

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 Appropriations

BILL: SB 1148

INTRODUCER: Education Committee

SUBJECT: Postsecondary Education

DATE: March 21, 2014

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Graf</u>	<u>Klebacha</u>	<u>ED</u>	ED SPB as Introduced
2.	<u>Sikes</u>	<u>Elwell</u>	<u>AED</u>	Fav/CS
3.	<u>_____</u>	<u>Kynoch</u>	<u>AP</u>	Pre-meeting

I. Summary:

SB 1148 eliminates the automatic annual rate of inflation increase of the resident undergraduate tuition per credit hour at state universities and reduces the tuition differential fee cap for state universities from 15 percent to 6 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.

II. Present Situation:

Resident Undergraduate Tuition Per Credit Hour

A student who enrolls in a college credit course at a state university is charged tuition¹ and other fees, unless the student is eligible for an exemption or a waiver.² The amount of resident undergraduate tuition per credit hour is established by the Legislature.³ For the 2013-2014 fiscal year, the resident undergraduate tuition is \$103.32 per credit hour for lower-level and upper-level coursework at a state university.⁴

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

¹ 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.

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

³ Section 1009.24(4), F.S.

⁴ Section 1009.24(4)(a), F.S.

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 1.⁵ 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.”⁶ If the percentage change is negative, the resident undergraduate tuition must remain at the same as the prior fiscal year.⁷

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.⁸ 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.^{9,10} The board of trustees for each SUS institution may also assess additional fees upon approval by the BOG.¹¹ Revenue generated from these fees must be expended as provided in law.¹²

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.¹³ 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 4-year degree-granting public postsecondary educational institutions.¹⁴

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 not result in increasing 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.¹⁵

⁵ Section 1009.24(4)(b), F.S.

⁶ Section 1009.24(4)(b), F.S.

⁷ Section 1009.24(4)(b), F.S.

⁸ Section 1009.24 (7), (8), (13), and (17), F.S.

⁹ 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.

¹⁰ 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).

¹¹ Section 1009.24 (14), F.S.

¹² Section 1009.24, F.S.

¹³ Section 1009.24(16), F.S.

¹⁴ Section 1009.24(16)(b)4., F.S.

¹⁵ Section 1009.24(16)(b)3., F.S.; *see also* Florida Board of Governors Regulation 7.001(14).

III. Effect of Proposed Changes:

SB 1148 eliminates the automatic annual rate of inflation increase of the resident undergraduate tuition per credit hour at state universities and reduces the tuition differential fee cap for state universities from 15 percent to 6 percent. As a result, the fees, which are indexed to tuition, will also be restricted from automatically increasing annually, making college education more affordable and accessible to Florida's families.

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:

SB 1148 makes college education more affordable and accessible to Florida's families by eliminating automatic annual rate of inflation increase of the resident undergraduate tuition per credit hour at state universities and reducing the tuition differential fee cap for state universities from 15 percent to 6 percent.

C. Government Sector Impact:

If the resident undergraduate tuition per credit hour is not provided in the General Appropriations Act, the state universities will no longer be able receive an automatic annual increase in revenues from tuition and fees (which may be indexed to tuition), if the automatic annual rate of inflation increase is eliminated. A reduction in the tuition differential fee cap may result in forgone revenues for the state universities.

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.