

# oppaga

# Program Review



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## Most Bright Futures Scholars Perform Well and Remain Enrolled in College

### *at a glance*

Bright Futures scholarship recipients perform well in college. Students who receive Bright Futures scholarships require less remediation and outperform non-recipients when comparing GPA, three-year persistence rates, and degree completion. Consistent performance of Bright Futures recipients over time is evidence that the program's positive effect on college preparation has benefited the expanding pool of recipients. Most Bright Futures recipients also meet academic requirements to renew their scholarships.

Program costs could be controlled by raising scholarship requirements to reduce the number of eligible students, or by capping the dollar value of scholarship awards. However, raising program requirements would disproportionately affect minority and at-risk students and may take scholarships from students who perform well in college. Moreover, while limiting the scholarship awards will save money, it also may reduce students' incentives to prepare for college and attend in-state institutions.

### Scope

In February 2003, the Office of Program Policy Analysis and Government Accountability (OPPAGA) reported on the Bright Futures scholarship program and its effects on college preparation, affordability, and enrollment.<sup>1,2</sup> That report examined the effects of Bright Futures on the academic performance and college preparation of high school students. This report builds on our earlier study by examining how well Bright Futures recipients perform in college.

### Background

Created in 1997, the Bright Futures program awards scholarships to Florida high school graduates who earn at least a 3.0 grade point average (GPA). The program makes three types of awards available to students—Florida Academic, Florida Medallion, and Gold Seal Vocational Scholarships. To be eligible for these scholarships, students must complete specified coursework and attain specified grade point averages and college entrance examination results. The scholarships pay either 75% or 100% of tuition and fees (see Exhibit 1).<sup>3</sup>

<sup>1</sup> *Program Review: Bright Futures Contributes to Improved College Preparation, Affordability, and Enrollment*, [Report No. 03-17](#), February 2003.

<sup>2</sup> The Auditor General also completed a compliance audit of the Bright Futures program in 2003 (*Report No. 03-148*) and is completing a similar audit in 2004.

<sup>3</sup> The Office of Student Financial Assistance's Bright Futures website ([www.firn.edu/doe/brfutures/hsguid.htm](http://www.firn.edu/doe/brfutures/hsguid.htm)) has more detailed information on eligibility requirements and award levels.

**Exhibit 1**  
**The Three Bright Futures Scholarship Awards Have Different Award Levels and Eligibility Requirements**

Bright Futures Award	Minimum Weighted Grade Point Average	Minimum College Entrance Exam Scores	Award Level
Florida Academic Scholars Award	3.5	1270 – SAT 28 – ACT	100% of tuition and fees plus \$300 per term
Florida Medallion Scholars Award	3.0	970 – SAT 20 – ACT	75% of tuition and fees
Florida Gold Seal Vocational Scholars Award	3.0	83 – Reading CPT 83 – Writing CPT 72 – Math CPT OR 440 – SAT Verbal 440 – SAT Math OR 17 – ACT English 18 – ACT Reading 19 – ACT Math	75% of tuition and fees

Note: College Placement Tests (CPTs) are typically taken by students preparing to enter community college to determine readiness and placement for college coursework.  
 Source: Office of Student Financial Assistance, Florida Department of Education.

The program is intended to encourage high school students to prepare academically for college, make college more affordable, and encourage more students to attend a Florida college. OPPAGA’s 2003 report concluded that the program has achieved these goals. For example, our 2003 report noted that

- Florida high school students have changed their course-taking patterns and are taking more college preparatory courses that meet Bright Futures eligibility requirements;
- minority students and at-risk students have shown the largest improvement in college preparation and continuation;
- Bright Futures scholarships have made college more affordable for many families; and
- more high school graduates are attending college in Florida.

The program also has helped to increase the number of baccalaureate degrees granted by Florida colleges.<sup>4</sup> Historically, Florida has lagged behind the rest of the nation in granting baccalaureate degrees. The number of high school

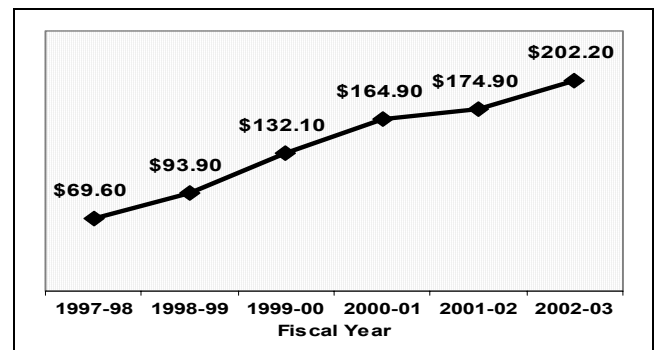
<sup>4</sup> One study (*Answers in the Tool Box: Academic Intensity, Attendance Patterns, and Bachelor’s Degree Attainment*, U.S. Department of Education, Office of Educational Research and Improvement) has shown that increased academic preparation in high school has a significant effect on the likelihood of a student completing a bachelor’s degree.

graduates who go on to college and earn a baccalaureate degree is dependent on academic preparation, affordability, and available space in colleges and universities. Bright Futures addresses two of these factors by encouraging better academic preparation for college and by making college more affordable.

**Program resources**

The Bright Futures program is Florida’s largest state-funded financial aid program. In Fiscal Year 2002-03, the program awarded \$202.2 million in scholarships. Since the program’s inception, expenditures have increased 190% as more students have been awarded scholarships and tuition has increased (see Exhibit 2).

**Exhibit 2**  
**The Bright Futures Scholarship Program Awarded \$202.2 Million in 2002-03**



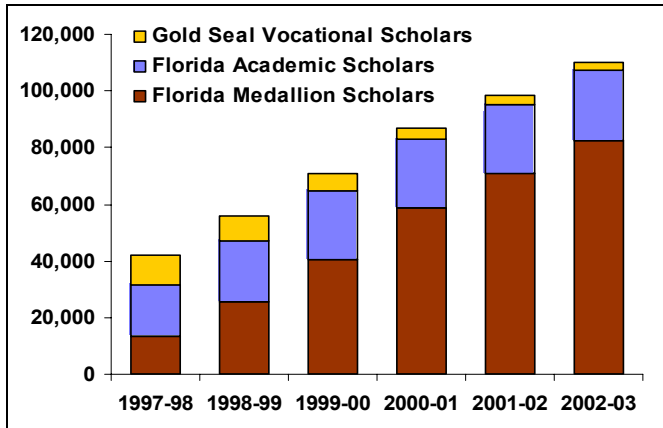
Source: Office of Student Financial Assistance, Florida Department of Education.

The increase in the number of students receiving Bright Futures scholarships has been the primary factor driving the increase in program expenditures. The number of students receiving scholarships has tripled since the program’s establishment (see Exhibit 3). This is largely due to the fact that only one graduating class of high school students received the scholarships the first year, and additional graduating classes who are now working their way through college have since joined them. The number of recipients has started to level out over the past two years and will likely continue to do so in the future.

