



# The Florida Senate

Issue Brief 2011-222

November 2010

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Committee on Higher Education

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## TUITION AND FEES AT STATE UNIVERSITIES

### Statement of the Issue

The cost of a state university system education for resident undergraduate students in Florida is lower than the national average cost for resident undergraduate at comparable public institutions. In 2010, Florida's average tuition is lower than that of 47 other states.<sup>1</sup> In recent years, the Legislature has provided flexibility to universities to increase the amount of funding they receive from tuition and fees in order to increase financial support for the universities' programs. The 2009 Legislature (ch. 2009-98, L.O.F.) authorized all state universities to charge a tuition differential fee, subject to approval by the Board of Governors (BOG), which will gradually increase the resident undergraduate cost of a state university education until the aggregate sum of undergraduate tuition and fees reaches the national average of tuition and fees at 4-year degree-granting public postsecondary educational institutions. The 2010 Legislature delegated to the BOG the authority to increase certain fees, approve new fees, and adopt flexible tuition policies. To the extent that the BOG and the universities authorize fee increases and new fees, the pace at which universities approach the national average for tuition and fees may accelerate.

### Discussion

#### State Financial Support for Universities

State universities are financially supported by state appropriations in addition to tuition, fees, grants and donations. For the 2010-2011 fiscal year, \$2,319,541,059 was appropriated for state support for operation of the university system. In addition to this amount, \$1,303,692,374 is anticipated in tuition and fees. For fixed capital outlay, \$308,664,988 is provided for the system for construction and maintenance needs.

#### State University Tuition

The resident undergraduate tuition at state universities must increase at the beginning of each fall semester at a rate equal to inflation, unless otherwise provided in the General Appropriations Act.<sup>2</sup> For the 2010-2011 fiscal year, the Legislature established a cost of \$95.67 per credit hour for resident undergraduate tuition (this amount is 8 percent more than the tuition amount for 2009-2010).<sup>3</sup>

#### State University Fees

Section 1009.24, F.S., establishes fees that universities may assess and caps the amount of each fee. Some fees are assessed to all students and are used for purposes from which the student body would benefit. Others are user fees and fines that are assessed only to the students who use the service or incur the fine. The average amount of the fees that are assessed to students at most state universities is shown in the following chart:

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<sup>1</sup> College Board, *Trends in College Pricing 2010*. Background data available at: [http://trends.collegeboard.org/downloads/2010\\_Trends\\_College\\_Pricing\\_All\\_Figures\\_Tables.xls](http://trends.collegeboard.org/downloads/2010_Trends_College_Pricing_All_Figures_Tables.xls).

<sup>2</sup> s. 1009.24(4)(b), F.S.

<sup>3</sup> General Appropriations Act for FY 2010-2011, ch. 2010-152, L.O.F., specific appropriation 132. Readable at: [http://laws.flrules.org/files/Ch\\_2010-152.pdf](http://laws.flrules.org/files/Ch_2010-152.pdf).

| <b>Average Undergraduate Fees at State Universities in 2010-2011<sup>4</sup></b>  |                                     |
|---|-------------------------------------|
| <b>Fee</b>  | <b>Average cost per credit hour</b> |
| <b>Tuition Differential Fee</b> —for improving undergraduate education and providing need-based financial aid. The sum of tuition and the tuition differential may not increase by more than 15 percent of the aggregate sum of those fees in the preceding year.                                   | \$16.43                             |
| <b>Capital Improvement Trust Fund Fee</b> —for capital improvements. The amount of the fee is established in statute.   | \$ 2.44                             |
| <b>Building Fee</b> —for buildings. The amount of the fee is established in statute.  | \$ 2.32                             |
| <b>Financial Aid Fee</b> —for student financial aid (75%) and financial aid purposes. The amount may not exceed five percent of the tuition and out-of-state fee.   | \$ 4.78                             |
| <b>Activity and Service Fees</b> —for activities and services that benefit the student body in general.*  | \$12.32                             |
| <b>Athletic Fee</b> —for athletic activities.*  | \$11.12                             |
| <b>Health Fee</b> —for health services.*  | \$ 9.07                             |
| <b>Campus Access/Transportation Fee</b> —for improvements to campus transportation and access.  | \$ 5.80                             |
| <b>Technology Fee</b> —for enhancement of instructional technology resources. The fee may not exceed five percent of the tuition per credit hour.   | \$ 4.75                             |
| *The sum of the activity and service, health, and athletic fees may not exceed 40 percent of the tuition established in law or the General Appropriations Act, and the annual increase in the aggregate sum of these fees is capped at five percent per year, with certain exceptions. <sup>5</sup> |                                     |

