

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Higher Education Committee

BILL: CS/SB 2318

INTRODUCER: Higher Education Committee and Senator Constantine

SUBJECT: Postsecondary Tuition Rates

DATE: April 14, 2009 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Harkey	Matthews	HE	Fav/CS
2.			HI	
3.			WPSC	
4.				
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

The bill requires resident students enrolled in a state university to pay an excess hour surcharge equal to 50 percent of the tuition rate for each credit hour earned in excess of 120 percent of the degree program requirements.

Credit hours that were earned under certain types of circumstances, as specified in the bill, would be excluded from the calculation of the student's total hours. Each institution would have to notify students of the excess hours surcharge and recommend that students who intend to earn excess hours meet with an academic advisor.

This bill creates s. 1009.286, Florida Statutes.

II. Present Situation:

In 2004, the Office of Program Policy and Government Accountability (OPPAGA) issued a report in response to a legislative request to identify financial incentives that might decrease state

higher education funding costs.¹ OPPAGA studied polices to encourage students to earn degrees with fewer excess credit hours and suggested three possible 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.

Seventy-eight percent of all students graduating from the State University System (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 percent of graduation requirements could save \$29 million annually.

In 2006, OPPAGA released a report on the cost of excess hours taken by students.² 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 percent) of all credit hours over the minimum graduation requirements.
- 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 the report, 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.

OPPAGA has also found that the 2006-2007 university graduates attempted 861,000 credits in excess of graduation requirements. This cost the state \$76 million, a 23 percent increase since

¹ *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.

² *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.

2002-03. OPPAGA found that 20 percent of students accounted for over one-half (57 percent) of the excess hours.³

OPPAGA has identified several factors that contribute to students accumulating excess hours:⁴

- Changing majors;
- Withdrawing from or failing classes;
- Taking classes that interest them but are not required;
- Scheduling conflicts;
- Advising; and
- Difficulty with articulation from community colleges.

III. Effect of Proposed Changes:

The bill would require 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 was enrolled. This provision would apply to students entering a state university or community college for the first time in the 2009-10 academic year and thereafter, although the surcharge would only apply at the state university level. The following hours would 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; and
- 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 would not be 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;
- 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; and

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

⁴ *Id.*

- Credit hours earned in military science courses that are part of the Reserve Officers' Training Corps (ROTC) program.

The bill would require state universities and community colleges to implement a process for notifying students of the excess hour surcharge upon initial enrollment. State universities would be required to send a second notice when a student has earned the credit hours required to complete the degree program in which the student was enrolled. The notice would have to 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.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

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

C. Government Sector Impact:

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 percent 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 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 percent increase since 2002-03.

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 percent CPI and a base tuition increasing at that rate and no tuition differential. The enrollment growth in the out years 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 in this analysis include military science credits, accelerated credits, and dual majors. The estimate does not consider exceptions for 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.

Universities may incur expenses in redesigning their financial systems to identify excess hours and calculate the excess hours surcharge.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Higher Education on April 15, 2009:

The committee substitute would:

- Require state university students with excess credit hours to pay an excess hours surcharge equal to 50 percent of the tuition rate rather than a charge equal to the nonresident tuition rate; and
- Specify which types of credit hours would and would not be included in the calculation of excess hours rather than leaving the choice to the discretion of the college or university.

B. Amendments:

None.