Most of the growth in the number of students receiving Bright Futures has been within the Florida Medallion Scholars program. This trend is primarily the result of the program’s success in inducing more high school students to improve their academic performance in order to meet

program requirements.<sup>5</sup> In Fiscal Year 2002-03, 75% of recipients received a Medallion award, 23% received an Academic Scholars award, and 2% received the Gold Seal award (see Exhibit 3).

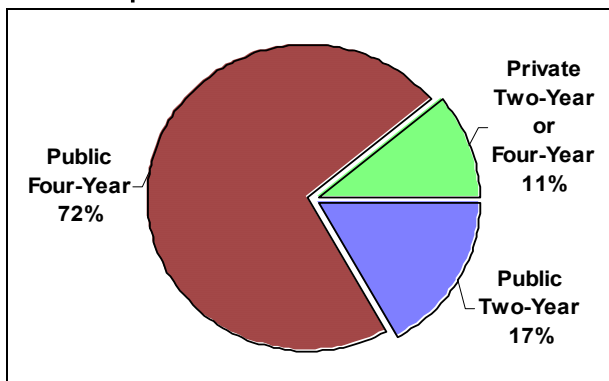
**Exhibit 3**  
**The Number of Bright Futures Recipients Has Increased, Mostly Among Florida Medallion Scholarships**



Note: These numbers include recipients of scholarships prior to Bright Futures who were grandfathered into the Bright Future program.  
 Source: OPPAGA analysis of DOE data.

As of Fiscal Year 2002-03, 109,868 students were receiving scholarships through the program; most of these students attend a public four-year institution. Exhibit 4 shows that upon high school graduation, 72% of recipients attend a public four-year institution, 17% attend a public two-year college or vocational center, and 11% attend a private college or university.

**Exhibit 4**  
**Most Recipients Attend a Public Four-Year University**



Source: OPPAGA analysis of DOE data, 2002-03.

<sup>5</sup> As the program’s incentives have encouraged more students to improve their college preparation, it is not surprising that the largest growth has occurred in the program’s lowest award level.

## Findings

### *Bright Futures scholars perform well*

The college performance of Bright Futures scholars is important, because it is directly linked to the program’s intended goal of increasing Florida’s baccalaureate production; encouraging academic performance is fundamental to achieving this goal. Because award recipients represent Florida’s top high school achievers, their college performance should exceed that of non-recipients. Our findings support this expectation. Specifically, our review of student remediation data and our comparison of two cohorts of high school graduates showed that overall, Bright Futures recipients

- require less remediation;
- outperform non-recipients;
- perform consistently well over time; and
- meet academic requirements to renew their scholarships.

To conduct our analysis, we compared the college performance of two cohorts of Florida high school graduates that entered a public university or community college—those graduating in 1997 and 2000. The 1997 graduates were the first to receive Bright Futures scholarships and thus form a baseline cohort. The 2000 graduates provide a useful comparison group because they had most of their high school careers to respond to the Bright Futures incentives to improve their college preparation, and they are the most recent group for whom three years of college performance data is available.

#### **Bright Futures recipients require less remediation.**

An important indicator of student performance is how ready high school graduates are to undertake college-level work. Students who enroll in community colleges are required to take the College Placement Test to determine whether they are ready for college level work. If student test scores indicate that they are not ready, they are required to take college preparatory courses (i.e., remedial courses).

Bright Futures recipients were less likely to require remediation, and this need decreased over time. Specifically, among Bright Futures recipients, the percentage of those needing some remedial work dropped between 1997 and 2000, from 19% to 14%. In contrast, the percentage of non-Bright Futures

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recipients requiring remediation increased from 53% to 58%. The decline in the need for remediation was largest among student groups traditionally under-represented in college. For example, the need for remediation decreased from 43% to 16% among students with limited English proficiency (see Exhibit 5).

### Exhibit 5 The Percentage of Bright Futures Recipients Requiring Some Remediation Has Decreased<sup>1</sup>

	1997	2000
African-Americans	34%	17%
Hispanics	27%	12%
Limited English-Proficient students	43%	16%
Students receiving free or reduced-price lunch	29%	16%
All Others	17%	13%

<sup>1</sup> These categories are not mutually exclusive. For example, a student can be African-American and Limited English-Proficient.

Source: OPPAGA analysis of DOE data.

**Bright Futures recipients outperform non-recipients.** Compared to non-recipients, Bright Futures recipients earn higher GPAs, graduate earlier, and are more likely to remain in college three years after graduating from high school. For example, within our study cohorts, Bright Futures recipients attending state universities had an average GPA of 2.86, compared to non-program students' average GPA of 2.09. Moreover, Bright Futures scholars were significantly more likely to complete their degrees. Seventy percent of the 1997 award recipients attending state universities completed their bachelor's degrees within six years, compared to 39% of non-recipients. Further, 80% of the award recipients attending state universities stayed in college, compared to only 59% of the non-recipients. Community college students showed similar outcomes but had somewhat lower rates of degree completion and persistence in college (see Exhibit 6).

### Exhibit 6 Bright Futures Recipients Outperform Non-Recipients<sup>1</sup>

		Community Colleges	State Universities <sup>2</sup>
GPA	Bright Futures	2.83	2.86
	Non-Bright Futures	2.05	2.09
Degree Completion	Bright Futures	47%	70%
	Non-Bright Futures	14%	39%
Three-Year Persistence	Bright Futures	69%	80%
	Non-Bright Futures	49%	59%

<sup>1</sup> With the exception of bachelor's degree completion, these measures average the three-year performance of the 1997 and 2000 high school graduating cohorts.

<sup>2</sup> The percentages of those completing bachelor's degrees are based on the 1997 cohort only and are six-year completion rates, as opposed to the three-year completion rates shown for community college students completing associates degrees.

