

**State University System
Education and General
2017-2018 Legislative Operating Budget Issue
Form I**

University(s):	All SUS Institutions
Work Plan Issue Title:	Summer Bright Futures Scholarship
Priority Number	
Recurring Funds Requested:	Funding for a total estimated credit hours of 539,200
Non-Recurring Funds Requested:	N/A
Total Funds Requested:	
Please check the issue type below:	
Shared Services/System-Wide Issue	<input type="checkbox"/>
2014-2015 Non-Recurring Issue	<input type="checkbox"/>
New Issue for 2015-2016	<input checked="" type="checkbox"/>

I. Description

Background

Under the guidance of Governor Rick Scott, the Legislature, and the Board of Governors (BOG), the institutions within the State University System (SUS) of Florida continue to focus their efforts on efficiently producing more baccalaureate graduates to meet the state’s workforce needs. An important component of this is reducing time-to-degree. To work towards this overarching goal, the SUS proposes the following plan to fund merit-based Bright Futures scholarships for summer terms.

When institutions leverage summer enrollments, they improve graduation rates, reduce student debt, and increase year-round classroom utilization. These objectives are already major areas of focus for the SUS. As an example, the six-year graduation rate is one of the key performance metrics included in the BOG performance funding model and is also articulated in the metrics specified in the state’s preeminent university standards (1001.7065, F.S.). In addition, universities are aggressively looking for ways to reduce the educational costs borne by our students. As it stands, extending studies beyond four years includes added

expenses such as the extra tuition, fees, excess credit hour surcharges, and opportunity costs of not entering the workforce to earn a salary. Finally, the Office of Program Policy and Governmental Analysis (OPPAGA) has undertaken several studies, in recent years, related to classroom utilization and has issued calls for increased classroom utilization, an issue which universities monitor very closely. Universities are trying different models to maximize the use of space including the summer term experience and shifting to online enrollments.

While the Bright Futures statutes authorize a student to “use an award for summer term enrollment if funds are available,” and the annual award limit is 45 credit hours, the administration of the scholarship prohibits summer funding (1009.53, F.S.). Unfortunately, in recent history, only two state budget cycles have contained funding for students during the summer semester (FY1999-00 and FY2000-01). From that point forward, the state restricted recipients from using their scholarship awards in the summer term if they used it in the fall and spring.

Currently, the Office of Student Financial Assistance in the Florida Department of Education states that, “unless otherwise mentioned, Bright Futures awards are not available for the summer term” and describes how students “can receive the scholarship in the spring and summer terms but will not receive the scholarship for attendance during the fall term” (Bright Futures Student Handbook, Chapter 2, p. 2). By not allowing students to take advantage of the 45 credit hours over three full terms each year, the state is creating a financial barrier to timely graduation. These barriers then extend students’ time to degree or burden them with additional student loans if they do choose to pay for summer themselves – all while many classrooms sit underutilized from May through August.

Legislative analyses show that “Bright Futures contributes to improved college preparation, affordability, and enrollment” (OPPAGA program review, March 2003) and that “most Bright Futures scholars perform well and remain enrolled in college” (OPPAGA program review, February 2004). The Bright Futures program has promoted student success for two decades, and as such, the state should ensure that it appropriately leverages it to the benefit of our students.

A funded summer component could be accomplished by making scholarship allocations a priority per 1009.53 (4), F.S. which states that Bright Futures funding “must be provided before allocations from that fund are calculated for disbursement to other educational entities.” Statutorily, the state is obligated to make this scholarship its priority for this funding source. As such, this proposed expansion will not only directly benefit students and enhance the performance and efficiency of the public institutions that serve them, but also quicken the entry of our students in to the workplace or graduate school.

