

**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.)

Prepared By: The Professional Staff of the Higher Education Committee

BILL: SB 1960

INTRODUCER: Senator Bennett

SUBJECT: Talent & Economic Advancement Matching Grant Program

DATE: April 10, 2010                      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Brown	Matthews	HE	<b>Pre-meeting</b>
2.			MS	
3.			FT	
4.			WPSC	
5.				
6.				

**I. Summary:**

This bill creates the Talent and Economic Advancement Matching Grant Program (Program), to be housed within the Department of Education, and administered by the Office of Student Financial Assistance.

The Program would provide:

- Partnerships among the state, private schools licensed by the Commission for Independent Education and accredited by an entity recognized by the federal Department of Education, and private business;
- State-matched, private-sector contributions of up to \$2,000 a year per in-state student for courses of study in science, technology, engineering, mathematics, allied health, or other high-skill, high-wage occupations (as determined by the Occupational Forecasting Conference);
- An additional school-matched dollar through offset tuition, fees or a scholarship, in addition to the state dollar provided, for military veterans, or a spouse or child of active duty military personnel;
- Authority for schools to provide other students with reduced costs;
- Authority for the state to appropriate money to match expenditures by schools not matched in prior years due to budget constraints;
- Clarification that the grant can cover educational costs, including tuition, fees, and books;
- Specification that the student must be enrolled in a degree, certificate, or career education program; and
- Funding contingent upon legislative appropriation.

This bill creates a tax credit for private businesses to receive a 100-percent tax credit for contributions to the Program, and specifies eligibility and the tax credit process. The credit cannot exceed 75 percent of the tax due for the year after tax liability is adjusted by other credits.

Insurance companies participating in the Florida Tax Credit Scholarship program are excluded from this Program.

This bill creates an undesignated section of the Florida Statutes.

## II. Present Situation:

### **Commission for Independent Education**

The Commission for Independent Education (Commission), housed within the state Department of Education, provides for accreditation of non-degree and degree-granting private institutions. As of 2009, 336 degree-granting institutions operated under the jurisdiction of the Commission. Of these, in fiscal year 2008-2009, enrollment in degree programs reflected a 236,617 total student population with 46,457 reported graduates. Five-hundred and fifty-seven institutions under the jurisdiction of the Commission offer non-degree programs. Student population in non-degree programs for 2008-2009 totaled 76,795 students with 48,861 graduates in that same time frame.<sup>1</sup>

### **Workforce Estimating Conference (Conference)**

Section 445.011, F.S., authorizes the Conference, previously known as the Occupational Forecasting Conference. The Conference meets semi-annually to establish a Statewide Occupational Demand List, and makes recommendations to Workforce Florida for establishing Regional Targeted Occupations Lists.<sup>2</sup> As part of its focus, the Conference reviews local and regional demands for short- and long-term employment in high-skills/high-wage jobs. Jobs qualify for this designation where they reflect an hourly entry wage of \$12.66 per hour and an hourly average wage of \$19.84.<sup>3</sup>

### **Florida Tax Credit Scholarship Program**

By way of analogy, s. 220.187, F.S., provides for the Florida Tax Credit Scholarship Program (Program). The Program makes private-school scholarships available to qualifying kindergarten through 12<sup>th</sup> grade students. The Program applies to children from families meeting certain poverty guidelines, such as being eligible for the federal free or reduced-price school lunch program, or children in the custody of state foster care.<sup>4</sup>

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<sup>1</sup> 2008-2009 Annual Report, Commission for Independent Education, Florida Department of Education (2009).

<sup>2</sup> Florida Workforce Estimating Conference and Statewide Demand and Regional Targeted Occupations Lists Process, Florida Agency for Workforce Innovation, Labor Market Statistics Center (August 30, 2007).

<sup>3</sup> 2010-2011 Florida Demand Occupations List, Florida Agency for Workforce Innovation, Labor Market Statistics Center (August 2009).

<sup>4</sup> s. 220.187(3), F.S.

