

Policy Brief

## Future Not So Bright For Middle & Low-Income Students

### FLORIDA

The Bright Futures Scholarship Program is Florida's most popular and largest student financial aid program. Funded out of the Educational Enhancement Trust Fund, the Bright Futures scholarship covers a portion of tuition and fees for eligible students attending a Florida public or private university or state college. For many students, the award amount represents a generous incentive to continue their education beyond high school while the eligibility requirements for the merit-based scholarship provide a clear roadmap of the coursework, GPA, and test scores required to gain access to college.

With over a \$3.5 billion budget deficit, the Florida Legislature has proposed tapping the Bright Futures budget of \$437 million to help cover some of state shortfall. In such an unprecedented budget year, it is not unreasonable for members of the legislature to seek and grant flexibility where necessary to balance the budget. However, seeking savings through the current proposals on the table related to Bright Futures will disproportionately impact Florida's middle and limited-income students, our state's fastest growing population.

The House has proposed cutting the program by \$65 million through a variety of measures including accelerating and hiking eligibility requirements. The Senate has proposed cutting the program by \$147 million by simply cutting scholarship award amounts by \$1,000 per student across the board. With tuition on the rise, federal programs such as ACG and SMART on the chopping block, and Pell grants likely to be cut by an average of \$706 per award, proposals that rapidly narrow access to Bright Futures for high school graduates and significantly reduce award amounts will likely result in reduced access and a reduction in college completion rates.

Andrew Hecht, a Pell-eligible junior at the University of Florida, says that a \$706 reduction in his Pell award coupled with a \$1000 reduction in his Bright Futures scholarship would cause him to reduce his course load, spend less time in study hall, seek out a part-time job, and will likely increase his time to graduation. There are 48,000 other SUS students who fall into this category (See Table 1). For high school juniors looking to enter a university or college the Fall of 2012, their efforts to meet new academic requirements for Bright Futures may fall short after changes to the rules are introduced to them their senior year.

The Florida College Access Network, formerly ENLACE Florida, has supported reform to the Bright Futures Scholarship program over the years. Most changes to the program to-date improve college-preparation, access, and completion rates for students. In 2009, we supported the requirement that students in the program earn a minimum of 24 semester hours per academic year. This change encouraged students to take more courses and therefore reduce their time to graduation. Also in 2009 we supported the de-coupling of the award amount from tuition understanding that it would lead to an increase in need-based aid available to students as a result of the tuition differential allocation requirements. In 2010, we supported the incremental increase in SAT/ACT scores required to qualify for the scholarship. We continue to believe that when provided access to rigorous coursework in high school and when provide adequate notice to increases in standards, our limited-income and minority students will rise to meet those standards.

Unfortunately, what has been proposed this year for the cause of seeking savings is one-dimensional, reverses the trend toward improving college-readiness and completion rates, and unreasonably impacts Florida’s future talent pool and the students for whom we advocate. Therefore, the Florida College Access Network respectfully requests that our state leaders revisit their ideas, utilize the data made available through this policy brief, and develop a resolution that (1) identifies program savings, (2) minimizes the financial impact on middle and low-income students, and (3) ensures that all students continue to receive an award for academic merit.

**Table 1: SUS Bright Futures Recipients By Average Family Income, 2009-10\***

Income Level	Bright Future Recipients		Average Family Income
	#	%	\$
less than 20,000	36,377	32.8%	\$9,073.56
20,001-40,000	12,440	11.2%	\$29,307.44
40,001-60,000	10,140	9.1%	\$49,871.44
60,001-80,000	9,659	8.7%	\$70,014.73
80,001-100,000	9,532	8.6%	\$89,872.25
100,001-150,000	16,737	15.1%	\$121,815.18
150,000+	16,125	14.5%	\$350,604.03
<b>Totals</b>	<b>111,010</b>	<b>100.0%</b>	<b>\$91,418.92</b>

\*See Source & Technical Notes

The majority of Bright Futures recipients (67%) attend a public state university. For the purpose of our analysis, we looked at the total number of Bright Futures recipients attending an SUS institution during the 2009-10 academic year and categorized them by average family income. As shown in Table 1, our findings suggest that 14.5% of Bright Future recipients (16,125) within the SUS reported an average family income of \$350,604. The average Bright Futures award in 2009-10 was \$2,548.33. This amounts to over \$41 million in tuition support for students within this category.

**Source & Technical Notes:** The income data used in this study are the result of a match between the academic records of Florida students and data from the federal income tax return. The IRS authorized and facilitated the project, and, following federal rules, the Florida Department of Revenue aggregated the data in such a way as to provide no identifiable information from individual taxpayer or student records, only on groups of students. This study used a cohort of 2009-10 academic year Florida resident undergraduates. The income data came from 2008 federal income tax returns. The student records were compared first with dependents on tax returns of Florida residents. If the student did not match as a dependent on a primary filer’s tax return, the student record was then compared with independent filers (primary and secondary tax filers). Overall, 89.5% of the student records matched to a federal tax return. Of those that matched, 56% of the students were dependents on another’s tax return, and 44% were independent filers. A small portion (about .05%) of those that matched federal income tax returns were excluded from the analysis because their data were redacted to comply with IRS privacy rules. Our analysis was based on the matched 266,648 2009-10 SUS resident, undergraduate students from families reporting adjusted gross income on the 2008 federal income tax return.