The tuition and fees for new students on the main campus of the 11 state universities in the 2010-2011 academic year is shown in the following chart:

| <b>State University</b>                      | <b>2010-2011 Tuition and Fees<sup>6</sup> for 30 Hours<sup>7</sup></b> |
|--|--|
| Florida State University                     | \$5,237.80   |
| University of South Florida                  | \$5,198.00   |
| Florida International University             | \$5,091.38   |
| University of Florida                        | \$5,044.50   |
| University of Central Florida                | \$5,020.50   |
| Florida Gulf Coast University                | \$4,981.20   |
| Florida Atlantic University                  | \$4,924.10   |
| University of North Florida                  | \$4,908.60   |
| University of West Florida                   | \$4,793.70   |
| Florida Agricultural & Mechanical University | \$4,625.30   |
| New College of Florida                       | \$4,469.70   |

<sup>4</sup> This chart does not include the following blocked fees: activity and service fee at USF, athletic fee at FIU and USF, health fee at FAMU and FIU, and access/transportation fee at FAMU, FAU, and FIU.

<sup>5</sup> s. 1009.24(4)(e), F.S.

<sup>6</sup> The fees included in this amount are the tuition differential, activity and service, health, athletic, campus access and transportation, technology, Capital Improvement Trust Fund, and building fees, as well as campus-specific fees at USF and FSU.

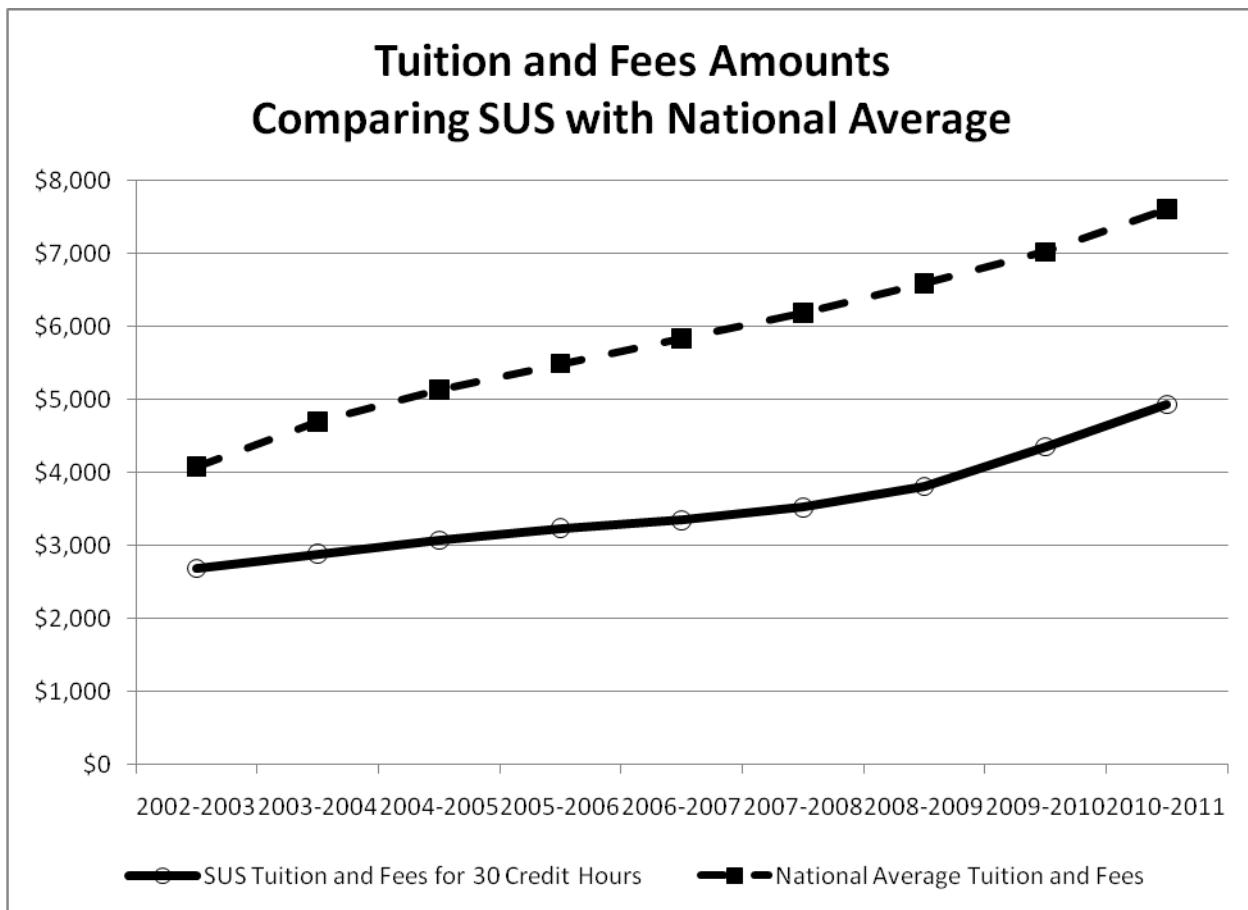
<sup>7</sup> Florida Board of Governors website. Readable at: <http://www.flbog.edu/about/budget/current.php>.

