

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: SB 2136

SPONSOR: Senator Wasserman-Shultz

SUBJECT: State University Student Fees

DATE: April 9, 2003

REVISED: 04/03/03 _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Matthews</u>	<u>O'Farrell</u>	<u>ED</u>	<u>Fav/1 amendment</u>
2.	<u>Newman</u>	<u>Newman</u>	<u>AED</u>	<u>Favorable</u>
3.	_____	_____	<u>AP</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill authorizes a state university board of trustees to assess a nonrefundable admissions deposit for undergraduate and graduate degree programs in an amount up to \$200. The admissions deposit is imposed upon the student's acceptance to the university and is credited against the student's tuition upon enrollment. If the student does not enroll, the admissions deposit fee would be used for financial aid or student academic and career counseling.

The bill eliminates fee authority for charges representing the reasonable cost of efforts to collect payment of overdue accounts.

This bill amends s. 1009.24, F.S.

II. Present Situation:

Section 1009.24, F.S., provides for state university student fees. In addition to the mandated student activity and service fee, financial aid fee, capital improvement fee, health fee, and athletic fee, section 1009.24(12), F.S., authorizes a university board of trustees to establish certain optional fees. Specifically, a university board of trustees may assess a nonrefundable application fee in an amount up to \$30. The University of Florida may charge students in the College of Dentistry up to \$200 for an admissions fee. Currently, there is no statutory authorization for a nonrefundable admissions deposit fee for all undergraduate and graduate degree programs.

Section 1010.03, F.S., requires a university board of trustees to exert every effort to collect on delinquent accounts. A university may hire a collection agency, employ setoff procedures, assess payroll deductions, restrict access to university services and resources, withhold diplomas or

transcripts, or charge off and settle uncollectible accounts. Section 1010.03, F.S., does not authorize the imposition of fees for overdue accounts.

Section 1009.24, F.S., authorizes a university board of trustees to assess charges for the reasonable cost of efforts to collect payment of overdue accounts. The state universities pass the costs of employing a collection agency onto the student or debtor with the delinquent account. The cost is usually in the form of a percentage commission based on what the agency is able to collect. The Department of Education does not maintain data on collection charges imposed under this section. Florida State University, on average, assesses annual fees for collecting overdue accounts in the amount of approximately \$219,000. Florida International University assesses, on average, approximately \$67,000 per year. University of North Florida assesses, on average, approximately \$65,000 per year. University of West Florida assesses, on average, approximately \$32,000 per year. New College assesses, on average, \$52,000 per year.

Section 1009.24, F.S., provides additional authority for separate fees for late payments on tuition, library fees and fines, and fees and fines for the use, late return, loss, or damage of facilities and equipment.

III. Effect of Proposed Changes:

The bill authorizes a university board of trustees to establish a nonrefundable admissions deposit fee for all undergraduate and graduate degree programs in an amount not to exceed \$200. The fee must be assessed at the time of the student's acceptance and must be applied to the student's tuition upon enrollment. If the student does not enroll, the university keeps the admissions deposit fee and deposits the funds into an auxiliary account for financial aid, scholarships, financial assistance, or student academic and career counseling services. The Department of Education estimates that the universities are expected to collect \$3.3 million in additional revenue assuming a \$200 admissions deposit fee. The assumption is based on 33 thousand new student acceptances generating \$6.6 million in deposit fees with 50 percent of those students failing to enroll. Moreover, the university would benefit financially from the collection of the admissions deposit fee up front.

The bill may discourage or delay certain students from accepting admission to a state university to avoid paying the admissions deposit fee. Unless the admission deposit requirement is coupled with an early mandatory admission acceptance date, a university may not be able to estimate and plan accordingly its incoming class. On the other hand, the admissions deposit may discourage other students from accepting admissions to multiple institutions, thereby allowing the university to obtain a more accurate headcount for its incoming class.

The bill discontinues authorization for the imposition of charges for the reasonable cost of efforts to collect payment of overdue accounts. The elimination of this fee authority would represent a loss in revenues of approximately \$435,000 per year for Florida State University, Florida International University, University of North Florida, University of West Florida, and New College combined. The loss in revenues does not include any additional staff the state universities would be required to hire in order to comply with s. 1010.03, F.S.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

Section 7, Art. IX of the State Constitution establishes the Board of Governors with the responsibility of operating, regulating, controlling, and being fully responsible for the management of the state university system. In addition, the constitution directs the Board of Governors to establish the powers and duties of the university boards of trustees. Proponents of the amendment have articulated that the Board of Governors, alone, has the power to set tuition and fees. Accordingly, the bill may be constitutionally tested upon the fees being assessed.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

Students who accept admission into a state university would be required to pay up front up to \$200 to preserve their seat in a state university class.

C. Government Sector Impact:

A state university would be able to collect up to \$200 up front for all students accepting admissions. For those students that do not enroll, the university would keep the admissions deposit for financial aid or academic and career counseling purposes. The Department of Education has estimated that \$3.3 million in additional revenue would be generated by the admissions deposit fee.

A state university would lose authority and fee revenue for collecting on delinquent accounts. Florida State University, Florida International University, University of North Florida, University of West Florida, and New College would lose an estimated \$435,000 combined. It would be anticipated that the loss in revenues at the larger institutions would mirror the loss in revenues for Florida State University. Additionally, the loss in revenues does not contemplate additional costs required in order to comply with s. 1010.03, F.S.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The bill would authorize up to \$200 for an admissions deposit fee for each student in an undergraduate or graduate degree program. The College of Dentistry at the University of Florida may impose up to \$200 for an admissions fee. Accordingly, students at the college could be required to pay up to \$400 in admissions fees.

VIII. Amendments:

#1 by Education

The amendment restores the authority of a university board of trustees to assess charges representing the reasonable cost of collecting payment on overdue accounts. The amendment restores the provision to current law.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
