

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 Committee

BILL: CS/SB 2862

INTRODUCER: Higher Education Committee and Senator Constantine

SUBJECT: Tuition Rates/Baccalaureate Degree

DATE: April 20, 2007

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	deMarsh-Mathues	Matthews	HE	Fav/CS
2.			HI	
3.				
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I. Summary:

This bill implements an Office of Program Policy and Analysis and Government Accountability (OPPAGA) recommendation on providing incentives to encourage certain students to graduate with fewer excess hours by requiring certain students to pay higher tuition rates if they take more than 120 percent of the credit hours required for their associate or baccalaureate degree requirements.

The bill requires the following students to pay 50 percent more than the in-state tuition rate for credit hours take in excess of 120 percent of the credit hours required to complete the degree program in which he or she is enrolled:

- An undergraduate student who is enrolled in a state university; and
- A student enrolled in a baccalaureate program at a community college.

This requirement applies regardless of whether the student took the hours while enrolled at a community college, state university, or at any private postsecondary institution, if the student received state funds while enrolled at the private institution.

Similarly, a student enrolled for the first time in a community college may be required to pay 50 percent more than the in-state tuition rate for credit hours taken in excess of 120 percent of the credit hours required to earn an associate degree. The bill allows a community college board of trustees to impose this requirement on community college students. However, this requirement would not apply to a maximum of 24 credit hours taken at a community college that apply to the student's baccalaureate degree.

This bill provides exceptions for credit hours earned under certain circumstances. The bill initially applies to students enrolled for the first time in the fall of 2007 and requires postsecondary institutions to provide notice to students about the excess hours tuition policy.

The bill requires OPPAGA to conduct a three-year review of students taking credit hours in excess of 120 percent of the number of credit hours required to complete degree programs in state community colleges. OPPAGA must provide three annual reports to the Governor and the presiding officers of the Legislature.

This bill creates section 1009.286 of the Florida Statutes.

II. Present Situation:

OPPAGA recently released a report on the cost of excess hours taken by students. According to the report:¹

- Most students attending the state's public universities graduate with credit hours in excess of graduation requirements, which increase state higher education costs;
- In Fiscal Year 2004-05, these excess hours cost the state \$62 million;
- Florida public postsecondary institutions have taken steps to reduce time to graduation and excess hours. Because these strategies have been implemented relatively recently, it is too early to draw conclusions on their effectiveness;
- The percentage of graduates with hours in excess of 115 percent of graduation requirements varies by university; and
- Similar to the findings for the 115 percent threshold, the percentage of graduates with hours in excess of 120 percent of the graduation requirement also varies considerably by institution.

In 2004, OPPAGA issued a report in response to a legislative request to identify financial incentives the Legislature could implement to decrease state higher education funding costs.² OPPAGA studied policies to encourage students to earn degrees with fewer excess credit hours. The report suggested three ways to reduce state costs:

- Charge the full cost for credit hours in excess of 115 percent of graduation requirements;
- Provide tuition rebates to students who graduate with minimal excess hours; and
- Offer "locked-in" tuition, which requires students who do not graduate within four years to pay higher tuition rates.

During 2002-2003, 78 percent of all students accumulated excess hours. In fact, these students attempted 719,660 credit hours in excess of graduation requirements. The 719,660 excess hours attempted by students in 2002-2003 cost the state \$62 million. However, 20 percent of all

¹ *Excess Hours Cost State \$62 Million Annually; University Actions May Help Address Problem*, Office of Program Analysis and Government Accountability, Report No. 06-58, August 2006.

² *Stronger Financial Incentives Could Encourage Students to Graduate with Fewer Excess Hours*, Office of Program Analysis and Government Accountability, Report No. 04-44, June 2004.

students accounted for 57 percent of all credit hours over the minimum graduation requirements. OPPAGA identified several factors that contribute to students accumulating excess hours:

- Some students change their majors frequently.
- Some students take courses that are not required for graduation.
- Some students may withdraw from or fail courses they enroll in, and may retake such classes.

OPPAGA studied other states that charge students for excess credit hours. In 1994, North Carolina established a policy of charging students 25 percent more for hours in excess of 110 percent of the amount needed for a degree. According to a preliminary report, the average number of credit hours attempted and the average number of hours earned under the policy decreased. In addition, Texas charged a student higher tuition when a student takes 45 hours or more over the number of required hours to graduate.

