

EDUCATION ESTIMATING CONFERENCE ON STUDENT FINANCIAL AID IMPACT

Bill: CS/SB 72: Higher Education

Sponsor(s): Senator Stargel

Month/Year Impact Begins: The bill takes effect July 1, 2020.

Date of Analysis: August 6, 2020

Section 1: Narrative

a. Current Law:

I. Sections 9 through 12: Florida Student Assistance Grant Program General Provisions and Eligibility Requirements

(1) Maximum Award Amount:

- (a) Public: Pursuant to section 1009.50(2)(a), F.S., the award may not exceed an amount equal to the average prior academic year cost of tuition fees and other registration fees for 30 credit hours at state universities or such other amount as specified in the General Appropriations Act, to any recipient.
- (b) Career Education: Pursuant to section 1009.505(3)(a), F.S., the award may not exceed the average annual cost of tuition and registration fees or such other amount as specified in the General Appropriations Act.
- (c) Private: Pursuant to section 1009.51(2)(a), F.S., the amount may not exceed an amount equal to the average tuition and other registration fees for 30 credit hours at state universities plus \$1,000 per academic year, or as specified in the General Appropriations Act.
- (d) Postsecondary: Pursuant to section 1009.52(2)(a), F.S., the amount may not exceed an amount equal to the average prior academic year cost of tuition and other registration fees for 30 credit hours at state universities plus \$1,000 per academic year, or as specified in the General Appropriations Act.

(2) Summer Awards:

There is no specific authorization in current law for recipients of a Florida Student Assistance Grant to receive an award disbursement in the summer term.

(3) Priority Distribution:

- (a) Public, Private, and Postsecondary: Pursuant to sections 1009.50(2)(c), F.S., 1009.51(2)(c), F.S., and 1009.52(2)(c), F.S., respectively, priority in the distribution of grant moneys shall be given to students with the lowest total family resources, in accordance with a nationally recognized system of need analysis. Using the system of need analysis, the department shall establish a maximum expected family contribution. An institution may not make a grant from this program to a student whose expected family contribution exceeds the level established by the department.
- (b) Career Education: There is no specific authorization in current law that prioritizes the distribution of funds for recipients.

(4) Award Amount Range:

- (a) Public: Pursuant to section 1009.50(3), F.S., the amount must be between \$200 and the weighted average of the cost of tuition and other registration fees for 30 credit hours at state universities per academic year or the amount specified in the General Appropriations Act.
- (b) Private: Pursuant to section 1009.51(3), F.S., the amount must be between \$200 and the average cost of tuition and other registration fees for 30 credit hours at state universities plus \$1,000 per academic year or the amount specified in the General Appropriations Act.
- (c) Postsecondary: Pursuant to section 1009.52(3), F.S., the amount must be between \$200 and the average cost of tuition and other registration fees for 30 credit hours at state universities plus \$1,000 per academic year or the amount specified in the General Appropriations Act.

(5) Fund Distribution Formula:

- (a) Public, Private, and Postsecondary: Pursuant to sections 1009.50(4)(a), F.S., 1009.51(4)(a), F.S., and 1009.52(4)(a), F.S., respectively, the formula shall consider at least the prior year's distribution of funds, the number of full-time eligible applicants who did not receive awards, the standardization of the expected family contribution, and provisions for unused funds.
- (b) Career Education: Pursuant to section 1009.505(4)(a), F.S., the funds appropriated for the Florida Postsecondary Career Education Student Assistance Grant Program shall be distributed to eligible Florida College System institutions and district school boards in accordance with a formula approved by the department.

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(6) Undisbursed Funds:

Pursuant to sections 1009.50(4)(d), F.S., 1009.505(4)(d), F.S., 1009.51(4)(d), F.S., and 1009.52(4)(d), F.S., respectively, institutions shall certify to the department the amount of funds disbursed to each student and shall remit to the department any advances by June 1 of each year.

