



The Florida Senate

Issue Brief 2010-319

October 2009

Committee on Higher Education

REVIEW OF CHANGES IN STATE AND FEDERAL STUDENT FINANCIAL ASSISTANCE PROGRAMS

Statement of the Issue

The state provides needs-based and merit-based financial aid to students enrolled in public and private postsecondary institutions through a number of separate programs. The cost of enrolling in these institutions is expected to increase, while the amount of financial aid may be affected by changes in appropriations at the state and federal level. For example, the 2009 Legislature authorized all state universities to impose a tuition differential fee that may increase at a rate of 15 percent each year until the cost of tuition and fees reaches the national average for tuition and fees. In 2009, according to the College Board, the national average tuition and fees for undergraduate programs was \$6,585, and the average cost of tuition and fees at Florida's state universities was \$3,792¹. As the cost of a university education increases, students may need access to more financial aid in order to meet the cost of their education. Increased costs could also create barriers that would prohibit students from seeking a bachelor's degree. The Advisory Committee on Student Financial Assistance reported that "between 1992 and 2004, a major shift in enrollment away from 4-year colleges occurred among college-qualified high school graduates from low- and moderate-income families.

This issue brief gives an overview of the amounts of financial aid being provided to students in Florida from federal and state sources and provides demographic information about the students who receive state financial aid. The brief also provides a list of unfunded state financial aid programs. Changes in the Bright Futures Scholarship Program and proposed increases in federal Pell Grants are described.

Discussion

Sources of Financial Aid for Florida Postsecondary Students

The state provides need-based and merit-based financial aid to postsecondary students through a number of separate programs. Florida students also have access to financial aid from federal, institutional, and private sources as well.

According to the Board of Governors, financial aid awards at state universities provided a total of \$1,785,901,687 to students in fiscal year 2007-2008. The sources of that financial aid are shown in the chart below:

State University System Financial Aid Awards by Source of Award FY 2007-2008	
Source	Amount
Federal ²	\$1,126,346,789
State ³	\$ 347,131,411

¹ Annual Survey of Colleges, 2008-09, The College Board.

² Some institutions mix federal and institutional funding sources in the Federal Work Study Program and the Federal Supplemental Educational Opportunity Grant, and both the federal sources and institutional funds for those programs are included in this total.

³ State sources reported by universities include funding for statutory merit-based and need-based financial aid programs but do not include the direct appropriation for financial aid which universities disburse as institutional aid. State sources include programs that require state funds to be matched by institutional or private funds and thus some of the funds in this category are a mix of state funds and matching funds. State programs that require matching funds are the First Generation Matching

State University System Financial Aid Awards by Source of Award FY 2007-2008	
Source	Amount
Institutional ⁴	\$ 175,268,522
Private ⁵	\$ 135,866,127
Other ⁶	\$ 1,288,838
Total	\$1,785,901,687

Source: Board of Governors

Community colleges do not report the sources of financial awards to the state. However, colleges do report their disbursement of a portion of the financial aid fee as need-based financial aid. In 2007-2008, community colleges disbursed \$24,935,428 in need-based aid with funds from the financial aid fee.

State-funded Financial Aid Programs

Four types of state-funded financial aid programs provide aid to students: merit-based aid, need-based aid; special interest programs for specific populations or circumstances; and tuition assistance for students attending private institutions. Students may be eligible for more than one type of aid. While distinguishing between merit-based and need-based programs, it is important to note that the merit-based Bright Futures Scholarship covers costs for some students who qualify for need-based financial aid. For example, in the fall of 2009, at Florida State University, 31 percent of Bright Futures funds went to 6,182 students who qualified for and received need-based aid.⁷ In that instance, \$8.47 million⁸ of merit-based aid served the function of need-based aid.

Types of State-funded Financial Aid	
Type of Financial Aid	Amount Appropriated in 2009-2010
Merit-based Aid	\$418,878,452
Need-based Aid	\$271,367,157
Special Interest Programs	\$ 9,021,494
Tuition Assistance for Private Institutions	\$ 88,118,746

Recipients of State-funded Financial Aid

In the fall of 2007, female students comprised 58.1 percent of the enrolled students in public and private two- and four-year postsecondary institutions in Florida.⁹ Minority students comprised 40.7 percent of the students enrolled at those institutions.¹⁰ The following charts show the participation of students in types of financial aid programs by gender and race. A student may receive more than one type of financial aid and, thus, could be reported in more than one category.