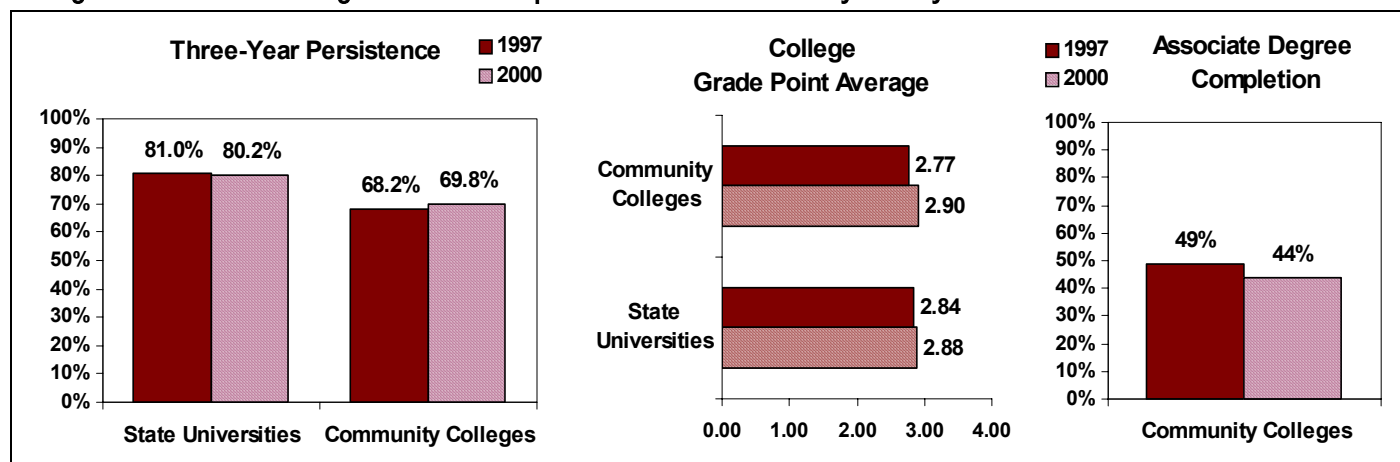
Source: OPPAGA analysis of DOE data.

**Bright Futures recipients' academic performance has remained high despite significant increases in the number of students awarded scholarships.** As noted earlier, over the years, the number of high school graduates meeting Bright Futures standards for college preparedness has increased, with the greatest growth in the program's lower award level. Nonetheless, program recipients have continued to perform well.

As shown in Exhibit 7, three-year college persistence rates did not change substantially between the 1997 and 2000 cohorts.<sup>6</sup> In addition, Bright Futures recipient GPAs rose slightly in community colleges and did not change substantially in state universities. Moreover, in contrast to evidence from some other states suggesting that students take lighter courseloads to maintain the grades required for scholarship renewal, average courseloads of Bright Futures recipients have not changed significantly from the earlier to the later cohort.

<sup>6</sup> Three-year persistence is a strong indicator of degree completion. Of the state university students from the 1997 cohort, 80% who persisted at least three years earned a bachelor's degree within six years, and 64% of community college students who persisted at least three years earned an associate's degree.

**Exhibit 7**  
**College Performance of Bright Futures Recipients Has Been Relatively Steady Over Time**



Source: OPPAGA analysis of DOE data.

The three-year associate’s degree completion rate is an exception to the otherwise steady performance of scholarship recipients, dropping from 49% to 44% between the two cohorts. However, this decline may be due to a variety of factors, including an increased percentage of students attending part-time due to economic conditions who would not be expected to finish college within three years; the three-year completion rate for all community college students showed a similar decline.

As shown in Appendix A (Tables A-2, A-3, and A-4), these positive outcomes were consistent for all demographic groups.

**Most Bright Futures recipients meet academic requirements to renew their scholarships.** To keep a Medallion or Gold Seal Vocational Scholarship, recipients must maintain a 2.75 GPA (3.0 for Academic Scholars) while enrolling in at least the equivalent of 12 credit hours per year. Overall, just over 70% of Bright Futures recipients carry the courseloads and make the grades necessary to renew their scholarships (see Exhibit 8). Academic Scholars have the highest renewal rate, at 84%; and almost half of the students who lose their Academic Scholars award nonetheless continue to qualify for the lesser Medallion level scholarship. Gold Seal Scholars have the lowest renewal rate at 57%, which is not surprising given that these students have comparatively weaker college preparation.

**Exhibit 8**  
**A Higher Percentage of Florida Academic Scholars Meet Renewal Eligibility Requirements**

Initial Award Level	Renewal Award Level	% Eligible, 2002-03
Academic Scholars	Academic Scholars	84%
Academic Scholars	Medallion Scholars	7%
Medallion Scholars	Medallion Scholars	71%
Gold Seal Scholars	Gold Seal Scholars	57%

Source: OPPAGA analysis of DOE data.

Exhibit 9 shows that most of the students who lose their Bright Futures scholarships nonetheless remain in college. For example, among the 27% of 2000-01 recipients who lost program eligibility after their first year of college, nearly two-thirds remained in college, while the remainder left school. Those who did not remain in school were more likely to have a lower GPA (1.6) than those who remained in school (2.1). There were no significant differences between the two groups with regard to loans received or demographic characteristics.

**Exhibit 9  
For Students Who Lose Eligibility, GPA Is the Primary Difference Between Those Who Stay in College and Those Who Leave**

	Lost Eligibility After First Year	
	Stayed in College	Left College
Percentage of 2000-01 recipients	20%	7%
Average GPA for renewal	2.1	1.6
Percentage with loans, 2000-01	24%	18%
2000-01 loans (median)	\$1,311	\$1,274

Source: OPPAGA analysis of DOE data.

***Bright Futures Program costs could be contained, but options have disadvantages***

Because the costs associated with the Bright Futures program have increased significantly, proposals have been made to change program requirements to reduce future costs. We examined the relative importance of the factors driving the increase in expenditures, updated our prior estimates of the fiscal effects of changing scholarship eligibility requirements, and expanded our previous analysis to include two additional options for containing costs.

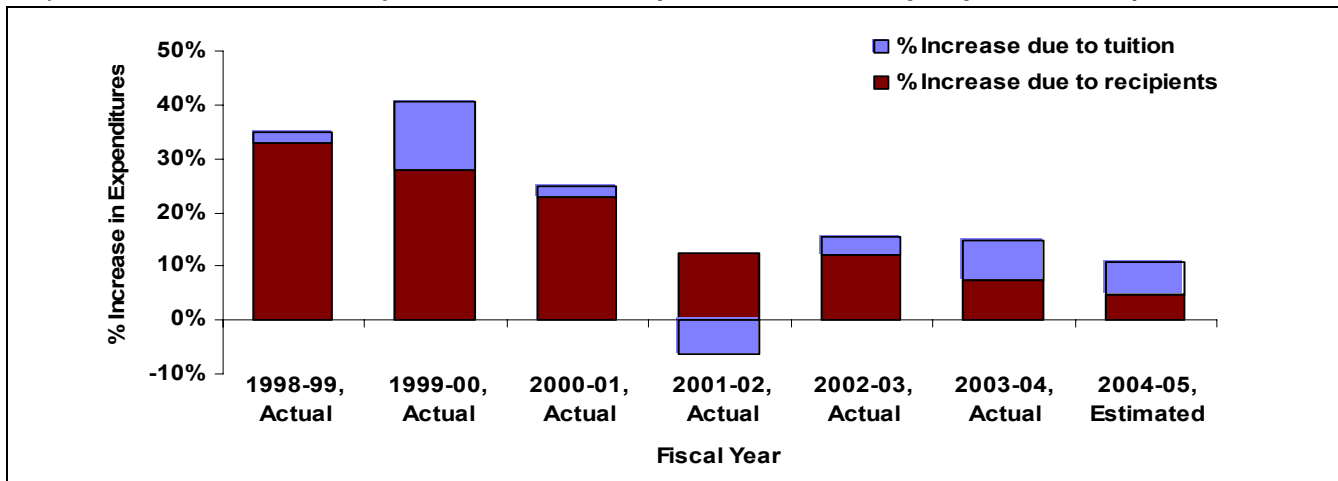
The rising cost of the Bright Futures program is the result of growth in the number of students receiving the scholarships and increases in tuition

