

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 2810

SPONSOR: Senator Alexander

SUBJECT: State University Athletic Fees

DATE: April 7, 2004 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Matthews</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Favorable</u>
2.	_____	_____	<u>AED</u>	_____
3.	_____	_____	<u>AP</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill authorizes a state university that changes athletic competitive divisions to increase the athletic fee to defray the costs associated with changing divisions.

The bill provides that the increase in the athletic fee is exempt from the 40 percent cap that limits the amount of the activity and service, health, and athletic fees that a university can charge its students to 40 percent of tuition. In addition, the athletic fee increase is exempt from the five percent cap on yearly increases.

The bill limits the increase in the athletic fee to \$2 per credit hour of registered classes. The athletic fee committee must approve any athletic fee increase.

This bill amends s. 1009.24, F.S.

II. Present Situation:

Section 1009.24, F.S., authorizes each state university board of trustees to establish an activity and service fee, health fee, and athletic fee. The sum of these fees may not exceed 40 percent of the tuition established in law or in the General Appropriations Act (GAA). However, a state university is not required to lower fees to achieve the 40 percent cap if the university exceeded the 40 percent cap prior to July 1, 2002.¹ Within the 40 percent cap, a state university may not increase the aggregate sum of the activity and service, health, and athletic fees more than five percent per year unless specifically authorized in law or in the GAA. A state university may

¹ Section 14, ch. 2001-170, L.O.F.

increase or assess optional fees related to specific activities if the payment of the fees is not required to register for a course.

Current Athletic Fees

According to the Division of Colleges and Universities, the state universities charged the following athletic fees for the 2003-2004 academic year, which generated the revenue indicated below. Overall, the state universities generated \$47,216,581 in athletic fee revenue.

	Per credit hour	Block fee per term	Per full-time student (12 credits per semester)	Revenue generated
UF ²	\$1.90		\$22.80	\$2,386,696
FSU ³	\$4.98		\$59.76	\$4,113,641
FAMU ⁴	\$8.75		\$105.00	\$2,994,355
USF ⁵	\$8.50	\$10.00	\$112.00	\$7,701,894
FAU ⁶	\$11.75		\$141.00	\$6,138,062
UWF ⁷	\$11.60		\$139.20	\$2,389,304
UCF ⁸	\$11.09		\$133.08	\$9,622,610
FIU ⁹	\$8.45	\$10.00	\$111.40	\$7,435,877
UNF ¹⁰	\$10.00		\$120.00	\$3,317,037
FGCU ¹¹	\$10.54		\$126.48	\$1,076,641
NCF ¹²	\$1.66	\$10.00	\$24.92	\$40,464

Activity and Service, Health, and Athletic Fees

According to the Division of Colleges and Universities, the state universities charged the following fees per credit hour for the activity and service, health, and athletic fees for the 2003-2004 academic year.

² University of Florida
³ Florida State University
⁴ Florida Agricultural and Mechanical University
⁵ University of South Florida
⁶ Florida Atlantic University
⁷ University of West Florida
⁸ University of Central Florida
⁹ Florida International University
¹⁰ University of North Florida
¹¹ Florida Gulf Coast University
¹² New College of Florida

	Activity and Service Fee	Health Fee	Athletic Fee	Total ¹³
UF	\$8.16	\$7.69	\$1.90	\$17.75
FSU	\$7.50	\$6.60	\$4.98	\$19.08
FAMU	\$10.00	\$0 ¹⁴	\$8.75	\$20.34
USF	\$7.10 ¹⁵	\$6.26	\$8.50 ¹⁶	\$23.44
FAU	\$10.00	\$5.00	\$11.75	\$26.75
UWF	\$8.25	\$3.00	\$11.60	\$22.85
UCF	\$8.09	\$6.00	\$11.09	\$25.18
FIU	\$9.14	\$0 ¹⁷	\$8.45 ¹⁸	\$23.04
UNF	\$10.28	\$5.48	\$10.00	\$25.76
FGCU	\$9.70	\$0 ¹⁹	\$10.54	\$25.01
NCF	\$13.25	\$3.46	\$1.66 ²⁰	\$20.21

40 Percent Cap

Section 1009.24, F.S., provides that the sum of the activity and service fee, health fee, and athletic fees required to pay to register for a course may not exceed 40 percent of the tuition established in law or in the GAA. However, a state university is not required to lower fees to achieve the 40 percent cap if the university exceeded the 40 percent cap prior to July 1, 2002.²¹ The following chart, courtesy of the Division of Colleges and Universities, details the current aggregate fee status and percent of tuition of the state universities with regard to the 40 percent cap.