Grant Program and the Jose Marti Scholarship Challenge Grant Program.

⁴ The sources of funds for institutional financial aid may include a direct appropriation from the Legislature, proceeds from the university's financial aid fee charged under section 1009.24(7), F.S., a portion of the tuition differential charged by the university under section 1009.24(16), F.S., contributions from university direct support organizations, and grants from private donors. Institutional financial aid could also include other appropriations and tuition dollars that the university chooses to spend on financial aid.

⁵ Private aid includes any private sources of financial aid a student reports to the institution's financial aid office.

⁶ Other sources include county or municipal government funding or other out-of-state sources that do not fit under the categories of federal, state, private, or institutional funding.

⁷ Correspondence from FSU Provost, September 15, 2009.

⁸ Ibid.

⁹ The Chronicle of Higher Education, Almanac Issue, Vol. LVI, No. 1, August 28, 2009.

¹⁰ Ibid.

Student Participation by Number and Percentages in Types of Financial Aid Programs by Gender in 2008-2009				
Gender	Merit-based Aid	Need-based Aid	Special Interest Programs	Tuition Assistance
Male	68,274 40.3%	39,781 32%	1,960 21%	15,689 36.9%
Female	101,083 59.7%	84,151 67.6%	6,125 65.7%	26,691 62.8%
Unknown	9 0%	541 0.4%	1,244 13.3%	103 0.2%

Source: Florida Department of Education, Office of Student Financial Assistance

Student Participation by Number and Percentages in Types of Financial Aid Programs by Race in 2008-2009				
Race	Merit-based Aid	Need-based Aid	Special Interest Programs	Tuition Assistance
Asian/Pacific Islander	7,528 4.4%	3,839 3.1%	105 1.1%	1,026 2.4%
Black	11,490 6.8%	33,355 26.8%	3,188 34.2%	8,519 20.1%
Hispanic	26,924 15.9%	28,781 23.1%	1,067 11.4%	6,966 16.4%
Native American/Alaska Native	436 0.3%	375 0.3%	33 0.4%	131 0.3%
White	110,554 65.3%	35,070 28.2%	4,528 48.5%	17,887 42.1%
Other	12,434 7.3%	23,053 18.5%	408 4.4%	7,954 18.7%

Source: Florida Department of Education, Office of Student Financial Assistance

However, according to the Board of Governors, many middle and lower income Florida families do not benefit from state or federal grants and scholarships. In a 2005-2006 cohort of nearly 43,000 resident undergraduates, an estimated 37,000 with family incomes between \$40,000 and \$80,000 did not receive federal Pell grants or other federal or state need-based financial aid. Approximately one-half of the 37,000 students did not receive Bright Futures Scholarships.¹¹

State-funded Merit-based Financial Aid--The Florida Bright Futures Scholarship Program

The Florida Bright Futures Scholarship Program is a lottery-funded program that rewards Florida high school graduates whose academic achievement merits the award. A student may use a Bright Futures Scholarship award to enroll in a degree program, certificate program, or applied technology program at an eligible Florida public or private postsecondary education institution within three years of graduation from high school. In 2008-2009, 10.6 percent of Bright Futures Scholarships were awarded to students who enrolled in private postsecondary institutions.

The Bright Futures Scholarship Program consists of the Florida Academic Scholars Award, the Florida Medallion Scholars Award, and the Florida Gold Seal Vocational Scholars Award. Each award has its own academic eligibility requirements, award amounts, and funding length. Historically, the Florida Academic Scholars award has paid the full amount required to pay tuition and fees, and the Florida Medallion Scholars award and the Florida Gold Seal Vocational Scholars award have paid 75 percent of tuition and certain fees. However, for the 2009-2010 academic year, the award is for an amount per credit hour or credit hour equivalent as specified in the General Appropriations Act. The Bright Futures scholarship award amounts for 2009-2010 are provided in the chart below:

¹¹ Florida Board of Governors, "Who Does not Benefit from Federal and State Financial Aid Programs?" Information Brief, Vol. 7, Issue 3, January 14, 2009, and communication with board staff.

