

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 Committee on Education

BILL: CS/SB 920

INTRODUCER: Committee on Education and Senator Detert

SUBJECT: State University System

DATE: March 12, 2013 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Graf	Klebacha	ED	Fav/CS
2.	_____	_____	AED	_____
3.	_____	_____	AP	_____
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:

CS/SB 920 establishes a mechanism for full time resident students continuously enrolled at a state university to maintain the same tuition and fees for a period of 4 consecutive years.

The bill provides that tuition and fees charged by state universities must remain unchanged for 4 consecutive years beginning with the time of an undergraduate student's initial enrollment at a state university if the student meets the following conditions:

- Enrolls full time at a state university for the first time beginning the fall 2013 semester or during an academic term thereafter;
- Remains continuously enrolled at the state university for 4 consecutive years;
- Qualifies as a resident for tuition purposes; and
- Completes degree requirements within 4 academic years unless the degree requirements exceed 120 semester hours as approved by the Florida Board of Governors.

The effective date of the bill is July 1, 2013.

The bill amends section 1009.24 of the Florida Statutes.

II. Present Situation:

State University Tuition

The Legislature has the authority to establish the resident undergraduate tuition and fee levels.¹

A student who enrolls in a college credit course at state university is charged tuition and other fees, unless the student is eligible for an exemption or a waiver.² The term “tuition” is defined as “the basic fee charged to a student for instruction provided by a public postsecondary educational institution in this state.”³ If the student is not classified as a resident for tuition purposes, he or she must pay an out-of-state fee in addition to tuition.⁴

Each year, the Legislature establishes the resident undergraduate tuition for lower-level and upper-level coursework in the General Appropriations Act. Beginning with the fall 2012 semester, the undergraduate tuition is set at \$103.32 per credit hour for the 2012-2013 fiscal year.⁵ Current law specifies that the resident undergraduate tuition per credit hour must increase at the beginning of each fall semester at a rate equal to inflation⁶ unless otherwise provided in the General Appropriations Act. Prior to March 1 of each year, the Office of Economic and Demographic Research must 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 (BOG) of the State University System (SUS) of Florida.⁷ Table 1 shows the resident undergraduate tuition per credit hour established by the Legislature over the last five years.

¹ Section 1009.24(4)(a), F.S. On December 30, 2010, the Second Judicial Circuit of Leon County entered summary judgment in favor of the Legislature in the 2007 lawsuit, holding among other things, that the Legislature’s power to appropriate SUS funding includes the authority to establish tuition and fee levels. *Graham, et al. v. Atwater and Cretul*, 2010 WL6331974 (Fla. 2nd Jud. Cir. 2010). On January 2013, the Supreme Court of Florida upheld the Legislature’s authority to set and appropriate for the expenditure of tuition and fees. *Graham, et al. v. Haridopolis, etc, et al. --- So. 3rd ---*, 2013 WL362773 (Fla. 2013); *see also* Inside Higher ED, *Florida’s Top Court Backs Legislature’s Authority to Set Tuition*, <http://www.insidehighered.com/quicktakes/2013/02/01/floridas-top-court-backs-legislatures-authority-set-tuition> (last visited March 09, 2013).

² Sections 1009.24(1)-(2), 1009.25, and 1009.26, F.S.

³ Section 1009.01, F.S.

⁴ Sections 1009.01(2), F.S.; *see also* specific 129, s. 2, ch. 2012-118, L.O.F. and Florida Board of Governors Regulation 7.001(2).

⁵ Specific Appropriation 129, s. 2, ch. 2012-118, L.O.F.

⁶ 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. In the event the percentage change is negative, the resident undergraduate tuition shall remain at the same level as the prior fiscal year.” Section 1009.24(4)(b), F.S.

⁷ Section 1009.24(4)(b), F.S.

Table 1.

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Resident Undergraduate Tuition	\$ 82.03 ⁸	\$ 88.59 ⁹	\$ 95.67 ¹⁰	\$ 103.32 ¹¹	\$ 103.32 ¹²

Between 2008-2009 and 2012-2013, undergraduate tuition has increased by 26% resulting in \$ 140 million in additional revenue.¹³

State University Fees

The Legislature delegates to the BOG the authority to establish certain fees as specified in law.¹⁴ The BOG may further delegate to the university boards of trustees the authority to establish fees to recover the cost of services, fines, and fees. The board of trustees for each state university may establish the following fees subject to the approval of the BOG: activity and service fee, health fee, athletic fee, and tuition differential fee¹⁵. The Legislature establishes the financial aid fee, Capital Improvement Trust Fund fee, building fee, and distance learning course fee as a specified dollar amount or percent of tuition.¹⁶ In addition, the board of trustees for each state university may assess additional fees upon approval by the BOG.¹⁷ Revenue generated from these fees must be expended as provided in law.¹⁸ Table 2 shows the average fees charged by the state universities over the last five years.¹⁹

Table 2.