	Per credit hour undergraduate resident tuition	40 percent cap	Total activity and service, health, and athletic fees ²²	Current fees as a percentage of tuition
UF	\$63.41	\$25.36	\$17.75	27.99 percent
FSU	\$63.41	\$25.36	\$19.08	30.09 percent
FAMU	\$63.41	\$25.36	\$20.34	32.08 percent
USF	\$63.41	\$25.36	\$23.44	36.97 percent
FAU	\$63.41	\$25.36	\$26.75	42.19 percent
UWF	\$63.41	\$25.36	\$22.85	36.04 percent
UCF	\$63.41	\$25.36	\$25.18	39.71 percent
FIU	\$63.41	\$25.36	\$23.04	36.33 percent

¹³ The block fee has been converted to a per credit hour fee for calculations.

¹⁴ FAMU charges a block fee per term of \$59.00 for the health fee.

¹⁵ USF charges a block fee per term of \$7.00 in addition to the \$7.10 per credit hour for the activity and service fee.

¹⁶ USF charges a block fee per term of \$10.00 in addition to the \$8.50 per credit hour for the athletic fee.

¹⁷ FIU charges a block fee per term of \$54.00 for the health fee.

¹⁸ FIU charges a block fee per term of \$10.00 in addition to the \$8.45 per credit hour for the athletic fee.

¹⁹ FGCU charges a block fee per term of \$35.50 for the health fee.

²⁰ NCF charges a block fee per term of \$5.00 in addition to the \$1.66 per credit hour for the athletic fee.

²¹ Section 14, ch. 2001-170, L.O.F.

²² The total fees include the block fees per term that have been converted into a per credit hour fee for calculations.

UNF	\$63.41	\$25.36	\$25.76	40.62 percent
FGCU	\$63.41	\$25.36	\$25.01	39.44 percent
NCF	\$63.41	\$25.36	\$20.21	31.87 percent

Although both FAU and UNF are beyond the 40 percent cap, the universities comply with the law because both institutions were above the 40 percent cap before July 1, 2002.²³

Athletic Division Changes

According to the Department of Education (DOE), ten of the 11 state universities currently have athletic programs that are members of a National Collegiate Athletic Association (NCAA) division. New College is not a member of an NCAA division in any sport. Four of the state universities are Division IA: UF, FSU, USF, and UCF. Three of the state universities are Division IAA: FAMU, FAU, and FIU. Three of the state universities are Division II: UWF, UNF, and FGCU. There are also some variations within the division by sport.

Six universities are anticipating, have recently discussed, or are in the process of changing athletic competitive divisions.

- In 2003, FAMU pursued a change in division from IAA to IA, ultimately deciding against the immediate move to another division.
- FAU is currently changing division status from IAA to IA. FAU is in a transitional status for the next two years.
- UWF conducted a study regarding a change in division from II to I. UWF does not have any immediate plans to change divisions.
- FIU is planning an immediate change in division from IAA to IA, for which the two-year transition period begins in the 2004-2005 academic year.
- UNF has conducted discussions regarding a change in division from II to I. It is anticipated that the UNF Board of Trustees would hear the change in division in the near future, and if approved, UNF would pursue a transition within the next few years.
- In spring 2002, FGCU received provisional membership in Division II.

Costs of Changing Athletic Divisions

According to DOE, there are many requirements a state university must meet to change athletic divisions, including financial aid, eligibility, gender equity, sports sponsorship, and scheduling provisions. In addition, there are specific additional requirements attendant with changing from Division IAA to Division IA in football, including provisions for travel, attendance, stadium requirements, and other provisions.

While increasing fees may be of assistance to the university in accommodating a change in athletic divisions, the university would likely require additional revenue to meet and maintain status within the new athletic division.

²³ Section 14, ch. 2001-170, L.O.F.

According to DOE, Division IA institutions typically have higher revenues than institutions in other athletic divisions. However, these Division IA institutions typically have greater debts. In the last year reported by the NCAA, 1999, the average total expenses, not including debt service or capital outlay expenditures, for the following divisions was as follows:

- Division IA: \$20,000,000
- Division IAA: \$4,800,000
- Division II: \$1,000,000²⁴

III. Effect of Proposed Changes:

This bill authorizes a state university that changes athletic competitive divisions to increase the athletic fee to defray the costs associated with changing divisions. The bill limits the increase in the athletic fee to \$2 per credit hour of registered classes. The athletic fee committee must approve any athletic fee increase.