2009-10 Bright Futures Scholarship Appropriation and Program Award Amounts		
Program Title	Appropriation	Award Amount
Florida Bright Futures Scholarship	\$418,878,452	Per Semester Credit Hour (or the equivalent in quarter or clock hours)
Florida Academic Scholars		4-year \$126 2-year \$ 78
Community College Baccalaureate - Career /Technical Center		\$ 87 \$ 64
Florida Medallion Scholars		4-year \$ 95 2-year \$ 59
Community College 2-year Associate		\$ 78
Community College Baccalaureate		\$ 65
Career /Technical Center		\$ 48
Florida Gold Seal Vocational Scholars		4-year \$ 95 2-year \$ 59
Community College Baccalaureate - Career /Technical Center		\$ 65 \$ 48

Source: Florida Department of Education, Office of Student Financial Assistance

The 2009 Legislature increased to 24 semester hours the minimum credit hours a student must complete in the previous year in order to be eligible for renewal of a Bright Futures Scholarship. A scholarship recipient who drops or withdraws from a class after the end of the drop and add period will be required to repay the cost of any dropped or withdrawn course unless an exception is recommended by the institution's financial aid office.

According to the Board of Governors, 18 percent of Bright Futures Scholarship recipients also receive federal need-based Pell Grants.¹²

The Tuition Differential

The tuition differential is a supplemental fee charged for undergraduate instruction which is used to improve the quality of undergraduate education and to provide need-based financial aid to undergraduate students. Originally implemented at five universities, the fee was authorized for all universities in 2009. The tuition differential may be increased by 15 percent of the amount of tuition and fees each year until the total cost of tuition and fees reaches the national average of undergraduate tuition and fees at 4-year degree-granting public postsecondary institutions.

The cost of the tuition differential fee will not be covered by Bright Futures Scholarships, and thus in future years Bright Futures Scholarship recipients whose financial need exceeds the amount of the award will have to find other types of financial aid to meet the cost of their education. As a way to address the increased need for financial aid, the 2009 Legislature required each university that charges a tuition differential fee to use 30 percent of the funds from the fee to provide need-based financial aid. The state universities estimate that they will collect a total of \$32,262,369 in tuition differential fees in 2009-2010. Thirty percent of that amount, approximately \$9.7 million, would be available for need-based financial aid.

State Funded Need-based Financial Aid

To qualify for need-based financial aid, a student must fill out the Free Application for Federal Student Aid (FASFA) which is used to determine the expected family contribution (EFC), the amount the family is expected to pay toward the cost of the student's education. The institution uses the EFC to determine the amount of unmet financial need the student would have after the family contribution is made. An EFC is not indexed to an income threshold but is determined by a process that takes into account a family's income and assets, the number of children in college, and

¹³ H.R. 3221

other factors. The Student Aid and Fiscal Responsibility Act of 2009¹³ currently being considered in Congress would simplify the federal need analysis methodology and more closely align the requirements for data on the FASFA with Internal Revenue Service data from the prior year.

The state provides need-based financial aid to postsecondary students through Florida Student Assistance Grants,¹⁴ the Florida Work Experience Program,¹⁵ First Generation Matching Grants,¹⁶ Jose Marti Scholarship Challenge Grants,¹⁷ Mary McLeod Bethune Scholarships,¹⁸ and Rosewood Family Scholarships.¹⁹