### The National Average Resident Tuition at Public Four-year Institutions

Section 1009.24(16), F.S., authorizes the aggregate sum of state university undergraduate tuition and fees per credit hour to increase until the amount reaches the national average of tuition and fees at 4-year degree-granting public postsecondary educational institutions. Section 216.136(4)(a), F.S., requires the Education Estimating Conference to develop official information relating to the national average of tuition and fees at public postsecondary educational institutions. On November 20, 2009, the Education Estimating Conference received a report from the Legislative Office of Economic and Demographic Research comparing the sources of national data on tuition and fees. The sources of data discussed in the report were the Independent Postsecondary Education Data System, the College Board, the Southern Regional Education Board, and Washington State’s Higher Education Coordinating Board. Because the College Board classification scheme most closely matched that used by Florida, the conference principals agreed to use the College Board national average for tuition and fees to meet the requirements of s. 216.136, F.S.

The national average of published in-state tuition and fees at public 4-year institutions is \$7,605 in 2010-2011.<sup>8</sup> The average cost of tuition and fees for 30 credit hours at Florida state universities for the academic year 2010-2011 is \$4,936.<sup>9</sup>

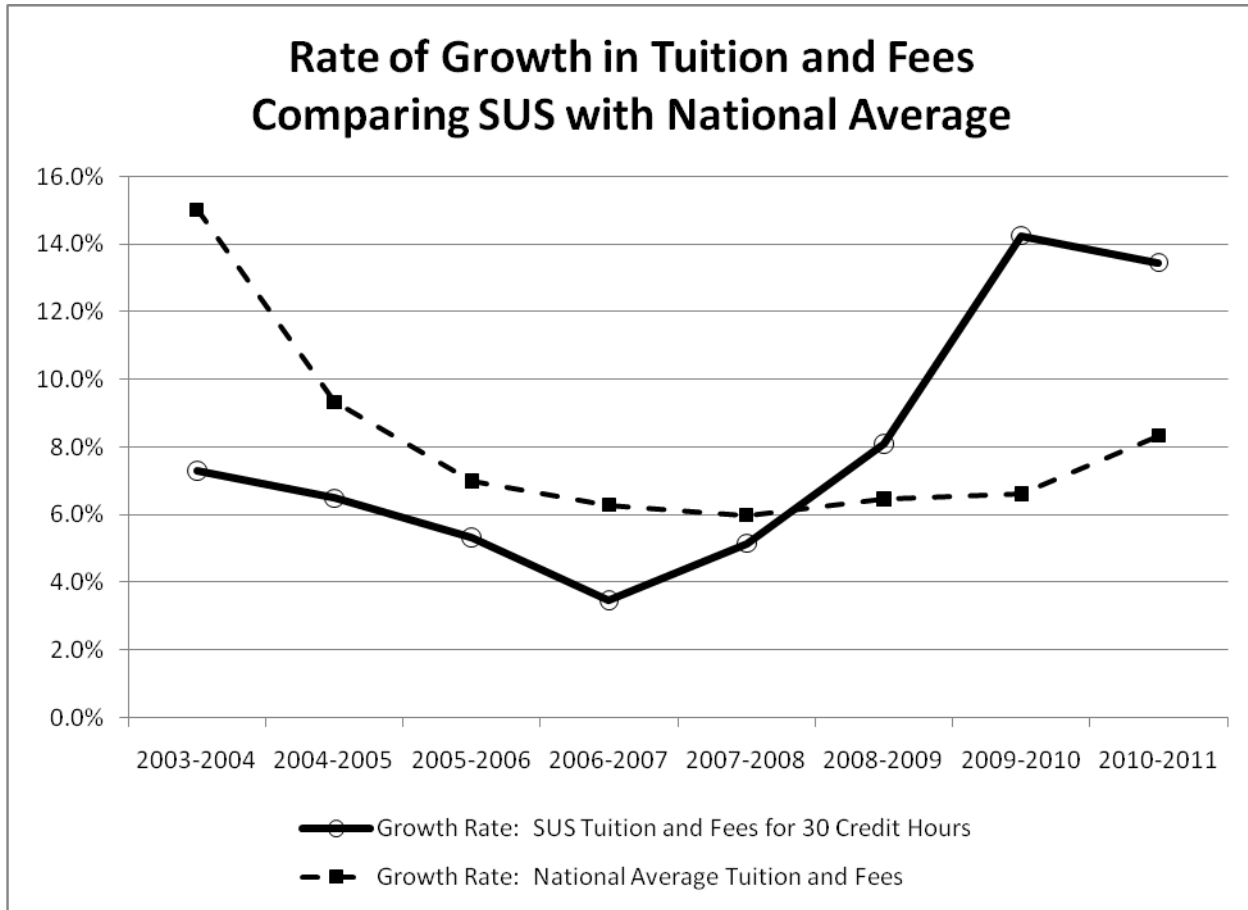
The chart below show the increases in State University System (SUS) tuition and fees and the national average of tuition and fees at 4-year public institutions over the past 9 years:



<sup>8</sup> The College Board, *Trends in College Pricing 2010*, page 3. Readable at: [http://trends.collegeboard.org/downloads/College\\_Pricing\\_2010.pdf](http://trends.collegeboard.org/downloads/College_Pricing_2010.pdf).

