

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 7109 PCB SPCP 09-02 Excess Credit Hours

**SPONSOR(S):** State Universities & Private Colleges Policy Committee

**TIED BILLS:** **IDEN./SIM. BILLS:**

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	<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR</b>
Orig. Comm.:	State Universities & Private Colleges Policy Committee	8 Y, 2 N	Thomas	Tilton
1)	_____	_____	_____	_____
2)	_____	_____	_____	_____
3)	_____	_____	_____	_____
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5)	_____	_____	_____	_____

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**SUMMARY ANALYSIS**

HB 7109 requires students enrolled in a baccalaureate degree program at a state university to pay an excess hour surcharge equal to 50 percent of the tuition rate for each credit hour in excess of 120 percent of the number of credit hours required to complete the baccalaureate degree program in which the student is enrolled. This provision applies to students entering a state university or community college for the first time in the 2009-2010 academic year and thereafter.

The bill requires state universities and community colleges to implement a process for notifying students of the excess hour surcharge upon initial enrollment. State universities are required to send a second notice when a student has earned the credit hours required to complete the degree program in which the student is enrolled. The notice must include a recommendation that each student who intends to earn credit hours at the institution beyond those required for the baccalaureate degree program in which the student is enrolled meet with the student's academic advisor.

The bill specifies the hours to be included and not included in the excess hour calculations.

The fiscal impact of the bill is indeterminate at this time. See FISCAL COMMENTS for additional information.

The effective date of this act is July 1, 2009.

## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### **Background**

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.<sup>1</sup> OPPAGA studied polices 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.
- Offer "locked-in" tuition, which requires students who do not graduate within four years to pay higher tuition rates.

Seventy-eight percent of all students graduating from the SUS in 2002-2003 accumulated excess hours. These students attempted 719,660 credit hours in excess of graduation requirements. The analysis included excess hours that students bring from community colleges. The 719,660 excess hours attempted by students graduating in 2002-2003 cost the state \$62 million. However, 20 percent of all students accounted for 57 percent of all credit hours over the minimum graduation requirements. OPPAGA estimated that charging the full cost for credit hours in excess of 115% of graduation requirements could save \$29 million annually.

In 2006, the Office of Program Policy and Government Accountability (OPPAGA) released a report on the cost of excess hours taken by students.<sup>2</sup> According to the report:

- Most students attending the state's public universities graduate with credit hours in excess of graduation requirements, which increases state higher education costs.
- The 780,769 excess hours of students graduating with bachelor's degrees in FY 2004-05 cost the state \$62 million.
- Twenty percent of the students accounted for over one-half (58%) of all credit hours over the minimum graduation requirements.

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<sup>1</sup> *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

<sup>2</sup> *Excess Hours Cost State \$62 Million Annually; University Actions May Help Address Problems*, Office of Program Analysis and Government Accountability, Report No. 06-58, August 2006.

- 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.
- 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.

For Report 06-58, OPPAGA calculated excess credit hours by counting credit hours attempted (including failed and dropped courses) while attending a public postsecondary institution. The analysis also included excess hours that students transferred from community colleges but excluded credits not earned in a public postsecondary institution and remediation course credits.

During a workshop presentation before the State Universities & Private Colleges Policy Committee on March 18, 2009, OPPAGA provided updated information on excess hours. OPPAGA found that the 2006-2007 university graduates attempted 861,000 credits in excess of graduation requirements. This cost the state \$76 million, a 23% increase since 2002-03. OPPAGA found that 20% of students accounted for over one-half (57%) of the excess hours.<sup>3</sup>

OPPAGA has identified several factors that contribute to students accumulating excess hours:<sup>4</sup>

- Changing majors;
- Withdraw from or fail classes;
- Taking classes that interest them but are not required;
- Scheduling conflicts;
- Advising; and
- Articulation from community colleges not smooth.

### **Effect of Proposed Changes**

HB 7109 requires students enrolled in a state university to pay an excess hour surcharge equal to 50 percent of the tuition rate for each credit hour in excess of 120 percent of the number of credit hours required to complete the baccalaureate degree program in which the student is enrolled. This provision applies to students entering a state university or community college for the first time in the 2009-2010 academic year and thereafter. The following hours are to be included in the excess hour calculation:

- All credit hours for courses taken at the state university from which a student is seeking a baccalaureate degree, including:
  - Failed courses.
  - Courses that are dropped after the university's advertised last day of drop and add period.
  - Courses from which a student withdraws, except for courses from which a student withdrew due to reasons of medical or personal hardship.
  - Repeated courses, except repeated courses for which a student has paid the full cost of instruction.
- All credit hours earned at another institution and accepted for transfer by the state university toward a student's undergraduate degree.