Under this program, a private taxpayer is authorized to receive a 100-percent tax credit on an eligible contribution for any given tax year, provided that the credit does not exceed 75 percent of the tax due, after liability is adjusted by other credits. The credit under this Program is reduced by the difference between the amount of federal corporate income tax due both with and without this credit.<sup>5</sup> Although subject to these limitations, taxpayers who file by consolidated returns are allowed the credit on a consolidated return basis.<sup>6</sup>

Taxpayer rescission is authorized, with the amount of the taxpayer credit rescinded to be made available to an eligible taxpayer approved by the Department of Revenue, on a first-come, first-served basis, provided that the taxpayer has not rescinded tax credit allocation more than once in the past three years.<sup>7</sup>

Total tax credits and carry forward of tax credits for any given fiscal year is capped at \$118 million.<sup>8</sup> The Florida Tax Credit Scholarship Program is also referenced in the state Insurance Code, in s. 624.51055, F.S., so that insurance company taxpayers can participate.

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

This bill may encourage course of study in the STEM field (Science, Technology, Engineering, and Math), health care, and in other high-skill, high-wage occupations.

Participating institutions under the jurisdiction of the Commission of Independent Education may benefit from increased student enrollment.

Students attending these institutions may benefit from a new stream of financial assistance for postsecondary coursework.

The Commission for Independent Education (CIE) indicates that 99 institutions qualify (are CIE-licensed, accredited by a national or regional body or association recognized by the U.S. Department of Education to provide education in science, technology, engineering, math, allied health, or other high-skill, high-wage occupations per the forecasting conference.) Of these, the CIE estimates that 147,073 students are enrolled in the 2009-2010 school year, 90 percent of whom would be considered residents.

High-skill, high-wage occupations identified in the most recent forecast include such positions as accountants, chefs, coaches, electricians, financial analysts, medical and health services managers, paralegals, police officers, registered nurses, and sales managers.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

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<sup>5</sup> s. 220.187(5)(a), F.S.

<sup>6</sup> s. 220.187(5)(c), F.S.

<sup>7</sup> s. 220.187(5)(d), F.S.

<sup>8</sup> s. 220.187(5)(b), F.S.

**B. Public Records/Open Meetings Issues:**

None.

**C. Trust Funds Restrictions:**

None.

**V. Fiscal Impact Statement:****A. Tax/Fee Issues:**

Contingent on participation, tax credits taken will result in reduced state revenue. The ability to claim a tax credit is not contingent upon a legislative appropriation, and therefore, is directed by individual taxpayers. Estimated fiscal impact is unknown, and the revenue estimating conference has not reviewed this bill. However, a fiscal impact may be considerable.

**B. Private Sector Impact:**

Contingent upon legislative appropriation and participation, private schools may benefit from increased enrollment. Private school students attending these institutions may benefit from an additional education funding source, and this source of financial aid may provide a new option of choice for students. Military veterans and active personnel and their families will also benefit, and would be eligible for additional contributions.

**C. Government Sector Impact:**

The Department of Revenue expects that if this bill becomes law, an insignificant fiscal impact on the agency will result, in the amount of \$48,000 non-recurring.

The Department of Education indicates that the total annual administrative cost to implement the Program is approximately \$91,097. This figure represents funding needed for a 1.0 FTE position (\$55,347), start-up costs in the form of IT programming (\$9,750), and annual recurring maintenance and storage costs (\$26,000).

**VI. Technical Deficiencies:**

The Occupational Forecasting Conference has been renamed as the Workforce Estimating Conference.

**VII. Related Issues:**

The Department of Revenue (DOR) identifies a number of potential issues with the bill:

- It is unclear why a taxpayer would rescind its credit, or why the DOR would administer the rescission, as it appears that the contribution is made to the Department of Education;
- It is unclear whether this credit applies to out-of-state businesses;

- Section 220.02(8), F.S., provides for the order in which credits are to be claimed and should be amended to add this credit to the list relative to other corporate income tax credits; and
- Where there is a credit provision in chapter 220, F.S., there is generally a corresponding addition in s. 220.13, F.S., which precludes the same taxpayer from receiving both a deduction and a credit for the same item. Without amending this section, a taxpayer can potentially receive a tax benefit greater than the contribution.

The Department additionally notes the following:

- Much state-funded aid for education is based on financial need and/or merit, or capped at the cost of attendance;
- This bill does not tie student eligibility to that typically provided in eligible student requirements under s. 1009.40, F.S.;
- It is unclear whether students with earned undergraduate degrees can participate; and
- It is unclear whether, absent any appropriation, private contributions can still be made available for scholarships.

### **VIII. Additional Information:**

- A. **Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.