<sup>9</sup> Florida Board of Governors website. Readable at: <http://www.flbog.edu/about/budget/current.php>.

While the average SUS tuition and fees and the national average tuition and fees are increasing, the rates at which they have increased have varied over the past 9 years. The following chart shows the rate of growth in SUS tuition and fees compared with the rate of growth in the national average of tuition and fees at public 4-year institutions:



### Fee Authority Delegated to the Board of Governors

The BOG’s authority to manage the state university system is subject to the Legislature’s powers to appropriate for the expenditure of funds.<sup>10</sup> Within certain limits, the Legislature has delegated to the BOG or the BOG’s designee the authority to:

- Establish tuition for graduate and professional programs;
- Establish out-of-state fees for all programs;
- Establish a new fee not specifically authorized by statute;
- Approve a university board of trustees’ request to increase a fee;
- Approve a university board of trustees’ proposal for a tuition differential; and
- Approve flexible tuition policies such as undergraduate or graduate block tuition, block tuition differential, and market-rate tuition for graduate level on-line courses or continuing education programs, provided the policies are in line with the university’s mission and do not increase the state’s fiscal liability.

The most recent of these delegations of authority to the BOG—to establish a new fee, increase an existing fee, and approve flexible tuition policies—was provided by the 2010 Legislature.<sup>11</sup> Of the two types of flexible tuition policies authorized by the Legislature, block tuition has been implemented in other states, whereas market-rate tuition for graduate courses is an emerging practice among public universities.