and fee levels. As shown in Exhibit 10, while enrollment growth was the primary factor increasing program costs in the program’s early years, tuition and fee levels now play an increasing role. For example, in 1998-99, the increase in program expenditures was due almost entirely to the growth in recipients, while in 2003-04, tuition increases and number of recipients equally influenced program costs. In the future, projected tuition increases may become the most important factor driving the growth in Bright Futures expenditures. If this shift occurs, tuition levels will be the prevailing issue to consider when identifying alternatives for controlling costs.

We analyzed two options for containing the increase in Bright Futures program costs. First, costs could be reduced by changing initial eligibility and renewal requirements to limit the number of recipients. Alternatively, costs could be contained by capping or reducing award amounts. However, these options also have disadvantages, including negative effects on minority students who make up between 20% and 28% of program recipients, depending upon award type.<sup>7</sup>

<sup>7</sup> The race and ethnicity of Bright Futures recipients varies depending on the type of award. Medallion and Gold Seal scholarship recipients are the most diverse, with 25% being African-American, Hispanic, or Asian. Only 17% of Academic scholarship recipients are from these minority groups. Across all three award types, the majority of award recipients (between 70% and 80%) are white.

**Exhibit 10  
Projected Tuition Increases May Become the Most Important Factor Driving Bright Futures Expenditure Growth<sup>1</sup>**



<sup>1</sup> The average award amount is affected by the cost of tuition and fees, the proportion of 100% tuition awards, the number of credits per recipient, and the proportion of recipients attending the more expensive four-year institutions. In 2001-02, tuition and fee increases were offset by a lower proportion of Academic Scholar awards that pay 100% of tuition and fees and a drop in the number of credits per recipient.

Source: OPPAGA analysis of EDR data.

**Option 1. There are several alternatives for limiting the number of Bright Futures recipients**

We examined three alternatives for limiting the growth in the number of Bright Futures recipients. These changes would affect the high school students who qualify for new program awards and/or current program participants. The Legislature could take any one or combination of the following actions:

- raise eligibility requirements for high school graduates;
- consider financial need when making initial awards; or
- raise scholarship renewal requirements.

**Option 1A — Raise scholarship eligibility requirements.** In this option, the Legislature could raise the requirements for high school coursework, high school GPA, or college entrance examination scores, and/or it could include a requirement based on financial need or family income. Each of these changes would have different effects on the number and type of students eligible for Bright Futures scholarships.

Exhibit 11 shows how changing eligibility requirements would affect the number of high school students who would qualify for Bright Futures scholarships.<sup>8</sup> For example, raising the college entrance test requirements would result in the largest reduction in the number of eligible students, with an estimated cost savings of between \$14.4 million and \$20.6 million, depending on award type and minimum test score. Raising GPA requirements would have the least effect on program recipients and expenditures, with an estimated cost savings of between \$1.9 million and \$11.1 million, depending on award type and minimum GPA. Increasing the course requirements has a more moderate effect, unless the requirement is increased for all four required subject areas, which would result in an estimated cost savings of between \$15.2 million and \$43.5 million, depending upon award type. While it is possible to increase more than one requirement at a time, our estimates consider the impacts of eligibility changes independently and

should not be added together, as some changes would affect the same students.<sup>9</sup>

**Exhibit 11  
Raising Program Requirements Would Reduce the Number of Eligible Recipients and Program Costs**

	Maximum Percentage of Current Recipients Who Would Lose Eligibility	Maximum First-Year Cost Savings <sup>1</sup> (2004-05 Projections)
<b>Florida Academic Scholars</b>		
Require four social science courses	24%	\$ 7.0M
Require four science courses	19%	5.5M
Require four math courses	13%	3.6M
Require three foreign language courses	38%	10.7M
Raise all four subject requirements	54%	15.2M
Raise the required GPA to 3.6	7%	\$ 1.9M
Raise the required GPA to 3.7	12%	3.3M
Raise the required GPA to 3.75	15%	4.1M
Raise the SAT to 1310 or ACT to 29	51%	\$14.4M
Raise the SAT to 1350 or ACT to 30	69%	19.4M
<b>Florida Medallion Scholars</b>		
Require four social science courses	37%	\$19.2M
Require four science courses	33%	17.0M
Require four math courses	26%	13.5M
Require three foreign language courses	65%	34.2M
Raise all four subject requirements	83%	43.5M
Raise the required GPA to 3.1	8%	\$ 4.3M
Raise the required GPA to 3.2	17%	8.7M
Raise the required GPA to 3.25	21%	11.1M
Raise the SAT to 1010 or ACT to 21	24%	\$12.7M
Raise the SAT to 1050 or ACT to 22	39%	20.6M

<sup>1</sup> Savings from multiple changes cannot be added since a second requirement change would affect some of the same students as the first change. If students change their behavior, cost savings would be smaller than shown and could diminish over time.

Source: OPPAGA analysis of DOE data.

These changes could have consequences that are difficult to predict. Changing Bright Futures eligibility requirements would alter the incentives high school students currently have to improve their academic preparation for college. For example, raising course and grade requirements may not produce substantial savings if high school students respond by taking the additional required courses and working harder to retain their eligibility for scholarships. In contrast, raising the requirements too high could reduce the program's incentive for

<sup>8</sup> Numbers represent the maximum percentage of students who would lose eligibility under the new requirement, based on 2000-01 graduates. Students with credit transferred from out-of-state or other school districts may still qualify. In addition, to the extent that students change their course selections, the percentage that actually loses eligibility will be smaller.

<sup>9</sup> For example, raising the academic scholarship requirements to a 3.6 GPA and 1310 SAT or 29 ACT would not reduce the size of the Bright Futures population by 58% (7% + 51%), because both changes would affect the same population.

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students to work hard in high school because they could feel the scholarships are out of reach. This would increase program savings but could also result in losing the gains in college preparedness achieved through the program to date. Unless the requirements were changed drastically, the program would likely continue to provide an incentive for the highest performing students to attend Florida colleges and universities.

