

By Senator Ring

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1 A bill to be entitled
2 An act relating to federal student loan default rates;
3 amending s. 1005.04, F.S.; requiring certain
4 institutions to maintain a federal student loan cohort
5 default rate below a specified percentage; providing
6 that an institution is ineligible to receive certain
7 grant payments or maintain a license, and remains
8 ineligible, until the institution's federal student
9 loan cohort default rate falls below a specified
10 percentage; requiring the Commission for Independent
11 Education to revoke the license of an institution
12 whose federal student loan cohort default rate exceeds
13 the threshold percentage; defining such an
14 institution's period of ineligibility; amending s.
15 1005.31, F.S.; revising the minimum standards the
16 Commission for Independent Education must use to
17 evaluate an institution for licensure to include the
18 institution's federal student loan cohort default
19 rate; requiring the commission to deny a renewal
20 license for an institution whose federal student loan
21 cohort default rate exceeds a specified percentage;
22 amending s. 1005.32, F.S.; revising the minimum
23 criteria for an independent postsecondary educational
24 institution to apply for a license by accreditation to
25 include a maximum percentage for the institution's
26 federal student loan cohort default rate; amending s.
27 1011.81, F.S.; requiring Florida College System
28 institution performance funding for industry
29 certifications to take into consideration an

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30 institution's federal student loan cohort default
31 rate; amending s. 1011.905, F.S.; requiring State
32 University System institution performance funding
33 calculations to take into consideration an
34 institution's federal student loan cohort default
35 rate; providing an effective date.
36

37 Be It Enacted by the Legislature of the State of Florida:
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39 Section 1. Section 1005.04, Florida Statutes, is amended to
40 read:

41 1005.04 Fair consumer practices; federal student loan
42 default rates.—

43 (1) Every institution that is under the jurisdiction of the
44 commission or is exempt from the jurisdiction or purview of the
45 commission pursuant to s. 1005.06(1)(c) or (f) and that either
46 directly or indirectly solicits for enrollment any student
47 shall:

48 (a) Disclose to each prospective student a statement of the
49 purpose of such institution, its educational programs and
50 curricula, a description of its physical facilities, its status
51 regarding licensure, its fee schedule and policies regarding
52 retaining student fees if a student withdraws, and a statement
53 regarding the transferability of credits to and from other
54 institutions. The institution shall make the required
55 disclosures in writing at least 1 week prior to enrollment or
56 collection of any tuition from the prospective student. The
57 required disclosures may be made in the institution's current
58 catalog;

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59 (b) Use a reliable method to assess, before accepting a
60 student into a program, the student's ability to complete
61 successfully the course of study for which he or she has
62 applied;

63 (c) Inform each student accurately about financial
64 assistance and obligations for repayment of loans; describe any
65 employment placement services provided and the limitations
66 thereof; and refrain from promising or implying guaranteed
67 placement, market availability, or salary amounts;

68 (d) Maintain a federal student loan cohort default rate,
69 released during the fall of each academic year, below 30 percent
70 for 3 consecutive years or at or below 40 percent for any given
71 year. An institution eligible for a William L. Boyd, IV, Florida
72 Resident Access Grant pursuant to s. 1009.89 and an institution
73 eligible for an Access to Better Learning and Education Grant
74 pursuant to s. 1009.891 whose federal student loan cohort
75 default rate exceeds these rates shall be ineligible to receive
76 payments from such grants for incoming students until the
77 institution's federal student loan cohort default rate falls
78 below the threshold. The commission shall revoke the license of
79 an institution under its jurisdiction whose federal student loan
80 cohort default rate exceeds the threshold. The commission may
81 not reinstate an institution's license until the institution's
82 federal student loan cohort default rate falls below the
83 threshold. An institution's ineligibility to receive such funds
84 or maintain a license is effective for the academic year
85 following the fall disclosure of the federal student loan cohort
86 default rate. The institution will remain ineligible for a
87 minimum of 1 academic year until the institution's federal

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88 student loan cohort default rate falls below the threshold;

89 (e) Provide to prospective and enrolled students accurate
90 information regarding the relationship of its programs to state
91 licensure requirements for practicing related occupations and
92 professions in Florida;

93 (f)~~(e)~~ Ensure that all advertisements are accurate and not
94 misleading;

95 (g)~~(f)~~ Publish and follow an equitable prorated refund
96 policy for all students, and follow both the federal refund
97 guidelines for students receiving federal financial assistance
98 and the minimum refund guidelines set by commission rule;

99 (h)~~(g)~~ Follow the requirements of state and federal laws
100 that require annual reporting with respect to crime statistics
101 and physical plant safety and make those reports available to
102 the public; and

103 (i)~~(h)~~ Publish and follow procedures for handling student
104 complaints, disciplinary actions, and appeals.