II. Section 13: Florida Academic Scholars Textbook Stipend

Pursuant to section 1009.534(2), F.S., a Florida Academic Scholar who is enrolled in a certificate, diploma, associate, or baccalaureate degree program at a public or nonpublic postsecondary education institution is eligible for an additional \$300 each fall and spring academic semester or the equivalent for textbooks, to assist with the payment of educational expenses.

III. Section 14: Florida Medallion Scholars Award

Pursuant to section 1009.535(2), F.S., a Florida Medallion Scholar who is enrolled in a certificate, diploma, associate, or baccalaureate degree program at a public or nonpublic postsecondary education institution is eligible for an award equal to the amount necessary to pay 75 percent of tuition and fees, to assist with the payment of educational expenses.

IV. Section 15: Benacquisto Scholarship Program General Provisions and Eligibility Requirements

(1) National Achievement Scholar:

Pursuant to section 1009.893(2), F.S., the Benacquisto Scholarship Program was created to reward a high school graduate who receives recognition as a National Merit Scholar or National Achievement Scholar.

(2) Enrollment:

Pursuant to section 1009.893(6)(a), F.S., to be eligible for a renewal award, a student must earn all credits for which he or she was enrolled and maintain a 3.0 or higher grade point average. Rule 6A-20.0281(1)(d) requires recipients of a Benacquisto Scholarship award to be enrolled at an eligible Florida postsecondary institution for a minimum of 12 credit hours per term or the equivalent in quarter hours.

(3) Renewal Status:

Currently, institutions have the ability to deem a student ineligible for a renewal award if there is a subsequent change in their residency status or their family's residency status.

(4) Maximum Award Length:

Pursuant to section 1009.893(6)(b), F.S., a student may receive the scholarship award for a maximum of 100 percent of the number of credit hours required to complete a baccalaureate degree program, or until completion of a baccalaureate degree program, whichever comes first. While the department currently implements a maximum disbursement duration of 10 semesters, there is no restriction on the number of years a student can receive an award for.

(5) Renewal Requirement Exemptions:

Pursuant to Rule 6A-20.0281(7), for the purpose of eligibility, in accordance with Section 1009.40(1)(b)4., F.S., a Benacquisto Scholarship recipient who does not earn the required renewal grade point average or the hours for renewed status may still be renewed if granted an exception from the academic requirements. Section 1009.40(1)(b)4., F.S., states that students who receive state student aid and subsequently fail to meet state academic progress requirements due to verifiable illness or other emergencies may be granted an exception from the academic requirements.

b. Proposed Change:

I. Sections 9 through 12: Florida Student Assistance Grant Program General Provisions and Eligibility Requirements

(1) Maximum Award Amount:

The bill removes the calculation used for determining the maximum annual award and establishes that the maximum award amount for each program is found in the General Appropriations Act.

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(2) Summer Awards:

The bill adds a provision that if funds are available, students may receive a disbursement in the summer term if they received an award in the fall or spring term. Priority in distribution of summer funds will be given to students who are within one semester of completing a degree or certificate program and have not yet earned nine summer credit hours.

(3) Priority Distribution:

(a) Public, Private, and Postsecondary:

The bill removes the requirement that institutions must prioritize the distribution of grant funds to students with the lowest total family resources and adds that prioritization may go to students who are within one semester of completing a degree or certificate program. Additionally, the bill removes the department's requirement to establish a maximum family contribution and sets the maximum to one and one-half times the maximum Pell Grant-eligible family contribution.

(b) Career Education:

The bill adds that institutions may prioritize the distribution of grant funds to students who are within one semester of completing a certificate program.

(4) Award Amount Range:

The bill clarifies that the annual award amount range for FSAG recipients shall be between \$200 and the amount specified in the General Appropriations Act.

(5) Fund Distribution Formula:

(a) Public, Private, and Postsecondary:

The bill revises the fund distribution formula to consider part-time eligible applicants that did not receive awards. The formula must account for changes in the number of eligible students across all FSAG programs.