<sup>10</sup> Art. IX, s. 9(c), Florida Constitution

<sup>11</sup> ch. 2010-78, L.O.F.

Block tuition involves charging students an amount equal to the cost for a certain number of credit hours while permitting flexibility in the number of hours taken. For example, a university might charge a flat rate equal to the cost for 15 credit hours for students who enroll for 12 to 18 hours. Block tuition can be an incentive for students to take the maximum number of classes allowed under the block and thereby finish their degrees sooner at a lower cost than they otherwise would have incurred. Block tuition provides universities a more predictable revenue stream.

A university sets market-rate tuition according to the institution’s perception of the value the public places on its degree program relative to degree programs at a group of institutions it selects as its peers.<sup>12</sup> Market-rate tuition provides more income than the cost of the program, and thus provides a revenue stream the university may use to support its mission.

At its meeting on June 9, 2010, the BOG decided not to approve new fees for the 2010-2011 academic year but to adopt regulations to follow in considering proposals for the 2011-2012 academic year. The status of the implementation of flexible tuition policies is shown in the following chart:

| <b>BOG Implementation of Flexible Tuition Policies</b>   |  |
|--|--|
| <b>Authority Delegated to the BOG by the Legislature</b>   | <b>BOG Implementation Actions<sup>13</sup></b>   |
| <ul style="list-style-type: none"> <li>• Approve new fees proposed by a university board of trustees, provided the aggregate sum of new fees authorized by the BOG does not exceed 10 percent of tuition, and</li> <li>• Approve a university board of trustees’ proposal to increase the current cap for certain existing user fees<sup>14</sup></li> </ul> | <p>On November 4, 2010, the BOG approved amendments to BOG Regulation 7.003 establishing procedures for approving new fees and fee increases. The Budget and Finance Committee will consider proposals for new fees and fee increases at its February 9, 2011 meeting, and the BOG will consider the proposals in its February 17, 2011 conference call.</p>   |
| <ul style="list-style-type: none"> <li>• Approve a university board of trustees’ proposal to implement undergraduate or graduate block tuition or block tuition differential</li> </ul>  | <p>On November 4, 2010, the BOG approved revisions to BOG Regulation 7.001 establishing procedures for approval of block tuition proposals. The BOG will consider proposals for block tuition in its February 17, 2011 conference call.</p>  |
| <ul style="list-style-type: none"> <li>• Approve a university board of trustees’ proposal to implement market-rate tuition for graduate-level online courses or graduate-level continuing education courses</li> </ul>   | <p>On November 4, 2010, the BOG approved a notice of intent to amend BOG Regulation 7.001 to establish procedures for proposals for market-rate tuition for graduate-level online courses or graduate-level continuing education courses. After a period for public comment, the BOG will consider the amendments at its January 2011 meeting. The BOG will consider proposals for market-rate tuition in its February 17, 2011 conference call.</p> |

The Legislature has provided flexibility for state universities to increase financial support for their programs by increasing tuition and fees. Undergraduate tuition and fees may increase until they reach the national average for tuition and fees at 4-year public postsecondary institutions. While tuition and fees at state universities are increasing at a faster rate than the national average tuition is increasing, the difference between the two is such that SUS tuition and fees are not likely to reach the national average tuition in the next few years.

<sup>12</sup> Douglass, J.A. and Keeling, R., “The Big Curve: Trends in University Fees and Financing in the EU and US”, Center for Studies in Higher Education, University of California, Berkley, November, 2008, p. 4.

<sup>13</sup> Meeting archives of BOG meetings are available at: [http://www.flbog.org/pressroom/meeting\\_archive.php](http://www.flbog.org/pressroom/meeting_archive.php).

<sup>14</sup> The delegated fees are for: application, orientation, security access or ID card, registration, late-payment of tuition, health-related charge, materials and supplies, housing rental, collection efforts, loan service, off campus course offerings, library, duplicating and copying, late return of rental equipment, returned checks, traffic and parking, child care, transcripts and diploma replacement, admissions deposits, and paying tuition in installments.