Appropriations Act, based on the following formula:

242 (c) Fifty percent of a state university's score shall be
243 based on:

244 1. Factors determined by the Board of Governors which
245 relate to increasing the probability that graduates who have
246 earned degrees in the programs described in paragraph (a) will
247 be employed in high-skill, high-wage, and high-demand
248 employment; and-

249 2. An institution's federal student loan cohort default
250 rate.

251 Section 8. This act shall take effect July 1, 2015.