2009-10 Need-based State Scholarship and Grant Appropriation and Program Award Amounts		
Program Title	Appropriation	Award Amount
Florida Student Assistance Grant (FSAG)²⁰	\$127,641,073	\$2,069 (\$200 minimum)
-Public (full-time/part-time) -Public Career Education (full-time/part-time) -Private (full-time only)	\$ 98,546,590	
-Postsecondary (full-time only)	\$ 2,152,840	
	\$ 15,875,417	
	\$ 11,066,226	
First Generation Matching Grant (FGMG)	\$ 6,848,120	Determined by FSAG Financial Need
-State Universities	\$ 5,148,120	
-Community Colleges	\$ 1,700,000	
Florida Work Experience Program (FWEP)	\$ 1,569,922	Determined by Financial Need
José Marti Scholarship Challenge Grant	\$ 160,098	\$2,000
Mary McLeod Bethune Scholarship	\$ 598,751	\$3,000
Rosewood Family Scholarship	\$ 60,000	Tuition and Fees, \$4,000 maximum

Source: Florida Department of Education, Office of Student Financial Assistance

State-funded Special Interest Financial Aid Programs

The state-provides the following financial aid programs for special populations or special purposes: Children or Spouses of Deceased or Disabled Veterans,²¹ the Critical Teacher Shortage Tuition Reimbursement Program,²² The Florida Education Fund,²³ the Florida Fund for Minority Teachers, Inc.,²⁴ and the Nursing Student Loan Reimbursement and Scholarship Programs.²⁵

¹³ H.R. 3221

¹⁴ Sections 1009.50-1009.52, F.S.

¹⁵ Section 1009.77, F.S.

¹⁶ Section 1009.701, F.S.

¹⁷ Section 1009.72, F.S.

¹⁸ Section 1009.73, F.S.

¹⁹ Section 1009.55, F.S.

²⁰ In addition to the state appropriation, in 2009-2010, \$2,450,000 of federal College Access Challenge Grant funds and \$2,563,089 of Special/Leveraging Education Assistance Partnership Program funds will be expended in the FSAG program.

²¹ Section 295.01, F.S.

²² Section 1009.58, F.S.

²³ Section 1009.70, F.S.

²⁴ Section 1009.605, F.S.

²⁵ Sections 1009.66 and 1009.67, F.S.

2009-10 Special Interest Program Appropriation and Award Amounts		
Program Title	Appropriation	Award Amount
Children/Spouses of Deceased/Disabled Veterans (CSDDV)	\$1,997,365	See FAS awards for equivalent costs
Critical Teacher Shortage Program	\$2,500,000	Student Loan Forgiveness \$2,500 undergrad/\$5,000 grad max Tuition Reimbursement \$78 per credit hour max
Florida Education Fund (FEF)	\$1,987,181	Determined by Fund
Florida Fund for Minority Teachers	\$1,607,942	\$4,000 max
Nursing Student Loan Reimbursement/Scholarship	\$ 929,006	N/A

Other types of special interest financial aid included extended benefits for individuals who were in a government program. Such benefits include the GI Bill and the Road-to-Independence Scholarship program which extends benefits to former foster care children while they are enrolled in postsecondary education programs.

State-funded Tuition Assistance Programs

Two state-funded programs provide tuition assistance to students in private postsecondary institutions. The tuition assistance is not based on merit or need but rather on the type of institution the student attends. The William L. Boyd, IV, Florida Resident Access Grant (FRAG) awards are available to students at 28 independent, non-profit Florida colleges and universities²⁶ which are chartered by the state, have a secular purpose, and are accredited by the Southern Association of Colleges and Schools. The Access to Better Learning and Education (ABLE) Grant Program provides tuition assistance to full-time Florida resident students seeking a baccalaureate degree at two types of private institutions: 1) Florida for-profit institutions which are chartered by the state, have a secular purpose, and are accredited by SACS²⁷, and 2) nonprofit postsecondary institutions chartered out of the state yet located in the state for 10 years or more and accredited by a regional accrediting agency.²⁸ The schools may not be a state university or community college and must have a secular purpose.