Fees	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Differential	\$ 6.03	\$ 8.89	\$ 16.43	\$ 25.59	\$ 41.30
Financial Aid	\$ 4.10	\$ 4.42	\$ 4.78	\$ 5.16	\$ 5.16
Activity and Service	\$ 10.94	\$ 11.37	\$ 12.32	\$ 12.53	\$ 14.41
Athletic	\$ 9.73	\$ 10.19	\$ 11.12	\$ 11.80	\$ 10.93
Health	\$ 7.13	\$ 7.58	\$ 9.07	\$ 9.50	\$ 8.49
Technology	N/A	\$ 4.33	\$ 4.75	\$ 5.16	\$ 5.16
Building	\$ 2.32	\$ 2.32	\$ 2.32	\$ 2.32	N/A
Capital Improvement	\$ 2.44	\$ 2.44	\$ 2.44	\$ 2.44	\$ 6.56

⁸ Specific Appropriation 151, s. 2, ch. 2008-152, L.O.F.

⁹ Specific Appropriation 138, s. 2, ch. 2009-81, L.O.F.

¹⁰ Specific Appropriation 132, s. 2, ch. 2010-152, L.O.F.

¹¹ Specific Appropriation 119, s. 2, ch. 2011-69, L.O.F.

¹² Specific Appropriation 129, s. 2, ch. 2012-118, L.O.F.

¹³ Florida Board of Governors, *2013 Agency Legislative Bill Analysis for SB 920* (Feb. 28, 2013), at 2.

¹⁴ Section 1009.24(4), (7)-(13), and (15)-(17), F.S.

¹⁵ Tuition differential is defined as the “supplemental fee charged to a student by a public university in this state.” The amount of this fee for undergraduate courses is limited to the extent that the “aggregate sum of undergraduate tuition and fees, including the tuition differential [fee] may not exceed the national average of undergraduate tuition and fees at 4-year degree-granting public postsecondary educational institutions.” Sections 1009.01(3) and 1009.24(16)(b)4., F.S.

¹⁶ Section 1009.24(4), (7)-(13), and (15)-(17), F.S.; *see also* Florida Board of Governors Regulations 7.001(6) and (14) and 7.003(4), (5), (16), (17), and (23).

¹⁷ Section 1009.24 (14), F.S.

¹⁸ Section 1009.24, F.S.

¹⁹ Florida Board of Governors, *2013 Agency Legislative Bill Analysis for SB 920* (Feb. 28, 2013), at 1.

III. Effect of Proposed Changes:

Given that the average college freshman, nationally, takes more than five and a half years to graduate, a growing number of colleges are trying to entice students to graduate in 4 years by employing a variety of methods including, but not limited to, keeping tuition flat over the 4-year period.²⁰ In Florida, graduation rates for first-time-in-college full time degree-seeking students vary widely across Florida's state universities. Table 3 shows that the four-year graduation rate ranges between 59% at the University of Florida to 11% at Florida Agricultural and Mechanical University.²¹

Table 3.

University	Four-Year Graduation (Fall 2005 students who graduated in four years)	Six-Year Graduation (Fall 2005 students who graduated in six years)
University of Florida	59%	84%
Florida State University	49%	74%
New College of Florida	50%	68%
University of Central Florida	34%	63%
University of South Florida- Main Campus	25%	52%
University of North Florida	23%	50%
University of West Florida	23%	48%
Florida Gulf Coast University	24%	45%
Florida Atlantic University	17%	43%
Florida International University	16%	43%
Florida Agricultural and Mechanical University	11%	40%

State University Tuition

CS/SB 920 incentivizes undergraduate students to graduate timely by requiring that the tuition charged by state universities must remain unchanged for 4 consecutive years beginning with the time of an undergraduate student's initial enrollment at a state university if the student meets the following conditions:

- Enrolls full time at a state university for the first time beginning the fall 2013 semester or during an academic term thereafter;

²⁰ "To qualify for a guarantee program, students are typically required to complete at least 30 credit [hours] each academic year, meet regularly with advisors, and take required courses." CNN, *Colleges Offer Four-Year Graduation Guarantees*, <http://money.cnn.com/2013/03/05/pf/college/graduation-guarantees/index.html> (last visited March 9, 2013); see also U.S. News & World Report, *More Schools Debut Tuition Guarantee Programs*, <http://www.usnews.com/education/best-colleges/paying-for-college/articles/2012/02/22/more-schools-debut-tuition-guarantee-programs> (last visited March 10, 2013).