(b) Career Education:

The bill adds the fund distribution formula must account for changes in the number of eligible students across all FSAG programs.

(6) Undisbursed Funds:

The bill establishes a disbursement deadline of 30 days after the end of regular registration each term and deadline of 60 days after the end of regular registration each spring term for return of undisbursed funds. One exception is if the institution documents plans to disburse awards to students for the subsequent summer term.

II. Section 13: Florida Academic Scholars Textbook Stipend

The bill removes the book stipend award amount of \$300 in each fall and spring semester for eligible students and states that funds will be specifically appropriated in the General Appropriations Act.

III. Section 14: Florida Medallion Scholars Award

The bill adds that beginning in the fall 2021 semester, a Florida Medallion Scholar who is enrolled in an associate degree program at a Florida College System institution is eligible for an award equal to the amount necessary to pay 100 percent of tuition and fees to assist with the payment of educational expenses.

IV. Section 15: Benacquisto Scholarship Program General Provisions and Eligibility Requirements

(1) National Achievement Scholar:

The bill removes an outdated reference to a National Achievement Scholar program.

(2) Enrollment:

The bill codifies an existing administrative rule that requires renewal students to be enrolled full-time. The bill also authorizes a student to be part-time for one semester if they have fewer than 12 credit hours remaining to complete their baccalaureate degree.

(3) Renewal Status:

The bill adds that a student's renewal status is not affected by subsequent changes in the residency status of the student or the residency status of the student's family.

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(4) Maximum Award Length:

The bill adds that a student may receive an award for up to five years following high school graduation and may not receive the award for more than 10 semesters.

(5) Renewal Requirement Exemptions:

The bill authorizes an exemption for students who fail to meet the renewal requirements due to a verifiable illness or other documented emergency.

Section 2: Description of Data and Sources

- Bright Futures Scholarship Program Estimates, December 2019 Education Estimating Conference on Student Financial Aid.
- Florida College System Graduation Rates of Fall 2016 Bright Futures Medallion Scholars Cohort, Florida Department of Education, Bureau of PK-20 Education Reporting and Accessibility.

Section 3: Methodology (Include Assumptions and Attach Details)

I. Sections 9 through 12: Florida Student Assistance Grant Program General Provisions and Eligibility Requirements

(1) Maximum Award Amount:

The proposed impact is **Zero**. The maximum award amount will continue to be found in the General Appropriations Act. If the award amount changes, the number of students receiving scholarships may be affected. This is dependent upon if institutions decide to increase the average award amount per student, which would decrease the number of students that can be funded, holding expenditures allocated in the General Appropriations Act constant. Institution response is unknown at this time.

(2) Summer Awards:

The proposed impact is **Zero to Negative Indeterminate** (i.e., could decrease the number of awards). An institution will be able to allocate moneys awarded to fall and spring terms only, reduce the average disbursement award in the fall or spring term to fund a summer term, or increase the average award amount per student to fund the summer term. If institutions increase the average award amount per student to fund the summer term, this would reduce the number of students that can receive a disbursement. It is unknown how institutions will structure disbursements at this time.

(3) Priority Distribution:

The proposed impact is **Positive Indeterminate** (i.e., could increase the number of awards). It is unknown if institutions will prioritize students that are within a semester of completion as the bill makes it optional and removes the requirement that prioritization will be given to students with the lowest total family resources. Additionally, increasing the maximum expected family contribution will allow more students to qualify, however data is not available to make a specific calculation.

(4) Award Amount Range:

The proposed impact is **Zero**. The award range will continue to be between \$200 and the maximum award found in the General Appropriations Act. If there is a change to the award amount range, institutions could potentially disburse awards to more or less students.

(5) Fund Distribution Formula:

The proposed impact is **Zero**. Since the department uses FTE in the fund distribution formula, part-time eligible applicants that did not receive awards are currently accounted for.