2009-10 Tuition Assistance Programs		
Program Title	Appropriation	Award Amount
William L. Boyd, IV, Florida Resident Access Grant (FRAG)	\$84,171,709	\$2,529
Access to Better Learning and Education Grant (ABLE)	\$ 3,947,037	\$ 986

Source: Florida Department of Education, Office of Student Financial Assistance

Federal Student Financial Aid Programs

In 2006-2007, Florida postsecondary students received \$800,864,888 in federal grants, work-study awards, and loans. The amount disbursed for the major federal programs and the number of students served are shown in the chart below:

²⁶ Barry University, Beacon College, Bethune-Cookman University, Clearwater Christian College, Eckerd College, Edward Waters College, Embry-Riddle Aeronautical University, Flagler College, Florida College, Florida Hospital College of Health Sciences, Florida Institute of Technology, Florida Memorial University, Florida Southern College, Hodges University, Jacksonville University, Lynn University, Nova Southeastern University, Palm Beach Atlantic University, Ringling School of Art and Design, Rollins College, Saint Leo University, St. Thomas University, Southeastern University, Stetson University, University of Tampa, Warner Southern College, and Webber International University.

²⁷ Ai Miami International University of Art and Design, Florida National College, Keiser University, and South University-West Palm Beach Campus.

²⁸ Belhaven College, Carlos Albizu University, Columbia College, Johnson & Wales University, National Louis University, Northwood University, Springfield College, Trinity International University, and Union Institute and University.

Florida Students' Participation in Federal Student Assistance Programs²⁹		
2006-2007		
Federal Program	Disbursements	Students Served
Federal Pell Grant Pell Grants are available almost exclusively to undergraduate students. ³⁰	\$680,859,753	284,785
Federal Supplemental Educational Opportunity Grant FSEOG grants are available to undergraduate students with exceptional financial need. ³¹	\$ 46,276,042	74,276
Federal Work Study Program Undergraduate and graduate students earn at least the federal minimum wage for work they perform while attending school. ³²	\$ 35,833,866	19,595
Federal Perkins Loan Undergraduate students may borrow up to \$5,500 annually and graduate and professional students may borrow up to \$8,000 annually. The loan must be repaid with 5 percent interest. ³³	\$ 36,477,625	15,666
Robert C. Byrd Honors Scholarship Program	\$ 1,417,602	1,000
Total Federal Programs	\$800,864,888	395,322

Source for 2006-2007 data: Florida Department of Education, Office of Student Financial Assistance³⁴

Changes in federal financial aid likely will produce more aid for Florida students. The Student Aid and Fiscal Responsibility Act of 2009³⁵ would increase the amount of federal Pell Grant awards by \$490 in award years 2008-2009 and 2009-2010, and by \$690 in 2010-2011. Beginning in 2011 the annual increases in the award would be indexed to the percent change in the Consumer Price Index.

The American Recovery and Reinvestment Act of 2009³⁶ provides \$200 million for grants, loans, loan repayments, and scholarships for the training of health care professionals. The Post-9/11 GI Bill expands eligibility for education support from the Veterans Administration.

Required Repeal of State Financial Aid Programs that Are Not Funded

Section 1009.96, F.S., provides that all financial aid programs authorized under ch. 1009, F.S., which are not funded for three consecutive years after enactment, will stand repealed. The following programs are established in statute and were last funded in 2001-02:

²⁹ This chart shows funds distributed to students enrolled in postsecondary institutions in Florida.

³⁰ U.S. Department of Education, "Funding Education Beyond High School: The Guide to Federal Student Aid, 2009-2010.

³¹ Ibid.

³² Ibid.

³³ Ibid.

³⁴ 2006-2007 data compiled from the U.S. Department of Education Federal Pell Grant End of Year Report, the U.S.

Department of Education Federal Campus-Based Programs Data Book, and the Florida Department of Education Office of Student Financial Assistance End of Year Report.

³⁵ H.R. 3221

³⁶ ARRA, P.L. 111-5.

- Section 1009.56, F.S., Seminole and Miccosukee Indian Scholarships;
- Section 1009.62, F.S., Grants for Teachers for Special Training in Exceptional Student Education;
- Section 1009.632, F.S., Critical Occupational Therapist or Physical Therapist Shortage Student Loan Forgiveness Program;
- Section 1009.633, F.S., Critical Occupational Therapist or Physical Therapist Shortage Scholarship Loan Program; and
- Section 1009.634, F.S., Critical Occupational Therapist or Physical Therapist Shortage Tuition Reimbursement Program.

To comply with section 1009.96, F.S, these financial aid programs need to be repealed.