²¹ Telephone interview with staff, Office of Program Policy Analysis and Government Accountability (March 11, 2013); see also E-mail, Office of Program Policy Analysis and Government Accountability, *State University System of Florida: University Profiles* (Sept. 18, 2012), on file with the Committee on Education staff.

- Remains continuously enrolled at the state university for 4 consecutive years;
- Qualifies as a resident for tuition purposes; and
- Completes degree requirements within 4 academic years unless the degree requirements exceed 120 semester hours as approved by the BOG²².

To utilize the incentive of fixed tuition and fees, the students may need to take 30 credit hours annually to graduate in 4 years. Currently, to receive state financial aid awards, students must earn 12 credit hours per term.²³

State University Fees

If a student meets the requirements for fixed tuition, as provided in the bill, the fees charged by a state university for that student must also remain unchanged for 4 consecutive years thus giving students and parents the ability to plan ahead for the total cost of undergraduate education.

The bill may impact the state universities that have a higher concentration of full time students (e.g., New College of Florida, University of Florida, Florida Agricultural and Mechanical University, and Florida State University) more than the state universities that have fewer full time students (e.g., Florida Atlantic University and Florida International University) relative to part time students. Table 4 shows the percentage of full time and part time undergraduate attendance for each state university.²⁴

Table 4.

University	Full Time Attendance (Fall 2011)	Part Time Attendance (Fall 2011)
New College of Florida	100%	-
University of Florida	93%	7%
Florida Agricultural and Mechanical University	91%	9%
Florida State University	90%	10%
Florida Gulf Coast University	81%	19%
University of Central Florida	75%	25%
University of South Florida- Main Campus	73%	27%
University of North Florida	73%	27%
University of West Florida	72%	28%
Florida International University	65%	35%
Florida Atlantic University	62%	38%

²² Section 1007.25(8), F.S.; *see also* Florida Board of Governors Regulation 8.014.

²³ Section 1009.40(1)(b)1.b., F.S. To renew the Florida Bright Futures Scholarship Program, students must earn “at least 24 semester credit hours or the equivalent in the last academic year in which the student earned a scholarship if the student was enrolled full time.” Section 1009.532(1)(a), F.S.

²⁴ E-mail, Office of Program Policy Analysis and Government Accountability, *State University System of Florida: University Profiles* (Sept. 18, 2012), on file with the Committee on Education staff.

However, students who utilize the incentive of fixed tuition and fees for 4 years and graduate within 4 years or as approved by the BOG, will free-up university classroom space. As a result, the state universities may be able to enroll new students more frequently.

The bill does not extend the fixed tuition and fee incentives to students enrolled in baccalaureate degree programs at the Florida College System (FCS) institutions, students who transfer from a FCS institution to a state university, and part time students at state universities.

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:

For students and the students' families, fixed tuition and fees for 4 years will allow for planning ahead for the total costs of an undergraduate education. Additionally, students who graduate timely may incur less financial debt and enter the workforce sooner than students who take longer to complete degree requirements.

C. Government Sector Impact:

To implement the provisions of the bill, the BOG estimates that the state universities may lose approximately \$75 million in undergraduate tuition and fee revenues for the next 4 years.²⁵

Additionally, the state universities will need to modify the student and accounting and billing systems to track students from different cohorts and charge such students tuition and fees based on the students' cohort. The fiscal impact regarding modifying the systems is indeterminate.²⁶

²⁵ Florida Board of Governors, *2013 Agency Legislative Bill Analysis for SB 920* (Feb. 28, 2013), at 4.

²⁶ Florida Board of Governors, *2013 Agency Legislative Bill Analysis for SB 920* (Feb. 28, 2013), at 4.

The fiscal impact of the bill on the Stanley G. Tate Florida Prepaid College Program is indeterminate.

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 Committee on Education on March 12, 2013:

The committee substitute differs from SB 920 in that the committee substitute:

- Keeps intact legislative authority regarding establishing tuition and fee levels for resident undergraduate students enrolled at the state universities.

- B. **Amendments:**

None.