105 (2) In addition, institutions that are required to be
106 licensed by the commission shall disclose to prospective
107 students that additional information regarding the institution
108 may be obtained by contacting the Commission for Independent
109 Education, ~~Department of Education, Tallahassee.~~

110 Section 2. Subsection (2) of section 1005.31, Florida
111 Statutes, is amended, and subsection (16) is added to that
112 section, to read:

113 1005.31 Licensure of institutions.—

114 (2) The commission shall develop minimum standards by which
115 to evaluate institutions for licensure. These standards must
116 include at least the institution's name, financial stability,

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117 purpose, administrative organization, admissions and
118 recruitment, educational programs and curricula, retention,
119 completion, career placement, federal student loan cohort
120 default rate as calculated by the United States Department of
121 Education, faculty, learning resources, student personnel
122 services, physical plant and facilities, publications, and
123 disclosure statements about the status of the institution with
124 respect to professional certification and licensure. The
125 commission may adopt rules to ensure that institutions licensed
126 under this section meet these standards in ways that are
127 appropriate to achieve the stated intent of this chapter,
128 including provisions for nontraditional or distance education
129 programs and delivery.

130 (16) The commission shall deny a renewal of an annual
131 license for an institution whose federal student loan cohort
132 default rate exceeds 30 percent.

133 Section 3. Present paragraph (e) of subsection (1) of
134 section 1005.32, Florida Statutes, is redesignated as paragraph
135 (f), and a new paragraph (e) is added to that subsection, to
136 read:

137 1005.32 Licensure by means of accreditation.—

138 (1) An independent postsecondary educational institution
139 that meets the following criteria may apply for a license by
140 means of accreditation from the commission:

141 (e) The institution's federal student loan cohort default
142 rate, as calculated by the United States Department of
143 Education, does not exceed 30 percent.

144 Section 4. Subsection (2) of section 1011.81, Florida
145 Statutes, is amended to read:

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146 1011.81 Florida College System Program Fund.—

147 (2) Performance funding for industry certifications for
148 Florida College System institutions must take into consideration
149 an institution's federal student loan cohort default rate and is
150 contingent upon specific appropriation in the General
151 Appropriations Act and shall be determined as follows:

152 (a) Occupational areas for which industry certifications
153 may be earned, as established in the General Appropriations Act,
154 are eligible for performance funding. Priority shall be given to
155 the occupational areas emphasized in state, national, or
156 corporate grants provided to Florida educational institutions.

157 (b) The Chancellor of the Florida College System shall
158 identify the industry certifications eligible for funding on the
159 CAPE Postsecondary Industry Certification Funding List approved
160 by the State Board of Education pursuant to s. 1008.44, based on
161 the occupational areas specified in the General Appropriations
162 Act.

163 (c) Each Florida College System institution shall be
164 provided \$1,000 for each industry certification earned by a
165 student. The maximum amount of funding appropriated for
166 performance funding pursuant to this subsection shall be limited
167 to \$15 million annually. If funds are insufficient to fully fund
168 the calculated total award, such funds shall be prorated.

169 Section 5. Paragraph (c) of subsection (1) of section
170 1011.905, Florida Statutes, is amended to read:

171 1011.905 Performance funding for state universities.—

172 (1) State performance funds for the State University System
173 shall be based on indicators of system and institutional
174 attainment of performance expectations. For the 2012-2013

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175 through at least the 2016-2017 fiscal year, the Board of
176 Governors shall review and rank each state university that
177 applies for performance funding, as provided in the General
178 Appropriations Act, based on the following formula:

179 (c) Fifty percent of a state university's score shall be
180 based on:

181 1. Factors determined by the Board of Governors which
182 relate to increasing the probability that graduates who have
183 earned degrees in the programs described in paragraph (a) will
184 be employed in high-skill, high-wage, and high-demand
185 employment; ~~and~~

186 2. An institution's federal student loan cohort default
187 rate.

188 Section 6. This act shall take effect July 1, 2016.