

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HB 509 Postsecondary Fee Waivers

**SPONSOR(S):** Postsecondary Education Subcommittee; Ponder and others

**TIED BILLS:** None **IDEN./SIM. BILLS:** SB 1132

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Post-Secondary Education Subcommittee	14 Y, 0 N, As CS	McAlarney	Bishop
2) Higher Education Appropriations Subcommittee	12 Y, 0 N	Butler	Lloyd
3) Education Committee	15 Y, 0 N	McAlarney	Hassell

### SUMMARY ANALYSIS

Currently, active duty United States Armed Forces members are reimbursed for tuition through the US Department of Defense (DOD) Military Tuition Assistance (MTA) program. The DOD program expressly prohibits the payment of fees, which are defined as any charge not directly related to course instruction. Therefore, active duty military members incur out of pocket expenses for mandatory fees when enrolling in a Florida College System (FCS) institution.

The bill authorizes FCS institutions to waive any portion of specified fees that are not covered under the DOD MTA program.

Active duty service members using the DOD MTA program will no longer incur out of pocket costs when they are enrolled in a Florida College System institution that elects to implement the fee waiver.

Each Florida College System institution must report to the State Board of Education the number and value of all fee waivers granted annually.

For institutions that choose to implement the fee waiver, the bill will result in a loss of fee revenues from eligible students currently attending these institutions. However, in waiving the fees, these institutions could experience increased enrollment for students who might not otherwise have attended, resulting in increased tuition revenues. In Fiscal Year 2016-17, tuition and fee revenues made up approximately 40 percent of the total operating costs for Florida Colleges, with state funding providing 60 percent. Because the potential eligible population and behavior is unknown, the fiscal impact is indeterminate.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### **Present Situation**

The Department of Defense (DOD) Military Tuition Assistance (MTA) program is a benefit paid to eligible service members for tuition and fees at postsecondary education institutions. The program is authorized in federal code<sup>1</sup> and implemented through DOD instructions.<sup>2</sup> In 2014, the DOD MTA program instructions were modified to limit coverage of the benefit to tuition only. The payment of other mandatory fees using federal dollars is expressly prohibited. The guidance further defined fees to include any charge not directly related to course instruction, including but not limited to, costs associated with room, board, distance learning, equipment, supplies, books/materials, exams, insurance, parking, transportation, admissions, registration, or fines.

Florida's current tuition funding model authorizes tuition and fee charges at Florida College System (FCS) institutions<sup>3</sup> and state universities.<sup>4</sup> For Florida MTA students, the following mandatory fees are no longer covered by the DOD MTA program:

- Student Activity Fee
- Capital Improvement Fee
- Financial Aid Fee
- Technology Fee
- Access Fee

Together, these fees total approximately \$25 per credit hour at FCS institutions. It appears that several institutions are providing institution-based financial aid in order to eliminate out-of-pocket costs for their DOD MTA program beneficiaries. However, this may not be sustainable long-term.

##### **Effect of Proposed Changes**

This bill authorizes a Florida College System institution to waive any portion of the following fees for a US Armed Forces active duty member so long as they are using military tuition assistance provided by the US Department of Defense:

- Student activity and service fee;
- Financial aid fee;
- Technology fee;
- Capital improvement fee; and
- Any other fees authorized in s. 1009.23, F.S.

Additionally, each Florida College System institution must report to the State Board of Education the number and value of all fee waivers granted annually.

#### B. SECTION DIRECTORY:

Section 1. Adds subsection (15) to section 1009.26, F.S., authorizing Florida College System institutions to waive specified fees for active duty U.S. Armed Forces members who use the Department of Defense Military Tuition Assistance program.

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<sup>1</sup> 38 USC Ch. 33: Post-9/11 EDUCATIONAL ASSISTANCE.

<sup>2</sup> U.S. Dep't of Def., DoD Instruction (DoDI) 1322.25, Voluntary Education Programs, July 7, 2014, <http://www.dtic.mil/whs/directives/corres/pdf/132225p.pdf> (last visited Mar. 6, 2017)

<sup>3</sup> Section 1009.23, F.S.

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

Section 2. Provides an effective date of July 1, 2017.

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

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

1. Revenues:

None.

2. Expenditures:

None.

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

1. Revenues:

None.

2. Expenditures:

None.

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

Active duty service members using the DOD Military Tuition Assistance program will no longer have to incur out of pocket costs when they are enrolled in a Florida College System institution that elects to implement the fee waiver.

### **D. FISCAL COMMENTS:**

For institutions that choose to implement the fee waiver, the bill will result in a loss of fee revenues from eligible students currently attending these institutions. However, in waiving the fees, these institutions could experience increased enrollment for students who might not otherwise have attended, resulting in increased tuition revenues. In Fiscal Year 2016-17, tuition and fee revenues made up approximately 40 percent of the total operating costs for Florida Colleges, with state funding providing 60 percent. Because the potential eligible population and behavior is unknown, the fiscal impact is indeterminate.

## **III. COMMENTS**

### **A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

### **B. RULE-MAKING AUTHORITY:**

None.

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

None.

#### **IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

On March 8, 2017, the Postsecondary Education Subcommittee adopted one amendment and reported the bill favorably as a committee substitute. The amendment provides that each Florida College System institution shall report to the State Board of Education the number and value of all fee waivers granted annually as provided in the bill. The bill analysis is drafted to the committee substitute as passed by the Postsecondary Education Subcommittee.