(6) Undisbursed Funds:

The proposed impact is **Positive Indeterminate** (i.e., could increase the number of awards). By requiring funds to be returned after each semester, the department will be able to disburse returned funds to eligible students quicker than what is done in current practice. The addition of a summer disbursement exception may provide additional financial assistance to students who attend during the summer term, which can allow students to graduate quicker; however, data is not available to make a specific calculation.

II. Section 13: Florida Academic Scholars Textbook Stipend

The proposed impact is **Zero**. Modifying where the annual stipend is specified will not impact the number of awards. For the 2020-21 budget year, the stipend amount is unchanged, thus the expenditure impact is also zero. If the stipend amount changes as per the General Appropriations Act in future years, expenditures will also change accordingly.

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III. Section 14: Florida Medallion Scholars Award

The proposed impact is **+/- Indeterminate** (i.e., could increase or decrease costs, while the number of awards are unaffected). In addition to the increase in tuition coverage for students pursuing an associate’s degree at a state college, this increase may incentivize students that are predicted to initially attend a state university to alter their academic course and instead choose to take advantage of this change. This can potentially decrease expenditures since 75% of tuition and fees coverage for a Medallion Scholars Award at a state university (\$158.71 per credit hour) is noticeably more expensive than 100% of tuition and fees coverage at a state college (\$106.97 per credit hour). The impact to expenditures depends on student response, which is unknown at this time. One possible approach for determining student response was explored, which is described below.

The first step in estimation was to increase tuition and fees covered by the Medallion Scholars Award to 100% for students pursuing an associate’s degree beginning in FY 2021-22. While the policy takes place in FY 2021-22, the prior year (FY 2020-21) will be affected as early summer students are from the 2021-22 student cohort.

The second step was to estimate how many Bright Futures recipients that are predicted to initially attend a state university will instead be incentivized to pursue an associate’s degree at a state college. If a student pursues an associate’s degree at a state college, 100% of tuition and fees will be covered for those years in comparison to 75% coverage if they initially attend state university. Since student response to this change is unknown, three scenarios (Scenario A, Scenario B, and Scenario C) were explored to show potential outcomes:

- Scenario A assumes that students are not incentivized to pursue an associate’s degree at a college; shows increased cost to the system
- Scenario B assumes that some students (29.7%) are incentivized to pursue an associate’s degree at a college.
- Scenario C assumes that all students are incentivized to pursue an associate’s degree at a college; represents the maximum potential savings

The percentages in each scenario are also assumed for early summer cohort calculations.

Once the additional students that will pursue an associate’s degree were estimated, students were moved appropriately to reflect this change. It was also assumed that survival rates and average credit hours at the state university level would best be applied to the students that elected to attend a state college over a state university.

The last step was to analyze the pool of students that made the choice to enroll at a state university once an associate’s degree is completed. The Florida Department of Education’s Bureau of PK-20 Education Reporting and Accessibility began tracking initial students over time at a state college pursuing an associate’s degree in FY 2016-17. It was found that 16.6% of this student cohort obtained an associate’s degree after the first year. As a proxy, it was assumed that the same percentage would be true for this cohort. It was also assumed that the remaining 83.4% of students would complete an associate’s degree after the second year, which is the normal time-to-completion. The table below shows the current forecast and the potential change to expenditures using the assumptions identified above.

Change in Total Expenditures Over Time							
	December Estimate	Scenario A		Scenario B		Scenario C	
Year	Current	Adjusted	Difference	Adjusted	Difference	Adjusted	Difference
2020-21	\$651.8 M	\$651.8 M	\$0.0 M	\$651.2 M	-\$0.6 M	\$649.9 M	-\$1.9 M
2021-22	\$630.0 M	\$636.0 M	\$6.0 M	\$630.0 M	-\$0.0 M	\$615.9 M	-\$14.2 M
2022-23	\$608.3 M	\$614.3 M	\$6.0 M	\$604.1 M	-\$4.2 M	\$579.9 M	-\$28.5 M
2023-24	\$592.2 M	\$598.2 M	\$6.1 M	\$587.8 M	-\$4.4 M	\$563.1 M	-\$29.1 M
2024-25	\$585.1 M	\$591.2 M	\$6.1 M	\$580.4 M	-\$4.7 M	\$554.9 M	-\$30.2 M

IV. Section 15: Benacquisto Scholarship Program General Provisions and Eligibility Requirements

(1) **National Achievement Scholar:**

The proposed impact is **Zero**. Removing an outdated reference of the National Achievement Scholar program will not impact the number of awards or expenditures.