Changing GPA, college entrance exam scores, and course requirements would have differential effects on minority and at-risk students. Tables A-5 and A-6 in Appendix A show how changes in the various eligibility requirements would have affected recipients of different demographic groups in 2003-04. Raising course requirements would cause a larger relative reduction in the proportion of white students, while raising GPA and exam requirements would have a disproportionate adverse impact on minority and at-risk students. For example, raising the required high school GPA to 3.2 to qualify for the Medallion Scholarship level would have eliminated 24% of African-American Medallion Scholars.

Raising GPA and college entrance exam scores requirements could also take scholarships from students that perform well in college. Although we found that high school GPA and college entrance exam scores were related to performance in college, these scores were not good predictors of achieving the college grades necessary to maintain students' scholarships. For example, if the GPA requirement had been raised from 3.0 to 3.2 for the 2000 high school graduating class, the number of Bright Futures recipients would have been reduced by 19%. However, of those who would have lost their scholarships, 57% achieved the grades in 2000-01 necessary to renew their scholarship, with an average GPA of 3.1.

**Option 1B – Establish a needs test for Bright Futures scholarships.** Another way to reduce Bright Futures costs is to shift the program from a purely merit-based program to one that considers student financial need. This would be done by restricting scholarship awards to those students showing demonstrated financial need. If this requirement were established, students whose families earn above a certain amount would not be eligible for a Bright Futures award. Depending on the income limit, this option would substantially

reduce the number of students receiving Bright Futures scholarships and program costs.

Exhibit 12 shows the percentage of students from our 2000 cohort (for whom we had financial aid data) who would have lost eligibility if income caps were set at specified levels. For example, if program awards were limited to students with family incomes below \$38,820 (the state median income<sup>1</sup>), at least 41% of the students would have been excluded from receiving scholarship, reducing program costs by at least \$16.7 million. An income limit of \$88,820 in 2000 (\$50,000 above the state median), would have excluded at least 11% of the Bright Futures recipients, saving at least \$3.1 million in program costs. However, as discussed in our prior report, Bright Futures recipients with family incomes up to \$75,000 in 2000-01 were determined by the federal government to have unmet financial need.<sup>10</sup>

### Exhibit 12 An Income Cap Would Reduce the Number of Eligible Recipients and Program Costs

Income Cap <sup>1</sup>	Minimum Percentage Who Would Lose Eligibility <sup>2</sup>
\$38,820	41%
\$48,820	34%
\$58,820	27%
\$68,820	21%
\$78,820	15%
\$88,820	11%
\$98,820	7%
\$108,820	4%
\$118,820	3%
\$128,820	1%
\$138,820	<1%

<sup>1</sup> The levels are based on increments above the 1999 median household income (\$38,819) for Florida residents as reported by the United States Census Bureau.

<sup>2</sup> The actual percentages of students may be higher. These percentages are based on the 48% of Bright Futures students for whom financial aid data were available. Students are not required to complete a Free Application for Federal Student Aid (FAFSA). Moreover, these estimates are based only on the 2000 high school graduating cohort, since complete financial aid data are not available even for those students in the 1997 cohort who completed the FAFSA. Source: OPPAGA analysis of DOE data.

**Option 1C – Raise renewal requirements.** In this option, the Legislature would change the requirements students must meet to retain their

<sup>10</sup> These estimated savings are based only on the 48% of Bright Futures recipients who completed the Free Application for Federal Student Aid. Since such a policy would apply to the other 52% of recipients, total program savings would be much higher.



Bright Futures scholarships once they have entered college. For example, the GPA that students must earn and the number of credit hours they must carry to retain their scholarships could be raised. The impacts of these reductions would vary depending on the requirements changed and how they were implemented. For example, phasing in a change and grandfathering students who currently receive scholarships would limit first-year savings, but would not affect students who have made college plans based on current program requirements. The cost savings associated with these changes would then grow over time as they affect more scholarship recipients. For example, during the first year of implementation, only the freshman class would be affected. In the second year, both the sophomore and freshman classes would be smaller, and the savings would increase.

Raising the minimum required credits per academic year would result in a larger reduction in the number of eligible students than would an increase in the required GPA, and thus would generate more cost savings. Currently, the minimum GPA that students must maintain to renew their Bright Futures award is 3.0 for Florida Academic Scholars and 2.75 for both Florida Medallion Scholars and Gold Seal Vocational Scholars. If the Legislature were to increase the minimum GPA, potential first year cost savings would be between \$1.1 million and \$23.8 million, depending upon award type and minimum GPA (see Exhibit 13).

The number of credit hours required for renewal could also be increased and would result in significant cost savings. Currently, students must earn 12 credit hours per year to renew their Bright Futures award, which equates to part-time status. In contrast, students must take 24 credit hours per year to maintain the full Florida Student Assistance Grant, a need-based program. In addition to saving approximately \$22.2 million per year, requiring Bright Futures students to maintain a similar courseload could help to ensure timely progression through college by encouraging students to take a full load each semester. However, raising the courseload requirement would have the drawback of disproportionately affecting part-time students, who may not be able to take a full courseload.

**Exhibit 13**  
**Raising GPA Requirements for Renewal Would Reduce the Number of Eligible Recipients and Program Costs**

	Maximum Percentage of Current Recipients Who Would Lose Eligibility <sup>1</sup>	Maximum First-Year Cost Savings <sup>2</sup> (2002-03 Recipients)
<b>Florida Academic Scholars</b>		
Raise the required GPA to 3.05	5%	\$ 1.1M
Raise the required GPA to 3.10	12%	1.1M
Raise the required GPA to 3.15	19%	2.4M
Raise the required GPA to 3.20	27%	2.5M
Raise the required GPA to 3.25	36%	3.7M
<b>Florida Medallion Scholars</b>		
Raise the required GPA to 2.80	5%	4.2M
Raise the required GPA to 2.85	11%	8.5M
Raise the required GPA to 2.90	17%	13.1M
Raise the required GPA to 2.95	23%	18.1M
Raise the required GPA to 3.00	31%	23.8M

<sup>1</sup> The percentages shown are the proportion of that group (e.g., Florida Academic Scholars), not of all Bright Futures recipients. Florida Academic Scholars affected would drop to the 75% award level, while Florida Medallion Scholars would lose their scholarships altogether.

<sup>2</sup> These cost estimates assume that students currently receiving scholarships are grandfathered.

Source: OPPAGA analysis of DOE data.

Exhibit 14 includes cost savings estimates for various annual courseloads.

**Exhibit 14**  
**Raising Minimum Annual Credits Required for Renewal Would Reduce the Number of Eligible Recipients and Program Costs**

	Maximum Percentage of Current Recipients Who Would Lose Eligibility	Maximum First-Year Cost Savings <sup>1</sup> (2002-03 Recipients)
Raise the minimum credits to 15	7%	\$ 5.1M
Raise the minimum credits to 18	11%	8.4M
Raise the minimum credits to 21	16%	13.1M
Raise the minimum credits to 24	23%	22.2M

<sup>1</sup> If students change their behavior cost savings would be smaller than shown and could diminish over time.