Funding Requested

In recent years, and as a result of increased eligibility requirements for students, funding for the Fall and Spring Terms has declined. In July 2016, the Office of Economic and Demographic Research (EDR) projected that \$5.5M of the appropriated funds for Bright Futures would not be needed in 2016-17. This reduction follows the downward trend in Bright Futures allocations, which at the current level of \$217M in 2016-17 is roughly half the amount of the all-time high of \$435M in 2008-09, as noted in the Florida Department of Education's annual report on lottery-funded education appropriations. In the same period of time, the Educational Enhancement Trust Fund balance increased to \$1.67B in 2016-17 from \$1.48B in 2008-09 – which equates to a \$189M or a 13% increase. Adequate lottery revenues should be available to fund this request, per legislative analyses that “lottery sales have increased” but “transfers to the Educational Enhancement Trust Fund remain stable” (OPPAGA Report No. 16-01).

This request is to begin a conversation and to establish funding for Bright Futures Scholarships for the entire calendar year. This commitment will allow students to earn a degree at an accelerated pace, which in turn provides for increased graduations rates, reduced student debt, and improves classroom utilization. Specifically, the request is that the legislature appropriate adequate lottery revenues to allow for annual payments of the scholarship beginning with the Fall 2017/Spring 2018/Summer 2018 Terms.

According to an analysis by BOG staff members using data from Spring and Summer 2015, the estimated costs to implement a system-wide summer Bright Futures scholarship program would be between \$25.9M and \$46.7M (see Table 1 for full details). The study accounts for increased costs due to the likelihood that “availability of Bright Futures funds for Summer Term would encourage students to take more credit hours.”

Note that the low cost estimate, \$25.9M, assumes no increase in credit hour production, which is unlikely, given the fact that students must currently find other funding sources – besides Bright Futures – to pay for their summer courses. Providing them with the benefits of a summer scholarship would incentivize them to enroll in summer school.

A funding request for a total of \$46.7M is due to the assumption that students will be more likely to register for summer courses when they are able to use their Bright Futures scholarships during a third term each year.

Table 1. Estimated Headcount, Credit Hours, and Costs to Implement Summer Bright Futures Scholarship Awards
(Based on Spring and Summer 2015 Data)

UNIV	ACTUAL HEADCOUNT ¹			ACTUAL CREDIT HOURS ¹			ESTIMATED CREDIT HOURS			ACADEMIC SCHOLARS ²		MEDALLION AND GSV SCHOLARS ²		ESTIMATED DOLLARS		
	SPR	SUM	%	SPR	SUM	%	LOW 25%	MEDIUM 35%	HIGH 45%	%	\$/SCH	%	\$/SCH	LOW	MED	HIGH
FAMU	691	271	39%	10,308	1,813	18%	2,600	3,600	4,600	13%	\$103	87%	\$77	\$209,000	\$289,000	\$370,000
FAU	4,225	2,278	54%	53,096	13,754	26%	13,300	18,600	23,900	15%	\$103	85%	\$77	\$1,076,000	\$1,505,000	\$1,934,000
FGCU	3,171	1,546	49%	40,771	8,744	21%	10,200	14,300	18,300	14%	\$103	86%	\$77	\$823,000	\$1,153,000	\$1,476,000
FIU	6,494	3,771	58%	86,570	23,576	27%	21,600	30,300	39,000	18%	\$103	82%	\$77	\$1,764,000	\$2,475,000	\$3,186,000
FPU	225	76	34%	3,309	405	12%	800	1,200	1,500	32%	\$103	68%	\$77	\$68,000	\$102,000	\$128,000
FSU	17,548	7,641	44%	230,952	49,450	21%	57,700	80,800	103,900	34%	\$103	66%	\$77	\$4,953,000	\$6,936,000	\$8,919,000
NCF	523	-	0%	8,368		0%	2,100	2,900	3,800	68%	\$103	65%	\$77	\$252,000	\$348,000	\$456,000
UCF	18,068	9,636	53%	231,539	59,596	26%	57,900	81,000	104,200	28%	\$103	72%	\$77	\$4,880,000	\$6,827,000	\$8,782,000
UF	22,465	10,777	48%	305,098	68,416	22%	76,300	106,800	137,300	63%	\$103	37%	\$77	\$7,125,000	\$9,973,000	\$12,821,000
UNF	3,882	2,095	54%	49,359	12,342	25%	12,300	17,300	22,200	21%	\$103	79%	\$77	\$1,014,000	\$1,427,000	\$1,831,000
USF	11,374	6,938	61%	155,213	44,660	29%	38,800	54,300	69,800	28%	\$103	72%	\$77	\$3,270,000	\$4,576,000	\$5,883,000
UWF	1,852	1,004	54%	23,767	5,724	24%	5,900	8,300	10,700	22%	\$103	78%	\$77	\$488,000	\$687,000	\$885,000
SUS	90,518	46,033	51%	1,198,350	288,480	24%	299,500	419,400	539,200	36%	\$103	64%	\$77	\$25,922,000	\$36,298,000	\$46,671,000