(2) **Enrollment:**

The proposed impact is **Positive Indeterminate** (i.e., could increase costs). While the full-time requirement is codifying an existing administrative rule, a final semester exception to this rule will allow funding to students that have part-time status in their last semester; however, data are not available to make a specific calculation.

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(3) Renewal Status:

The proposed impact is **Positive Insignificant** (i.e., could increase the number of renewal awards and expenditures). It is possible there will be additional students that meet renewal requirements from this change; however, data are not available to make a specific calculation.

(4) Maximum Award Length:

The proposed impact is **Positive Insignificant** (i.e., could increase the number of renewal awards and costs). While the department currently implements a maximum duration of 10 semesters that a student can receive an award for, requiring students to complete degrees within 5 years may encourage recipients to complete programs in a timely manner. This may potentially speed up the period in which students receive disbursements, which would increase awards and expenditures in the short-term. However, data are not available to make a specific calculation.

(5) Renewal Requirement Exemptions:

The proposed impact is **Zero**. Because the bill is codifying an existing administrative rule, these students are already included in the adopted estimates.

Section 4: Proposed Fiscal Impact

Sections 9 through 12: Florida Student Assistance Grant Program General Provisions and Eligibility Requirements

The proposed fiscal impact for this section of the bill is **Indeterminate (+/-)**.

Fiscal Year	Awards	Expenditures
2020-21	Indeterminate (+/-)	Indeterminate (+/-)
2021-22	Indeterminate (+/-)	Indeterminate (+/-)
2022-23	Indeterminate (+/-)	Indeterminate (+/-)
2023-24	Indeterminate (+/-)	Indeterminate (+/-)
2024-25	Indeterminate (+/-)	Indeterminate (+/-)

Section 13: Florida Academic Scholars Textbook Stipend

The proposed fiscal impact for this section of the bill is **Zero**.

Fiscal Year	Awards	Expenditures
2020-21	0	0
2021-22	0	0
2022-23	0	0
2023-24	0	0
2024-25	0	0

Section 14: Florida Medallion Scholars Award

The proposed fiscal impact for this section of the bill is **Indeterminate (+/-)**.

Fiscal Year	Scenario A		Scenario B		Scenario C	
	Awards	Expenditures	Awards	Expenditures	Awards	Expenditures
2020-21	0	0 / Positive Indeterminate	0	0 / Negative Indeterminate	0	0 / Negative Indeterminate
2021-22	0	0 / Positive Indeterminate	0	0 / Negative Indeterminate	0	0 / Negative Indeterminate
2022-23	0	0 / Positive Indeterminate	0	0 / Negative Indeterminate	0	0 / Negative Indeterminate
2023-24	0	0 / Positive Indeterminate	0	0 / Negative Indeterminate	0	0 / Negative Indeterminate
2024-25	0	0 / Positive Indeterminate	0	0 / Negative Indeterminate	0	0 / Negative Indeterminate

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Section 15: Benacquisto Scholarship Program General Provisions and Eligibility Requirements

The proposed fiscal impact for this section of the bill is **0 / Positive Indeterminate**.

Fiscal Year	Awards	Expenditures
2020-21	0 / Positive Indeterminate	0 / Positive Indeterminate
2021-22	0 / Positive Indeterminate	0 / Positive Indeterminate
2022-23	0 / Positive Indeterminate	0 / Positive Indeterminate
2023-24	0 / Positive Indeterminate	0 / Positive Indeterminate
2024-25	0 / Positive Indeterminate	0 / Positive Indeterminate