I. Description (Describe the service or program to be provided and how this issue aligns with the goals and objectives of the strategic priorities and the 2014 Work Plan established by your institution. Include whether this is a new or expanded service/program. If expanded, what has been accomplished with the current service/program?)

Statutory changes to the Bright Futures scholarship eligibility are fully phased-in beginning with students who graduate high school in 2013-14. These changes will have a significant impact on lower-income, underserved and minority students. The State Universities request additional funds to support need-based aid to ensure these students have the funds necessary to succeed in their educational goals. This request is consistent with the Board of Governors goal of expanding need-based financial aid to undergraduate students to improve access and affordability. Prior to 2011-12, a student qualified for Bright Futures with a SAT score of 970 or an ACT of 20. The new eligibility requirements require a SAT score of 1170 or an ACT score of 26.

Since 2008-09, the appropriation for Bright Futures has fallen from $436,175,538 to $266,191,952 in 2014. This is a 39% decrease in funding. Just under $170 million has been redirected to other initiatives. This reduction has taken place...
even though the total Educational Enhancement Trust Fund revenues have increased by 11.28% since 2008.

As a matter of policy, it makes sense to raise the standards on a merit based scholarship program in order to create enhanced incentives for performance. However, such a change is not without unintended consequences. A range of studies suggests that the change has disproportionately affected some groups of students and the negative impact will grow as the final criteria changes are phased in. Students graduating from high school in 2014 are the first class to face the highest eligibility criteria. The previous configuration of Bright Futures had been quite successful in providing the necessary funding to enable many low-income and underserved students to pursue a baccalaureate degree. This impact was confirmed through a recent analysis by the Board of Governors examining Fall 2013 admission data for those FTIC Florida resident students who were admitted and registered and met the Florida Medallion Scholars (based on the 2012 criteria), with a break out of those same students showing those who also met the new 2013 criteria. The study found that 20,359 Florida resident FTICs who were admitted and registered during the Fall 2013 term would have qualified for the Medallion award based on the 2012 criteria, but only 12,628 met the 2013 criteria. So, the most recent change in criteria impacted 38% of the 2013 entering class – which varies considerably by race and university.

In addition, there is evidence of a strong positive correlation between income and SAT test scores, which supports the concern that the change in the eligibility requirements will disproportionately affect lower-income, underserved and minority students.

In an August 27, 2009 article in the New York Times, the results of a College Board report of SAT scores for 2009 College-Bound Seniors included the following observations:

• There is a very strong positive correlation between income and test scores. (the R² for each test average/income range chart is about 0.95.);
• On every test section, moving up an income category was associated with an average score boost of over 12 points;
• The biggest score boost is noted between the second-highest income group and the highest income group. (However, keep in mind the top income category is uncapped, so it includes a much broader spectrum of families by wealth.)

The attached chart included in the article provides a quick visual interpretation of the data.
Other research data shows “that test-takers with family incomes of less than $20,000 a year had a mean score of 1310 while test-takers with family incomes of over $200,000 had a mean score of 1715, a difference of 405 points. Further calculations showed a 40-point average score increase for every additional $20,000 in income” (http://archive.today/H8gyE). As a consequence even students from lower middle class families are likely to be impacted by the new merit criteria.

Based on a data analysis provided by the Board of Governors, similar concerns arise when considering factors such as race/ethnicity. For example, as seen in Table 1, within the SUS 62% of the Black or African American students who were eligible in 2012 for the Medallion Scholars would not be eligible under the 2013 criteria and 47% of the Hispanic/Latino students would not be eligible.
The impact of the new policy is designed to apply quite generally. As might be predicted though, the impact on each institution in the State University System is likely to be different as seen in Table 2 ranging from 12% of students affected at the University of Florida to 77% at Florida Gulf Coast University.
More dramatic results are expected as the final criteria changes are phased in. Students graduating from high school in 2014 are the first class to face the highest eligibility criteria. To achieve a Florida Medallion Scholars award, a minimum 1170 SAT or 26 ACT score must be obtained compared to the 1020 SAT or 22 ACT score required for students who graduated just one year before.

Other information provides a further perspective on the implications of the policy change. Data obtained from the Florida Economic and Demographic website from the March 5, 2014 estimating conference, show awards of 154,160 in 2013-14 and estimates 127,573 awards in 2014-15 as seen in Table 3. This results in a 17.25% reduction. As the final eligibility criterion makes its way through the system, a 54.21% reduction is expected resulting in 83,581 awards for 2017-18.

We are requesting funds to provide financial aid to students with financial need who are academically qualified. Family income data will not be available until the Student Financial Aid files are submitted. Until that time a placeholder of $45 million is being requested for need-based aid.

The additional funding will be targeted to ensure lower-income students who are impacted by the loss of the Bright Futures scholarships and academically qualified will continue to have the opportunity to pursue higher education goals without depending solely on student loans. This request is consistent with the Board of Governor’s goal of making college affordable for Florida families. This will help ensure our top students remain in Florida.
The Florida Council of 100 endorsed a similar idea published a report in January 2010 titled *Closing the Talent Gap: A Business Perspective* that included several recommendations including increasing eligibility thresholds to reflect above-average merit. At the same time, the Council made a corollary recommendation that savings should be redirected towards need-based aid. The Council wrote letters dated April 4, 2014 and April 24, 2014 to Senate President Don Gaetz and Speaker Will Weatherford requesting the investment in need-based aid.

Other observers have also recognized the case for such a plan. In April 2014, The Florida College Access Network issued a policy brief on College Affordability and the changes to the Bright Futures program. This brief states, “At its peak, the program provided college scholarships to 1 in 3 high school graduates. Estimates now show that only 1 in 8 high school graduates will benefit from the program this school year once significant increases to test score requirements are enforced. This translates to approximately 20,000 fewer graduating seniors qualifying for Bright Futures compared to just a year ago.”

**II. Return on Investment** *(Describe the outcome(s) anticipated, dashboard indicator(s) to be improved, or return on investment. Be specific. For example, if this issue focuses on improving retention rates, indicate the current retention rate and the expected increase in the retention rate.)*

There are many ways to evaluate the return on investment for accelerating and improving degree completion. Research shows that educated citizens have increased earning power; less likely unemployment; lower instances of poverty, dependence, incarceration; longer, healthier life expectancy, with lower health costs; children more likely to perform well in school; and more likelihood to participate in community organizations and political events.

Without these funds, retention and graduation rates are likely to fall as students come to grips with the financial implications of continuing their schooling. Many of these students are also likely to incur additional debt and, failing some means of support, may acquire that debt without the benefit of a degree to increase their prospects for a job and better pay. Increased student debt levels have been shown to have a drag on the national economy. It is likely such increases will have a similar effect on the Florida economy. By allocating funds to academically qualified need-based aid, students will have a greater opportunity to sustain their planned time-to-degree and not delay their entry into the State’s workforce. Ensuring employment ready students promptly enter the workforce produces the potential for an increase in State revenue from new income expenditures. Finally, improved student graduation rates have repeatedly been shown to have an enormous positive return on investment, which can exceed 300%.
The request is consistent with one of the Governor’s top priorities of making sure all Floridians have access to an affordable higher education.

**III. Facilities** *(If this issue requires an expansion or construction of a facility and is on the Capital Improvement List complete the following table.):*

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<th>Facility Project Title</th>
<th>Fiscal Year</th>
<th>Amount Requested</th>
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