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

- College credit hours earned through an articulated accelerated mechanism.
- Credit hours earned through internship programs.
- Credit hours required for certification, recertification, or certificate programs.

<sup>3</sup> State Universities & Private Colleges Policy Committee meeting agenda materials (March 18, 2009).

<sup>4</sup> *Id.*

- Credit hours in courses from which a student must withdraw due to reasons of medical or personal hardship.
- Credit hours taken by active duty military personnel.
- Credit hours required to achieve a dual major undertaken while pursuing a baccalaureate degree.
- Remedial and English as a Second Language credit hours.
- Credit hours earned in military science courses that are part of the Reserve Officers' Training Corps (ROTC) program.

The bill requires state universities and community colleges to implement a process for notifying students of the excess hour surcharge upon initial enrollment. State universities are required to send a second notice when a student has earned the credit hours required to complete the degree program in which the student is enrolled. The notice must include a recommendation that each student who intends to earn credit hours at a state university beyond those required for the baccalaureate degree program in which the student is enrolled meet with the student's academic advisor.

**B. SECTION DIRECTORY:**

Section 1. Creating s. 1009.286, F.S.; providing legislative intent; providing requirements for additional payment by state university students for certain credit hours exceeding degree program completion requirements; providing criteria for calculating credit hours; authorizing exemptions; requiring state universities and community colleges to implement a process for notifying students of certain information.

Section 2. Provides an effective date of July 1, 2009.

**II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

**A. FISCAL IMPACT ON STATE GOVERNMENT:**

1. Revenues:

See FISCAL COMMENTS.

2. Expenditures:

See FISCAL COMMENTS.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None.

2. Expenditures:

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

Students who take in excess of 120 percent of the number of credit hours required to complete the baccalaureate degree program in which the student is enrolled would incur additional charges.

**D. FISCAL COMMENTS:**

OPPAGA Report 04-44 found that the 719,660 excess hours attempted by students who graduated in 2002-03 cost the state \$62 million. The report projected that charging the full cost for credit hours in excess of 115% of graduation requirements could save \$29 million annually.

OPPAGA Report 06-58 found that the 780,769 excess hours taken by the 37,424 students who received of bachelor degrees from state universities during Fiscal Year 2004-2005 cost the state \$62 million.

OPPAGA found that the 2006-2007 university graduates attempted 861,000 credits in excess of graduation requirements. This cost the state \$76 million, a 23% increase since 2002-03.<sup>5</sup>

The Board of Governors estimates the provisions of the bill will produce recurring revenues of \$7.6 million for FY 2009-10 and \$7.7 million in FY 2010-2011. The estimate is based on a 0% CPI and a base tuition increasing at that rate and no tuition differential. The enrollment growth in the out year is assumed to be at the annualized average of the 5-year growth rates in the universities' August 2008 enrollment plans. Exceptions to the excess hours accounted for include military science credits, accelerated credits, and dual majors. Exceptions to the excess hours not accounted for include medical or personal withdrawal and credits taken by active duty military personnel. The estimate assumes students would pay the excess hours surcharge rather than drop out.<sup>6</sup>

Universities may incur expenses in redesigning their financial systems to indentify excess hours and calculate the excess hours surcharge.<sup>7</sup>

### III. COMMENTS

#### A. CONSTITUTIONAL ISSUES:

##### 1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require a city or county to expend funds or to take any action requiring the expenditure of funds.

The bill does not appear to reduce the authority that municipalities or counties have to raise revenues in the aggregate.

This bill does not appear to reduce the percentage of state tax shared with counties or municipalities.

##### 2. Other:

#### B. RULE-MAKING AUTHORITY:

#### C. DRAFTING ISSUES OR OTHER COMMENTS:

### IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

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<sup>5</sup> State Universities & Private Colleges Policy Committee meeting agenda materials (March 18, 2009).

<sup>6</sup> Board of Governors Analysis of PCB SPCP 09-02 (March 27, 2009).

<sup>7</sup> *Id.*