

The Florida Senate
PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Prepared By: Higher Education Appropriations Committee

BILL: CS/SB 1710

INTRODUCER: Higher Education Appropriations Committee and Senator Oelrich

SUBJECT: State University Student Fees

DATE: April 24, 2007

REVISED: 03/21/07

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Harkey</u>	<u>Matthews</u>	<u>HE</u>	Favorable
2.	<u>Bryant</u>	<u>Hamon</u>	<u>HI</u>	Fav/CS
3.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
4.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
5.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
6.	<u> </u>	<u> </u>	<u> </u>	<u> </u>

I. Summary:

The Committee Substitute provides for a tuition differential to be established by the Board of Governors for certain universities with a cap of 30% or 40% depending on classification of the institution. The University Board of Trustees of a university which has been authorized by the Board of Governors to charge a tuition differential may establish a tuition differential lower than the maximum authorized by the Board of Governors.

The growth of tuition plus the differential cannot exceed 15% for any fiscal year. Revenue generated by the tuition differential must be spent solely for improving the quality of direct undergraduate instruction and support services.

The tuition differential will not be covered by the Bright Futures scholarship. Beneficiaries of prepaid contracts in effect on July 1, 2007 are exempt from the fee. Students who are presently enrolled and remain continuously enrolled will not be charged the fee.

The bill also clarifies that activity and service fee revenue and athletic fee revenue may be transferred to the university Direct Support Organization for the purpose of paying and securing bonds for university capital outlay projects. The amount that can be transferred cannot exceed 5% of the most recent 12 month collection of the fee.

This bill amends sections 1009.01, 1009.24, and 1009.98 of the Florida Statutes.

II. Present Situation:

Under s. 1009.24, F.S., all students enrolled in college credit programs at state universities must be charged fees except students who are exempt from fees or students whose fees are waived. Except as otherwise provided by law, undergraduate tuition must be established annually in the General Appropriations Act. The Board of Governors or the board's designee may establish tuition for graduate and professional programs.

A university board of trustees is authorized to collect an athletic fee, an activity and service fee, and a student health fee, and the sum of these three fees that a student is required to pay to register for a course must not exceed 40 percent of the tuition established in law or in the General Appropriations Act. A university board of trustees may collect a financial aid fee which may not exceed 5 percent of the tuition and out-of-state fee. Under s. 1009.24(7), F.S., the Capital Improvement Trust Fund Fee is established as \$2.44 per credit hour and the building fee is established at \$2.32 per credit hour per semester. The statute authorizes a university board of trustees to establish 18 other fees or fines for such things as library fines, copying, materials and supplies, and traffic and parking fines. The statute does not authorize an undergraduate tuition differential within the university system.

Both the Bright Futures Scholarship Program¹ and the Stanley G. Tate Florida Prepaid College Program² cover certain fees. According to the Department of Education, the Bright Futures Scholarship Program covers a fee if it is assessed to all students at the institution. The fees included in the Bright Futures Scholarship award are Health, Activity & Service, Athletic, Building & Capital Improvement, Financial Aid, Technology, Access/Transportation, and Lab.³

The Prepaid College Program university plan covers the registration fee for a specified number of undergraduate semester credit hours, not to exceed the average number of hours required for the conference of a baccalaureate degree.⁴ The student will pay the cost of any laboratory fee associated with enrollment in specific courses. The Florida Prepaid College Board may approve contracts for additional university fees delineated in s. 1009.24(8)-(11), F.S.⁵

SB 1710 was filed originally at the request of the University of Florida to enable the university to fund its proposed Academic Enhancement Program. The program would lower student/faculty ratios and provide more academic advisors for undergraduate students. The university would like to hire 200 additional undergraduate faculty members and 100 academic advisors as the program is phased in over 4 years.

At its November 16, 2006, meeting, the Board of Governors of the State University System heard a presentation from the University of Florida concerning the proposed academic enhancement program, and the board voted to request legislative authorization for the Board of

¹ ss. 1009.534-536, F.S.

² s. 1009.98, F.S.

³ Department of Education memorandum. OSFA-STATE:# 05-06:03. July 29, 2005.

⁴ In s. 1009.97(3)(g), F.S., *registration fee* is defined as the tuition fee, financial aid fee, building fee, and Capital Improvement Trust Fund fee.

⁵ These subsections establish the student activity and service fee, student health fee, and the athletic fee.

Governors to delegate authority to a university board of trustees to implement a new student fee to support the program.

III. Effect of Proposed Changes:

The committee substitute authorizes the Board of Governors of the State University System to establish a tuition differential at Funding Level 1 and 2 universities. The funding levels were established in Chapter 2006-58 L.O.F., the 21st Century Technology, Research and Scholarship Act. The tuition differential at Level 1 schools is capped at 40% of tuition. Funding of the tuition differential at Level 2 schools cannot exceed 30% of tuition. However, the growth of tuition plus the differential cannot exceed 15% for any fiscal year.

The University Board of Trustees of a university which has been authorized by the Board Of Governors to charge a tuition differential may establish a tuition differential lower than the maximum authorized by the Board of Governors. Revenue generated by the tuition differential must be spent solely for improving the quality of direct undergraduate instruction and support services.

The committee substitute exempts the tuition differential from ss. 1009.53, 1009.534, 1009.535, and 1009.536, F.S., which govern the Florida Bright Futures Scholarship Program, Florida Academic Scholars Award, Florida Medallion Scholars award, and Florida Gold Seal Vocational Scholars award, respectively. Thus, recipients of a Bright Futures Scholarship award would have to pay the fee; it would not be paid by the scholarship award.

The bill provides a specific exemption for beneficiaries of the Stanley G. Tate Florida Prepaid College Program for contracts which have been purchased prior to July 1, 2007. The bill permits the Prepaid College Board to offer a tuition differential contract after that date. The fee may be waived for students who meet FSAG eligibility criteria.

The bill also clarifies that activity and service and athletic fee revenue, unrelated to tuition differential, may be transferred to the university Direct Support Organization for the purpose of paying and securing bonds for university capital outlay projects. The amount that can be transferred cannot exceed 5% of the most recent 12 month collection of the fee.

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:**

None.

B. Private Sector Impact:

All undergraduate students at a state university which imposes tuition differential would pay the costs unless one of the specific exemptions are met. Students whose tuition and fees are completely paid or largely paid through a Bright Futures Scholarship award would incur the cost of the additional tuition if they attend an institution which imposes the tuition differential.

The bill limits the revenue generated to expenditures for improving the quality of undergraduate instruction, hence the academic experience and support of the affected students should be directly enhanced.

C. Government Sector Impact:

At the present time, universities meeting the Funding Level 1 criteria are the University of Florida and Florida State University. The University of South Florida presently meets the Funding Level 2 criteria. New, non-prepaid undergraduates would pay the tuition differential during FY 2007-08. Assuming no waivers for Florida Student Assistance Grant students, and maximum allowable increase for the tuition differential, the 3 institutions would earn about \$3.6 million for that year. However, in the fourth year, with the same assumptions plus an annual legislative 5% tuition increase, revenue for the tuition differential for the three institutions would grow to an estimated \$73.6 million.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

This Senate Professional Staff Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