SOURCE: Board of Governors staff. NOTES: (1) Actual data reflect Bright Futures Academic, Medallion, and Gold Seal Vocational (GSV) Scholars who enrolled in Spring 2015 and then subsequently enrolled in Summer 2015. (2) Academic and Medallion/GSV Scholar percentages are based on Spring 2015 enrollments, and \$ per FTE are based on 2016-17 award amounts.

II. Return on Investment

According to the aforementioned BOG staff analysis, summer Bright Futures scholarships will likely have a positive impact:

The benefits to students include faster time-to-degree, quicker entry into the job market, and the likelihood of reduced debt. The benefit to the State includes a better educated workforce as students earn baccalaureate degrees more quickly; more room in the baccalaureate degree pipeline as time-to-degree is shortened; and more efficient use of campus facilities throughout the entire year.

Expanding Bright Futures to the summer term promotes higher educational attainment, which correlates with increased earning power; decreased 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. According to at least one study, “investments in education are expected to return three dollars in net benefits (more taxes for the state and less spending for social services and prisons) for every dollar put into education” (University of California Berkeley, 2005). In other words, the net public benefits of this investment should exceed 300% of the costs.

A single additional semester pursuing a bachelor’s degree equates to 4 months of lost earnings for that individual – and thus a negative impact on the student, the economy, and the state. Bright Futures scholarships for the summer term will provide students an opportunity to accelerate their time-to-degree and a more rapid entry into the state’s workforce, thereby creating the potential for an increase in State revenue from the new income earning expenditures. The 2016 BOG system work plan states that the median wages of bachelor’s recipients will be \$36K for the 2014-15 student cohort. The personal opportunity cost for a single student to stay in college a single extra semester is \$12K, which is above and beyond the \$10K average SUS cost per semester for tuition and fees, books and supplies, room and board, transportation, and other educational expenses (BOG Cost of Attendance data, 2016-17). The true cost of delaying graduation by one semester then approaches \$22K.

Furthermore, reducing student debt is a national concern. The state should take a leadership position in providing solutions for reducing the cost to attain a baccalaureate degree in Florida with as little debt as possible. By reducing time-to-degree by anywhere from one semester to a full year of studies, students will not have to turn to additional student loans to pay for summer studies.

Lastly, by funding Bright Future awards during the summer term, the SUS will increase classroom utilization. Additional enrollments will lead to additional course sections, which will lead to fewer classrooms sitting empty over the summer term. This is consistent with the Board of Governors 2012-2025 Strategic Plan with a stated goal to “seek ways to organize and collaborate for increased efficiencies and a stronger System and State.”

In conclusion, the return on investment for this request is three-fold. This request is consistent with previously-articulated goals of the Governor, the Legislature, and the Board of Governors to increase student graduation rates, to reduce student debt, and to increase classroom usage during the summer term.

III. Facilities

	Facility Project Title	Fiscal Year	Amount Requested	Priority Number
1.	n/a			
2.				