**Table 2: SUS Average Tuition Costs & Average Bright Futures Award From 2005-06 To 2011-12**

Year	SUS Tuition & Fees				Bright Futures Scholarship (SUS)		
	30 credits	% change	credit hour cost	% change	Avg. Award	% change	% of tuition & fees covered
<i>2011-12</i>	<i>\$5,602.36</i>	<i>13.5%</i>	<i>\$187.77</i>	<i>13.8%</i>	<i>\$1,548.33</i>	<i>-39.2%</i>	<i>27.64%</i>
2010-11	\$4,936.00	13.5%	\$165.00	13.8%	\$2,548.33	0.0%	51.63%
2009-10	\$4,350.80	14.3%	\$145.03	14.3%	\$2,548.33	-5.6%	58.57%
2008-09	\$3,808.07	8.1%	\$126.94	8.1%	\$2,698.88	6.9%	70.87%
2007-08	\$3,523.03	5.2%	\$117.43	5.1%	\$2,525.78	3.1%	71.69%
2006-07	\$3,350.43	3.5%	\$111.68	3.5%	\$2,449.48	4.1%	73.11%
2005-06	\$3,238.40	--	\$107.95	--	\$2,353.84	--	72.69%

Source: <http://www.floridastudentfinancialaid.org/SSFAD/home/StateProgramLink.htm>

<http://www.flbog.org/about/budget/current.php>

In 2006, the average Bright Futures scholarship covered approximately 73% of student tuition costs. Under the proposed changes by the Senate, an average Bright Futures scholarship will cover only 27% of tuition costs (See Table 2). It is difficult to argue that this reduction in the scholarship value would not disproportionately impact students who, like all students within the program, met the academic requirements yet come from backgrounds with limited financial means. Tuition and fees are just part of the cost associated with attending an SUS institution. Other costs include room and board, books and supplies, and transportation. In 2006, the average total cost of attending an SUS institution was about \$14,609. Today, the average total cost sits at around \$19,000.

The Florida Legislature faces a very difficult task in trying to balance our state budget. However, we believe there are ways to seek out savings that minimize the fiscal impact on our students and do not threaten their access to higher education nor their continuation. With the majority of our K-12 students qualifying for free or reduced lunch, it is in our state's best economic interest to consider a student's financial means when deciding how we invest our limited financial aid resources. By 2018, 59% of all Florida jobs will require some form of postsecondary education. Today, only 37% of working adults in Florida have a postsecondary degree or credential. To remain competitive, our policy decisions at the state and local level should help us meet future workforce demands—not limit our ability to.

The Florida College Access Network recommends:

- Eligibility requirements for Bright Futures should not be increased or accelerated beyond the current schedule as determined by the 2010 Florida Legislature.
- Cuts to Bright Futures awards per credit should be implemented on a graduated scale based on the family income of each scholarship recipient (See example on page 4). By taking family income into consideration when determining the level of reduction to each Bright Futures award, Florida can limit the fiscal impact per student while reaping the savings it seeks to balance the budget.

Florida College Access Network promotes college-readiness, access, and success for limited-income, first generation, and underrepresented students through research, communication, advocacy, and community support



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**Table 3: Example of Bright Futures Award Reduction Based on Graduated Scale**

Income Level	Bright Future Recipients		Proposed Average BF Award	Proposed Total
	\$	#	%	\$
less than 20,000	36,377	32.8%	\$2,500.00	\$90,942,500.00
20,001-40,000	12,440	11.2%	\$2,250.00	\$27,990,000.00
40,001-60,000	10,140	9.1%	\$2,000.00	\$20,280,000.00
60,001-80,000	9,659	8.7%	\$1,750.00	\$16,903,250.00
80,001-100,000	9,532	8.6%	\$1,500.00	\$14,298,000.00
100,001-150,000	16,737	15.1%	\$1,000.00	\$16,737,000.00
150,000+	16,125	14.5%	\$500.00	\$8,062,500.00
<b>Totals</b>	<b>111,010</b>	<b>100.0%</b>	<b>FL CAN Proposal</b>	<b>\$195,213,250.00</b>
			<b>2009-10 SUS BF Total</b>	<b>\$307,430,479.00</b>
			<b>Savings to State</b>	<b>\$112,217,229.00</b>

With the deep budget hole Florida has found itself in, and based on the discussions taking place within our Capitol, Florida C.A.N. does not see a scenario where Bright Futures awards will remain untouched by budget committee leadership. With this in mind, our proposal calls for a reduction in the Bright Futures award for *all* income categories, however it would limit the average reduction of the award for all students based on reported family-income (See Table 3). We can expect that this approach would minimize the number of academically prepared students who fail to gain access or fail to continue their higher education simply because they cannot afford it. The current Senate proposal cuts all awards by \$1,000, reducing the average award to \$1,548 across the board regardless of a student’s ability to pay. Unlike the Senate proposal, we believe a graduated reduction that utilizes the data available will help keep Florida in position to preserve college access for all students.

*The views expressed in this policy brief were developed independently and do not reflect the opinions of the universities with which the leadership team and staff are affiliated.*

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