

By the Committee on Higher Education; and Senator Ring

589-02767-15

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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; requiring
6 the Commission for Independent Education to revoke the
7 license of an institution whose federal student loan
8 cohort default rate exceeds the threshold percentage;
9 providing that an institution is ineligible to receive
10 certain grant payments or maintain a license, and
11 remains ineligible, until the institution's federal
12 student loan cohort default rate falls below a
13 specified percentage; defining such an institution's
14 period of ineligibility; amending s. 1005.31, F.S.;
15 revising the minimum standards the Commission for
16 Independent Education must use to evaluate an
17 institution for licensure to include the institution's
18 federal student loan cohort default rate; requiring
19 the commission to deny a renewal license for an
20 institution whose federal student loan cohort default
21 rate exceeds a specified percentage; amending s.
22 1005.32, F.S.; revising the minimum criteria for an
23 independent postsecondary educational institution to
24 apply for a license by accreditation to include a
25 maximum percentage for the institution's federal
26 student loan cohort default rate; amending s. 1011.81,
27 F.S.; requiring Florida College System institution
28 performance funding for industry certifications to
29 take into consideration an institution's federal

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

36 Be It Enacted by the Legislature of the State of Florida:
37

38 Section 1. Section 1005.04, Florida Statutes, is amended to
39 read:

40 1005.04 Fair consumer practices; federal student loan
41 default rates.—

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

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

58 (b) Use a reliable method to assess, before accepting a

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59 student into a program, the student's ability to complete
60 successfully the course of study for which he or she has
61 applied;

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

67 (d) Maintain a federal student loan cohort default rate,
68 released during the fall of each academic year, below 30 percent
69 for 3 consecutive years or at or below 40 percent for any given
70 year. An institution eligible for a William L. Boyd, IV, Florida
71 Resident Access Grant pursuant to s. 1009.89 and an institution
72 eligible for an Access to Better Learning and Education Grant
73 pursuant to s. 1009.891 whose federal student loan cohort
74 default rate exceeds these rates shall be ineligible to receive
75 payments from such grants for incoming students until the
76 institution's federal student loan cohort default rate falls
77 below the threshold. The commission shall revoke the license of
78 an institution under its jurisdiction whose federal student loan
79 cohort default rate exceeds the threshold. The commission may
80 not reinstate an institution's license until the institution's
81 federal student loan cohort default rate falls below the
82 threshold. An institution's ineligibility to receive such funds
83 or maintain a license is effective for the academic year
84 following the fall disclosure of the federal student loan cohort
85 default rate. The institution will remain ineligible for a
86 minimum of 1 academic year until the institution's federal
87 student loan cohort default rate falls below the threshold;

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88 (e) Provide to prospective and enrolled students accurate
89 information regarding the relationship of its programs to state
90 licensure requirements for practicing related occupations and
91 professions in Florida;

92 (f)~~(e)~~ Ensure that all advertisements are accurate and not
93 misleading;

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

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

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

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

109 Section 2. Subsection (2) of section 1005.31, Florida
110 Statutes, is amended, and subsection (16) is added to that
111 section, to read:

112 1005.31 Licensure of institutions.—

113 (2) The commission shall develop minimum standards by which
114 to evaluate institutions for licensure. These standards must
115 include at least the institution's name, financial stability,
116 purpose, administrative organization, admissions and

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117 recruitment, educational programs and curricula, retention,
118 completion, career placement, federal student loan cohort
119 default rate as calculated by the United States Department of
120 Education, faculty, learning resources, student personnel
121 services, physical plant and facilities, publications, and
122 disclosure statements about the status of the institution with
123 respect to professional certification and licensure. The
124 commission may adopt rules to ensure that institutions licensed
125 under this section meet these standards in ways that are
126 appropriate to achieve the stated intent of this chapter,
127 including provisions for nontraditional or distance education
128 programs and delivery.

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

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

136 1005.32 Licensure by means of accreditation.—

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

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

143 Section 4. Subsection (2) of section 1011.81, Florida
144 Statutes, is amended to read:

145 1011.81 Florida College System Program Fund.—

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

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

156 (b) The Chancellor of the Florida College System shall
157 identify the industry certifications eligible for funding on the
158 Postsecondary Industry Certification Funding List approved by
159 the State Board of Education pursuant to s. 1008.44, based on
160 the occupational areas specified in the General Appropriations
161 Act.

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

168 Section 5. Paragraph (c) of subsection (1) of section
169 1011.905, Florida Statutes, is amended to read:

170 1011.905 Performance funding for state universities.—

171 (1) State performance funds for the State University System
172 shall be based on indicators of system and institutional
173 attainment of performance expectations. For the 2012-2013
174 through at least the 2016-2017 fiscal year, the Board of

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175 Governors shall review and rank each state university that
176 applies for performance funding, as provided in the General
177 Appropriations Act, based on the following formula:

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

180 1. Factors determined by the Board of Governors which
181 relate to increasing the probability that graduates who have
182 earned degrees in the programs described in paragraph (a) will
183 be employed in high-skill, high-wage, and high-demand
184 employment; ~~and~~

185 2. An institution's federal student loan cohort default
186 rate.

187 Section 6. This act shall take effect July 1, 2015.