Source: OPPAGA analysis of DOE data.

The actual savings associated with changing GPA and courseload requirements could be somewhat different than our estimates due to effects on student behavior. For example, if the Legislature increases the minimum GPA required for renewal,

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some students may work harder to maintain a higher GPA, thus increasing student performance but reducing the overall savings to the state. While it is possible to increase both the GPA and the credit requirements at the same time, our estimated reductions in eligibility and cost savings should not be added as some changes would affect the same students.

### ***Option 2. There are two alternatives for reducing Bright Futures award amounts***

We examined two alternatives for controlling the cost per recipient of the Bright Futures program. The first would establish a flat rate for scholarships. The second would reduce the percentage of tuition and fees covered by program awards.

#### **Option 2A – Establish a flat rate for scholarships.**

In this option, the Legislature would no longer link Bright Futures awards to a percentage of actual tuition and fee costs, but would instead provide a flat scholarship rate such as \$3,000 per year. Currently, since the awards are currently linked to tuition, the Legislature must balance the need for tuition increases with the fiscal impact on Bright Futures.<sup>11</sup> A flat rate would make it possible to consider tuition changes and Bright Futures costs separately and could reduce the effect of changes in tuition on program costs.<sup>12</sup> For example, if a flat rate were established that froze scholarship payments at the current average, and if tuition were to increase 7.5% in fiscal year 2004-05, program costs would be reduced by an estimated \$4.8 million per year if the freeze applied only to the entering students; the estimated cost savings would be \$15.3 million if it applied to all recipients. These estimates do not account for changes among different Bright Futures programs (Academic versus Medallion Scholars) or different types of institutions (two-year versus four-year).

The structure of the flat-rate award could disparately affect different types of students. For example, a set award amount would have the largest impact on students at the higher level (Academic Scholars) who currently receive 100% of tuition and fees. This could change students' incentives to attend different types of institutions; more students could choose to attend community

colleges that have lower tuition and fees. Accordingly, the Legislature could consider varying payment levels for the different programs (Academic, Medallion, Gold Seal Vocational) and institutions (two-year, four-year). Also, the flat rate could be set on a per credit-hour basis to accommodate both part-time and full-time students.

Awarding Bright Futures scholarships at a flat rate would introduce new market forces on university and student decision making. For example, knowing that the Bright Futures scholarship has a fixed value, universities would have to consider whether a proposed tuition level would make their institutions less attractive to the state's best students. This option may also have varying effects on different public colleges and universities. Some universities may be able to set higher tuition rates and still attract top students. Other universities may choose to price themselves at, or even below, the value of the scholarships to be more competitive. In addition, students would have to weigh the value of the scholarship relative to an institution's tuition. The current structure of paying a percentage of the cost of whatever institution the student attends does not encourage market-driven decision making; Bright Futures recipients do not have to consider tuition cost when choosing colleges.

Establishing a flat rate also could affect the incentives the program provides to high school students to prepare for college. For example, a low scholarship award (such as \$1,000) may not be enough to persuade top students to attend college in Florida, as they may receive higher scholarship offers from out-of-state institutions. A low scholarship award also may weaken the program's impact on inducing more average students to work hard in school. Thus, the Legislature would have to balance the incentive produced by the award with the overall cost of the program.

#### **Option 2B – Establish a lower percentage of tuition and fees to be covered by the program.**

Currently, Bright Futures awards are based on a percentage of tuition at public colleges and universities. Florida Academic Scholars receive 100% of tuition and fees while Medallion and Gold Seal Vocational Scholars receive 75% of tuition and fees. In this option, the Legislature would reduce the percentage of tuition and fees paid to Bright Futures recipients. The savings would depend upon award type and percentage of tuition and fees funded. For example, Academic Scholars

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<sup>11</sup> Changes in tuition policy will also affect the Florida Prepaid College Program.

<sup>12</sup> The Bright Futures program already provides a flat rate award for eligible students who attend a private college or university.

awards could be based on 90% of tuition and fees rather than the current 100% level. In general, every 5% increment reduction in the percentage funded would have saved \$3.6 million in 2002-03 expenditures on Academic Scholarships and \$6.5 million in expenditures on the Medallion and Gold Seal Vocational Scholarships combined.

Establishing a reduced percentage of tuition and fees covered by these awards continues to link Bright Futures costs to tuition and fees and thus affects only the total cost, not the growth in costs. Changing the percentage of tuition and fees covered by the program could affect students' incentives to attend in-state versus out-of-state institutions (described in option 2A), as lower awards increase the relative appeal of other opportunities.

The Legislature could also consider variations and combinations of these options. For example, it could incorporate a needs test such as a family income factor into a flat rate. The Legislature could reduce the percentage of tuition the program pays for students with higher family incomes, or it could set different flat-rate levels dependent on students' financial characteristics. In combination with a flat rate, such a system could be structured similarly to Tennessee's program, which provides a need-based supplement to students with family incomes below \$36,000. As with other options that reduce awards, this approach would change the incentive for some students to attend college in Florida. Moreover, if the need-based supplement were a fixed dollar amount, as opposed to an increased percentage of tuition and fees, the Legislature would need to consider similar pricing issues as those affecting flat-rate awards (i.e., scholarship type, institution type, part-time versus full-time).

## Conclusions

Our comparison of two cohorts of high school graduates revealed that Bright Futures scholarship recipients perform well in college. Students who receive scholarships require less remediation and outperform non-recipients when comparing GPA, three-year persistence rates, and degree completion. Consistent performance of Bright Futures recipients over time is evidence that the program's positive effect on college preparation has benefited the expanding pool of recipients. In addition, most award recipients also meet academic requirements to renew their scholarships.

Bright Future program costs could be controlled by raising scholarship requirements to reduce the number of eligible students, or by capping the dollar value of scholarship awards. When weighing options to control program participation and costs, the Legislature should consider several factors.

- Increasing GPA and college entrance exam eligibility requirements disproportionately affects minority and low income students and may take scholarships from students who perform well in college.
- Eligibility requirements based on financial need or family income disproportionately affects higher income students and affects an unknown proportion of all students.
- Limiting eligibility and reducing award amounts will save money but may reduce incentives to prepare for college and attend in-state institutions.
- Establishing a flat-rate award could disparately affect different types of students, so varied payment levels for different scholarships and educational institutions may need to be established.
- If a need-based supplement were a fixed dollar amount, as opposed to an increased percentage of tuition and fees, similar pricing issues as those affecting flat-rate awards may need to be considered.

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OPPAGA supports the Florida Legislature by providing evaluative research and objective analyses to promote government accountability and the efficient and effective use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475).

