

**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.)

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Prepared By: The Professional Staff of the Appropriations Subcommittee on Education

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BILL: SB 1148

INTRODUCER: Education Committee

SUBJECT: Postsecondary Education

DATE: February 28, 2014

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Graf	Klebacha		<b>ED SPB 7036 as Introduced</b>
2.	Sikes	Elwell	AED	<b>Pre-meeting</b>
3.			AP	

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## I. Summary:

Senate Bill 1148 eliminates the annual rate of inflation increase of the resident undergraduate tuition per credit hour at state universities and reduces the maximum aggregate sum that the tuition and tuition differential fee may increase for state universities from 15 percent to six percent. The bill also specifies that if the resident undergraduate tuition per credit hour at state universities is not provided in the General Appropriations Act, the tuition must remain the same as the prior fiscal year.

Based on 2013-2014 fiscal year tuition and tuition differential fees, this bill may save a state university student up to \$13.20 per credit hour in the 2014-2015 fiscal year, or a total of \$396 based on enrollment in 30 credit hours. The total student savings would be up to \$74,448,319, with state universities forgoing revenues of that same amount.<sup>1</sup>

The bill takes effect on July 1, 2014.

## II. Present Situation:

### Resident Undergraduate Tuition Per Credit Hour

A student who enrolls in a college credit course at a state university is charged tuition<sup>2</sup> and other fees, unless the student is eligible for an exemption or a waiver.<sup>3</sup> The amount of resident undergraduate tuition per credit hour is established by the Legislature.<sup>4</sup> For the 2013-2014 fiscal

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<sup>1</sup> Email, Board of Governors (March 4, 2014), on file with Appropriations Subcommittee on Education staff.

<sup>2</sup> Tuition means "the basic fee charged to a student for instruction provided by a public postsecondary educational institution in this state. A charge for any other purpose shall not be included within this fee." Section 1009.01(1), F.S.

<sup>3</sup> Sections 1009.24(1)-(2), 1009.25, and 1009.26, F.S.

<sup>4</sup> Section 1009.24(4), F.S.

year, the resident undergraduate tuition is \$105.07 per credit hour for lower-level and upper-level coursework at a state university.<sup>5</sup>

The resident undergraduate tuition per credit hour for the state universities increases automatically at the beginning of each fall semester at a rate equal to inflation, unless otherwise provided in the General Appropriations Act. Current law requires the Office of Economic and Demographic Research to report the rate of inflation to the President of the Senate, the Speaker of the House of Representatives, the Governor, and the Board of Governors each year prior to March 1.<sup>6</sup> The rate of inflation is defined as “the rate of the 12-month percentage change in the Consumer Price Index for All Urban Consumers, U.S. City Average, All Items, or successor reports as reported by the United States Department of Labor, Bureau of Labor Statistics, or its successor for December of the previous year.”<sup>7</sup> If the percentage change is negative, the resident undergraduate tuition must remain the same as the prior fiscal year.<sup>8</sup>

In addition to the resident undergraduate tuition, the Legislature also establishes the financial aid fee, Capital Improvement Trust Fund fee, technology fee, and distance learning course fee as a specified dollar amount or percent of tuition.<sup>9</sup> Additionally, the board of trustees for each state university may establish the following fees subject to the approval of the Board of Governors for the State University System of Florida (BOG): activity and service fee, health fee, athletic fee, and tuition differential fee.<sup>10, 11</sup> The board of trustees for each State University System (SUS) institution may also assess additional fees upon approval by the BOG.<sup>12</sup> Revenue generated from these fees must be expended as provided in law.<sup>13</sup>

### **Tuition Differential Fee**

Each state university board of trustees may establish a tuition differential fee for undergraduate courses upon receipt of approval from the BOG. The fee must promote improvements in the quality of undergraduate education and provide financial aid to undergraduate students who exhibit financial need.<sup>14</sup> The aggregate sum of undergraduate tuition and fees per credit hour, including the tuition differential fee, must not exceed the national average of undergraduate tuition and fees at four-year degree-granting public postsecondary educational institutions.<sup>15</sup>

Increases to the tuition differential fee may be proposed by the state university board of trustees once each year. Such increases must be approved by the BOG. The tuition differential fee must

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<sup>5</sup> Section 1009.24(4)(a), F.S.

<sup>6</sup> Section 1009.24(4)(b), F.S.

<sup>7</sup> Section 1009.24(4)(b), F.S.

<sup>8</sup> Section 1009.24(4)(b), F.S.

<sup>9</sup> Section 1009.24 (7), (8), (13), and (17), F.S.

<sup>10</sup> Tuition differential is defined as the “supplemental fee charged to a student by a public university in this state.” Section 1009.01(3), F.S. “The aggregate sum of undergraduate tuition and fees per credit hour, including the tuition differential [fee at a state university], may not exceed the national average of undergraduate tuition and fees at 4-year degree-granting public postsecondary educational institutions.” Section 1009.24(16)(b)4., F.S.

<sup>11</sup> Section 1009.24(4), (9)-(12), and (16), F.S.; Florida Board of Governors Regulations 7.001(6) and (14) and 7.003(4), (5), (16), (17), and (23).

<sup>12</sup> Section 1009.24 (14), F.S.

<sup>13</sup> Section 1009.24, F.S.

<sup>14</sup> Section 1009.24(16), F.S.

<sup>15</sup> Section 1009.24(16)(b)4., F.S.

not result in an increase of the aggregate sum of tuition and the tuition differential fee by more than 15 percent of the total charged for such fees in the preceding fiscal year.<sup>16</sup>

### **III. Effect of Proposed Changes:**

This bill eliminates the annual rate-of-inflation increase of the resident undergraduate tuition per credit hour at state universities and reduces the maximum annual increase in the aggregate sum of tuition and the tuition differential fee for state universities, from 15 percent to six percent.

The bill also specifies that if the resident undergraduate tuition per credit hour at state universities is not provided in the General Appropriations Act, the tuition must remain the same as the prior fiscal year.

The bill takes effect on July 1, 2014.

### **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:**

Senate Bill 1148 makes college education more affordable and accessible to Florida's families by eliminating the automatic annual rate-of-inflation increase of the resident undergraduate tuition per credit hour at state universities. The bill reduces the maximum annual increase in the aggregate sum of tuition and the tuition differential fee for state universities, from 15 percent to six percent. Based on 2013-2014 tuition and tuition differential fees, this bill may save a state university student up to \$13.20 per credit hour in the 2014-2015 fiscal year, or a total of \$396 based on enrollment in 30 credit hours. The total student savings would be up to \$74,448,319.<sup>17</sup>

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<sup>16</sup> Section 1009.24(16)(b)3., F.S.; *see also* Florida Board of Governors Regulation 7.001(14).

<sup>17</sup> Email, Board of Governors (March 4, 2014), on file with Appropriations Subcommittee on Education staff.

**C. Government Sector Impact:**

The resident undergraduate tuition per credit hour will only increase when specified in the General Appropriations Act, since the tuition increase at the rate of inflation will no longer be authorized. Furthermore, the reduction in the maximum allowed increase to the sum of tuition and the tuition differential fee from 15 percent to six percent may result in forgone revenues for the state universities. For the 2014-2015 fiscal year, state universities could forgo as much as \$74,448,319 in tuition and tuition differential fee revenue.<sup>18</sup>

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 1009.24 of the Florida Statutes.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

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

None.

**B. Amendments:**

None.

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

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<sup>18</sup> Email, Board of Governors (March 4, 2014), on file with Appropriations Subcommittee on Education staff.