OPPAGA examined the effects in this state of setting thresholds for higher tuition at 115 percent and 110 percent over the minimum graduation requirements. The FY 2002-2003 graduating class accumulated 337,837 credit hours in excess of 115 percent of their graduation requirements.

Assuming a 120-hour degree program, a student would be able to take up to 18 additional credit hours without exceeding the 115 percent threshold. Again, 20 percent of these students earned 83 percent of the excess credit hours. If students were required to pay the full costs of any credit hours earned in excess of 115 percent of the hours required for graduation, the state could save approximately \$29 million.³

Under a policy in which students would pay the full cost of credit hours earned in excess of 110 percent of graduation requirements, the state would save approximately \$37 million. Under this policy, students would be able to take up to 12 additional credit hours over graduation requirements based on a 120-hour program. Again, 20 percent of the students in the 2002-2003 graduation class were taking 74 percent of the 438,344 excess credit hours.⁴

III. Effect of Proposed Changes:

This bill requires specified students to pay 50 percent more than the in-state tuition rate for credit hours taken in excess of 120 percent of the credit hours required to complete the degree program in which he or she is enrolled. The bill initially applies to students who are enrolled in a postsecondary institution for the first time in the fall of 2007 and requires postsecondary institutions to provide notice to students of the excess hours tuition policy. This requirement applies to the following regardless of whether the student took the hours while enrolled at a community college, state university, or at any private postsecondary institution, if the student received state funds while enrolled at the private postsecondary institution:

- An undergraduate student who is enrolled in a state university; and
- A student enrolled in a baccalaureate program at a community college.

³ *Id.*

⁴ *Id.*

This provision ties the excess credit hour requirements to state funding. Accordingly, only credit hours taken at postsecondary institutions for which the student's cost to attend is being funded or subsidized by the state count towards the excess credit hour requirements.

This bill allows a community college board of trustees to impose the same 120 percent excess credit hour threshold that is imposed on students in state universities and students enrolled in a baccalaureate degree program at a community college. However, this requirement would not apply to a maximum of 24 credit hours taken at a community college that apply to the student's baccalaureate degree. This provision may encourage students to continue taking lower level courses at the community college.

The bill's excess credit hour requirements may adversely impact certain students. Part-time students who work full time have difficulty completing degree requirements. These students may take more courses than are required for their graduation requirements, often due to the unavailability of courses for these students due to their schedules at the institution at which they are enrolled.

In addition, if institutions deny credit hours for courses taken at another institution, this bill may penalize these students because the institution may require them to retake a potentially similar course to meet their graduation requirements.

Credit hours earned under the following circumstances are not calculated as hours required to earn a degree:

- Through an accelerated mechanism (e.g. dual enrollment or advanced placement) or internship programs;
- For certification, recertification, or certificate degrees;
- For courses from which a student must withdraw due to medical reasons or personal hardship;
- For active-duty military personnel;
- For requirements to achieve a dual major while pursuing a degree;
- Remedial courses and English as a Second Language; and
- Military science courses (e.g., R.O.T.C.).

The bill requires OPPAGA to conduct a three-year review of students taking credit hours in excess of 120 percent of the number of credit hours required to complete degree programs in state community colleges. OPPAGA must provide findings from the review in three annual reports to the Governor and the presiding officers of the Legislature.

According to the Board of Governors, 12,657 students completing bachelor degrees in 2005-2006 (or 32 percent) had a total of 237,367 hours above the 120 percent threshold. Nearly all of these were undergraduate courses. The Board of Governors also noted that excess hours under this bill are defined slightly differently than in past accountability reports required in the General Appropriations Act. The hours reported under the bill that exceed the 120 percent threshold would include students transferring from community colleges and other institutions. According to the Board, there are three large sources of excess hours:

- Hours transferring from Florida community colleges (23 percent of all excess hours);
- Hours resulting from course withdrawals (17 percent); and
- Hours resulting from failed courses (11 percent).

The effective date of the bill is July 1, 2007.

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:

Students who take more than 120 percent of the credit hours required for graduation or a degree would incur additional expenses for those credit hours in excess of the required credit hours for graduation.

C. Government Sector Impact:

It would be expected that there would be cost savings to the state in accordance with the OPPAGA report. The extent of the savings is indeterminate.

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.