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## Appendix A

# College Performance Data

We compared the college performance of two cohorts of Florida high school graduates that entered a public university or community college—those graduating in 1997 and 2000. The 1997 graduates were the first to receive Bright Futures scholarships and thus form a baseline cohort. The 2000 graduates provide a useful comparison group because they had most of their high school careers to respond to the Bright Futures incentives to improve their college preparation, and they are the most recent group for whom three years of college performance data is available. Tables A-1 through A-4 present comparisons for three indicators of college performance—persistence in college over three years, college GPA, and degree completion rate.

**Table A-1**  
**Summary of College Performance Measures by Institution Type, Cohort, and Bright Futures Eligibility**

Institution Type	High School Cohort	Bright Futures Eligibility	Three-Year Persistence Rate	College GPA	Degree Completion Rate
State University System (SUS)	1997	Eligible	81.0%	2.84	69.8%
		Not Eligible	57.2%	2.05	38.7%
	2000	Eligible	80.2%	2.88	N/A
		Not Eligible	59.8%	2.13	N/A
Community College System (CC)	1997	Eligible	68.2%	2.77	49.1%
		Not Eligible	48.8%	1.91	17.4%
	2000	Eligible	69.8%	2.90	44.4%
		Not Eligible	49.5%	2.16	10.6%

Note: All statistics in this table are based on the first three years after high school graduation except for the SUS degree completion rate, which shows the six-year bachelor's degree completion rate for the 1997 cohort only.

Source: OPPAGA analysis of DOE data.

**Table A-2**  
**Summary of Three-Year Persistence by Institution Type, Bright Futures Eligibility, Cohort, and Race/Ethnicity**

Institution Type	Bright Futures Eligibility	High School Cohort	African-American	Asian	Hispanic	Indian	Multi-racial	White
State University System (SUS)	Eligible	1997	78.1%	85.1%	81.1%	75.0%	77.8%	81.1%
		2000	81.2%	84.9%	79.0%	82.9%	78.5%	79.8%
	Not Eligible	1997	62.3%	57.5%	58.8%	33.3%	50.0%	53.2%
		2000	65.5%	67.9%	61.2%	60.0%	50.0%	53.9%
Community College System (CC)	Eligible	1997	62.8%	75.1%	70.2%	79.0%	100%	68.1%
		2000	60.7%	70.1%	69.7%	68.0%	76.9%	70.3%
	Not Eligible	1997	39.7%	60.3%	52.9%	57.6%	42.9%	49.5%
		2000	43.5%	56.6%	53.6%	53.9%	39.7%	49.8%

Note: All statistics in this table are based on the first three years after high school graduation.

Source: OPPAGA analysis of DOE data.

**Table A-3**  
**Summary of College Cumulative GPA by Institution Type, Bright Futures Eligibility, Cohort, and Race/Ethnicity**

Institution Type	Bright Futures Eligibility	High School Cohort	Race/Ethnicity					Other	
			African-American	Asian	Hispanic	Indian	Multi-racial	White	
State University System (SUS)	Eligible	1997	2.61	2.91	2.82	2.65	2.41	2.87	
		2000	2.71	2.94	2.84	2.88	2.69	2.91	
	Not Eligible	1997	2.03	2.12	2.17	1.97	2.04	2.01	
		2000	2.10	2.22	2.25	1.98	2.09	2.09	
Community College System (CC)	Eligible	1997	2.55	2.74	2.69	2.73	3.38	2.79	
		2000	2.71	2.94	3.01	2.73	2.89	2.90	
	Not Eligible	1997	1.62	2.10	1.72	2.03	1.90	2.04	
		2000	1.96	2.32	2.25	2.29	2.34	2.19	

Note: All statistics in this table are based on the first three years after high school graduation.  
 Source: OPPAGA analysis of DOE data.

**Table A-4**  
**Summary of Three-Year Persistence and College Cumulative GPA by Institution Type, Bright Futures Eligibility, Cohort, and Selected High School Demographic Characteristics**

Institution Type	Bright Futures Eligibility	High School Cohort	Limited English Proficient		Free or Reduced Price Lunch	
			Persistence	GPA	Persistence	GPA
State University System (SUS)	Eligible	1997	84.9%	2.87	74.3%	2.64
		2000	83.8%	2.93	77.7%	2.75
	Not Eligible	1997	63.4%	2.26	56.6%	1.95
		2000	67.3%	2.31	65.2%	2.18
Community College System (CC)	Eligible	1997	72.0%	2.70	60.3%	2.64
		2000	68.7%	3.07	63.2%	2.79
	Not Eligible	1997	56.4%	1.71	40.4%	1.87
		2000	57.2%	2.30	48.5%	2.17

Note: All statistics in this table are based on the first three years after high school graduation.  
 Source: OPPAGA analysis of DOE data.

# Changing Eligibility Requirements

Changing eligibility requirements would have differential effects on minority and at-risk students. Table A-5 shows the maximum percentage of students who would lose eligibility by race and at-risk status. Raising course requirements would have a greater effect on white students and a relatively smaller effect on African-Americans and Hispanics. By contrast, raising grade point average and exam requirements would affect minority and at-risk students more. As a result, raising requirements will change the distribution of Bright Futures recipients, with some changes producing proportionally more minority and at-risk students and others producing less.

**Table A-5**  
**Changing Bright Futures Requirements Has Differential Effects on Minority and At-Risk Students**

	All Students	African-Americans	Hispanics	Whites	Other	Students Receiving Free and Reduced Lunch	Limited English-Proficient Students
<b>Maximum percentage of current Florida Academic Scholars who would lose eligibility</b>							
Require four social science courses	24%	16%	22%	26%	15%	31%	18%
Require four science courses	19%	11%	11%	21%	9%	16%	8%
Require four math courses	13%	8%	8%	14%	10%	13%	5%
Require three foreign language courses	38%	24%	31%	40%	24%	44%	26%
Raise all four subject requirements	54%	39%	49%	57%	34%	62%	45%
Raise the required GPA to 3.6	7%	18%	8%	6%	4%	7%	8%
Raise the required GPA to 3.7	12%	24%	13%	11%	7%	13%	13%
Raise the required GPA to 3.75	15%	27%	16%	15%	10%	16%	18%
Raise the SAT to 1310 or ACT to 29	51%	69%	51%	51%	46%	60%	55%
Raise the SAT to 1350 or ACT to 30	69%	86%	71%	69%	61%	80%	74%
<b>Maximum percentage of current Florida Medallion Scholars who would lose eligibility</b>							
Require four social science courses	37%	35%	40%	37%	35%	41%	45%
Require four science courses	33%	26%	27%	35%	24%	30%	21%
Require four math courses	26%	20%	20%	28%	19%	23%	15%
Require three foreign language courses	65%	62%	54%	68%	61%	64%	55%
Raise all four subject requirements	83%	80%	79%	84%	78%	85%	80%
Raise the required GPA to 3.1	8%	9%	10%	8%	7%	8%	10%
Raise the required GPA to 3.2	17%	19%	18%	16%	13%	15%	18%
Raise the required GPA to 3.25	21%	24%	22%	21%	16%	20%	23%
Raise the SAT to 1010 or ACT to 21	24%	37%	29%	22%	27%	33%	36%
Raise the SAT to 1050 or ACT to 22	39%	55%	46%	36%	41%	52%	54%

Note: Numbers represent the maximum percentage of students who would lose eligibility under the new requirement, based on 2000-01 graduates. Source: OPPAGA analysis of DOE data.