The bill provides that the increase in the athletic fee is exempt from the 40 percent cap that limits the amount of the activity and service, health, and athletic fees that a university can charge its students to 40 percent of tuition. In addition, the athletic fee increase is exempt from the five percent cap on yearly increases.

The bill takes effect upon becoming law.

According to the Division of Colleges and Universities, if each state university were to adopt a \$2.00 increase in the athletic fee per credit hour of registered classes, the following chart would represent the total activity and service, health, and athletic fees with the corresponding fees as a percentage of tuition.

	Total activity and service, health, and athletic fees ²⁵	Fees as a percentage of tuition
UF	\$19.75	31.15 percent
FSU	\$21.08	33.24 percent
FAMU	\$22.34	35.23 percent
USF	\$25.44	40.12 percent
FAU	\$28.75	45.34 percent
UWF	\$24.85	39.19 percent
UCF	\$27.18	42.86 percent
FIU	\$25.04	39.49 percent
UNF	\$27.76	43.78 percent
FGCU	\$27.01	42.60 percent
NCF	\$22.21	35.03 percent

²⁴ Average expenses for the Division II program do not include football.

²⁵ The total fees include the block fees per term that have been converted into a per credit hour fee for calculations.

All of the state universities would exceed the bar on the five percent annual increase of the aggregate student activity and service, health, and athletic fees within the 40 percent cap under s. 1009.24(3), F.S. Accordingly, the bill provides an exemption from the five percent cap.

In addition, a \$2.00 athletic fee increase adopted by USF, FAU, UCF, UNF, and FGCU, would exceed the 40 percent cap on the aggregate sum of the student activity and service, health, and athletic fees as a percentage of tuition per registered hour under s. 1009.24(3), F.S. Therefore, the bill provides an exemption from the 40 percent cap.

The bill purports to be of benefit mainly to FAU, FIU, and UNF. These institutions are currently in the process of changing divisions, particularly FAU and FIU.

However, there are several ambiguities in the bill. For example, the term, “athletic competitive division,” is not defined. The term is not linked to the NCAA athletic divisions. It is not clear whether creation of a team for purposes of club status that participates on an intercollegiate basis with other club teams would qualify for the fee increase. In addition, even an established Division IA member, such as UF, could create another team to participate in sports such as hockey or lacrosse and arguably qualify for the fee increase.

The bill does not identify whether the change in athletic divisions is for all sports or only for certain sports. Accordingly, a university could generate more revenue by changing athletic divisions one sport at a time.

Moreover, the bill does not identify when the fee increase would actually begin. Does the fee increase begin when the university has already made the change, has become a provisional member, is in a transitional phase, or simply makes an application? If the fee increase occurs before the actual change in athletic divisions is completed, the bill does not indicate what occurs with the funds if the institution decides not to complete the change.

In addition, the bill remains unclear as to whether the fee increase is a one-time event associated with the transfer to another athletic division or a permanent increase that all students in the future would be required to pay.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

The bill authorizes a state university to charge a student up to a \$2.00 increase in the athletic fee if the university changes athletic divisions.

B. Private Sector Impact:

A student would be required to pay up to a \$2.00 increase in the athletic fee if the university changes athletic divisions.

C. Government Sector Impact:

According to DOE, the following universities would generate the following additional revenues if the university board of trustees approves a \$2.00 increase in the athletic fee for the 2003-2004 academic year.

- FAMU \$687,317
- FAU \$1,086,942
- UWF \$437,622
- FIU \$1,627,417
- UNF \$670,690
- FGCU \$269,470

The total estimated increase in state university revenue at the six universities would be \$4,779.459 per year.

However, with the increase in state university revenue there would be a concomitant increase in the amount of fees the state would be required to pay as part of the Bright Futures Scholarship Program. According to DOE, the state would incur an additional \$1,027,862 per year if the above six universities were to approve the \$2.00 increase in athletic fees.²⁶

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

²⁶ However, data provided by FIU, FAU, and UNF indicate a lower cost to the state. For example, the Division of Colleges and Universities estimated that the annual cost increase in Bright Futures Scholarships for FIU, FAU, and UNF would be \$323,057; \$197,590; and \$224,348 respectively. However, FIU, FAU, and UNF estimate an annual increase in Bright Futures costs to the state of \$238,300; \$145,075; and \$153,812.50 respectively.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