Table A-6 shows the likely percentage of Bright Futures recipients who would be minority or at-risk students after raising each criterion. Since raising each requirement has a different effect on minority and at-risk students, some changes would result in a decline in both the number of minority and at-risk students and their proportion of recipients. That is, those groups could be disproportionately affected. Raising course requirements would result in fewer students qualifying for a scholarship, but of those that qualify a slightly higher proportion would be minority or at-risk students. Raising GPA and exam score requirements also would reduce the number of students qualifying for scholarships, and it would reduce

the proportion who are minority or at-risk students. For example, currently 3.2% of Florida Academic Scholars recipients are African-American. If Bright Futures required four math courses, up to 13% of high school graduates and 8% of African-Americans would no longer qualify as a Florida Academic Scholar (see Table A-5). As a result, African Americans would make up 3.4% of the recipients after implementing this change. Similarly, raising the Florida Medallion test score requirement to 1010 would exclude 24% of current recipients. At the same time the percentage of Medallion Scholars who are Hispanic would decline from 11% to 10.4%.

**Table A-6**  
**Percentage of Bright Futures Recipients Who Would Be Minority or At-Risk Students After Raising Each Criterion**

	Distribution of Bright Futures Recipient Population--The Percentage of Recipients That Are						
	African-Americans	Hispanics	Whites	Other	All Graduates	Students Receiving Free and Reduced Lunch	Limited English - Proficient Students
<b>Florida Academic Scholars</b>							
<b>Current</b>	<b>3.2%</b>	<b>7.4%</b>	<b>81.5%</b>	<b>7.8%</b>	<b>100%</b>	<b>3.3%</b>	<b>3.3%</b>
Require four social science courses	3.6%	7.6%	80.0%	8.7%	100%	3.0%	3.5%
Require four science courses	3.6%	8.2%	79.5%	8.7%	100%	3.4%	3.8%
Require four math courses	3.4%	7.8%	80.7%	8.0%	100%	3.3%	3.6%
Require three foreign language courses	4.0%	8.3%	78.3%	9.5%	100%	2.9%	3.9%
Raise all four subject requirements	4.3%	8.3%	76.2%	11.1%	100%	2.7%	4.0%
Raise the required GPA to 3.6	2.8%	7.3%	81.8%	8.0%	100%	3.3%	3.2%
Raise the required GPA to 3.7	2.8%	7.3%	81.7%	8.2%	100%	3.3%	3.2%
Raise the required GPA to 3.75	2.8%	7.4%	81.6%	8.2%	100%	3.3%	3.3%
Raise the SAT to 1310 or ACT to 29	2.0%	7.4%	82.2%	8.4%	100%	2.7%	3.0%
Raise the SAT to 1350 or ACT to 30	1.5%	6.8%	82.1%	9.6%	100%	2.1%	2.7%
<b>Florida Medallion Scholars</b>							
<b>Current</b>	<b>9.1%</b>	<b>11.0%</b>	<b>74.7%</b>	<b>5.1%</b>	<b>100%</b>	<b>8.7%</b>	<b>5.8%</b>
Require four social science courses	9.3%	10.5%	75.0%	5.2%	100%	8.1%	5.0%
Require four science courses	10.0%	11.9%	72.5%	5.6%	100%	9.1%	6.7%
Require four math courses	9.9%	11.9%	72.8%	5.5%	100%	9.1%	6.6%
Require three foreign language courses	10.1%	14.6%	69.7%	5.6%	100%	9.1%	7.4%
Raise all four subject requirements	10.7%	13.8%	69.0%	6.5%	100%	8.0%	6.9%
Raise the required GPA to 3.1	9.1%	10.8%	74.9%	5.2%	100%	8.8%	5.7%
Raise the required GPA to 3.2	8.9%	10.9%	74.9%	5.3%	100%	8.9%	5.7%
Raise the required GPA to 3.25	8.8%	10.9%	74.8%	5.5%	100%	8.7%	5.8%
Raise the SAT to 1010 or ACT to 21	7.6%	10.4%	77.1%	4.9%	100%	7.7%	4.9%
Raise the SAT to 1050 or ACT to 22	6.8%	9.7%	78.7%	4.7%	100%	6.9%	4.3%

Notes: The distribution for at-risk students is separate from that shown by race. Those columns cannot be added because they include overlapping groups of students.

Source: OPPAGA analysis of DOE data.

## Appendix B

# Caveats and Data Sources

### *Caveats*

- The Bright Futures program is one of several policy initiatives, such as the One Florida Talented 20 initiative, the A+ Plan, and the Algebra I high school graduation requirement, that are intended to improve the preparation of high school students and to increase their continuation on to college.
- Components of our analysis that include financial need of college students are limited to those students within the latter (2000) cohort who filled out a federal financial aid application. More than half of Bright Futures recipients in the 2000 cohort did not complete this form, and the Office of Student Financial Aid does not have financial aid application data for our earlier (1997) cohort.
- We limited our analysis of college performance to those students who began college in the first year after graduating high school. We examined community college and university students separately and did not differentiate between those pursuing an associates degree only from those attending community college as part of a “two plus two” path to a four-year degree.
- In our analyses of cost-saving options, we assumed only the most recent cohort would be affected. We assumed that all earlier cohorts (those prior to 2002-03, the most recent for whom data are available) would be “grandfathered.”

### *Data*

We used existing Florida Department of Education databases to compare the academic performance of high school graduating classes. Table B-1 describes these databases.

**Table B-1**  
**Florida Department of Education Databases Used in the Analyses**

Databases	Description
State University System	Contains information on students' university enrollment and performance
Community College System	Contains information on students' community college enrollment and performance
Bright Futures	Contains information on student eligibility and disbursements
Institutional Student Information Record (ISIR)	Contains information on student financial aid applications
Student End-of-Year Status	Contains diploma type information and graduating GPAs
Student Course Transcript Information	Contains student course information, grades 9-12
Student Demographic Information	Contains student demographic information
SAT data	Contains student SAT scores
ACT data	Contains student ACT scores
College Placement Test (CPT) data	Contains student CPT scores
Florida Education and Training Placement Information Program (FETPIP)	Contains information on postsecondary education experience

Source: Florida Department of Education.