

**STORAGE NAME:** h1871a.ft

**DATE:** April 18, 1997

**HOUSE OF REPRESENTATIVES  
AS REVISED BY THE COMMITTEE ON  
FINANCE AND TAXATION  
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT**

**BILL #:** HB 1871 (PCB CU 97-04)

**RELATING TO:** Postsecondary Education/Student Fees

**SPONSOR(S):** Committee on Colleges and Universities; Casey & Others

**STATUTE(S) AFFECTED:** Sections 228.041, 240.209, 240.235, 240.35, 240.551, Florida Statutes

**COMPANION BILL(S):** None

**ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:**

(1) FINANCE AND TAXATION YEAS 12 NAYS 0

(2) EDUCATION APPROPRIATIONS

(3)

(4)

(5)

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**I. SUMMARY:**

This bill makes several modifications to statute relating to student postsecondary fees. The changes include:

1. changing the definitions of "Matriculation" to "Tuition" and "Tuition" to "Nonresident Tuition" to reflect current usage;
2. expanding the fees used for calculation of the financial aid fee to include all the fees paid by students for registration;
3. authorizing a technology fee at state universities and community colleges; and,
4. permitting the Prepaid Postsecondary Education Expense Program to issue an advance payment contract that would cover Activity and Service, Health and Athletic fees at state universities and Activity and Service fees at community colleges.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

See Section By Section Analysis

B. EFFECT OF PROPOSED CHANGES:

See Section By Section Analysis

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

Students and employees of the universities would serve as committee members on the technology fee committee.

If the Prepaid Postsecondary Education Expense Program decides to offer advance payment contracts on local fees, there could be an increase in workload.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

None.

(2) what is the cost of such responsibility at the new level/agency?

None.

(3) how is the new agency accountable to the people governed?

Not Applicable.

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

A new fee would be authorized within the State University System.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

Not Applicable.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

Not Applicable.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

Not Applicable.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

Not Applicable

- (2) Who makes the decisions?

Not Applicable

- (3) Are private alternatives permitted?

Not Applicable

- (4) Are families required to participate in a program?

Not Applicable.

- (5) Are families penalized for not participating in a program?

Not Applicable.

- b. Does the bill directly affect the legal rights and obligations between family members?

Not Applicable.

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

Not Applicable.

(1) parents and guardians?

Not Applicable.

(2) service providers?

Not Applicable.

(3) government employees/agencies?

Not Applicable.

### III. SECTION-BY-SECTION ANALYSIS

**Section 1.** Amends subsections (32) and (33) of section 228.041, F.S.

**Present Situation:**

Currently, matriculation is defined as the basic fee charged to a student for instruction provided by a public postsecondary education institution. A charge for any other purpose cannot be included in this fee. Tuition is defined as the additional fee for instruction which is charged to a non-Florida student. A charge for any other purpose cannot be included in this fee. These definitions are obsolete and tend to confuse the public when discussing the cost of attending a public postsecondary institution.

**Effect of Proposed Changes:**

The definitions are modified to define the current "matriculation" as "tuition" and define the current "tuition" as "nonresident tuition." The intent of this change is to minimize confusion when communicating with the public regarding university costs.

**Section 2.** Directs statutory revision to make the changes noted in Section 1, throughout the statutes.

**Section 3.** Amends s. 240.209(3)(e)4., F.S., to include all fees paid by students in the 5 percent calculation for the financial aid fee. A minimum of 70 percent (currently 50%) of the revenue derived from this fee must be used to provide need-based financial aid.

**Present Situation:**

Currently s. 240.209(3)(e)4., F.S., authorizes the Board of Regents (Board) to collect a financial aid fee in an amount not to exceed 5 percent of the matriculation and tuition fee. The fee is \$2.03 for resident undergraduates and \$8.32 for nonresident undergraduates. The financial aid fee generates roughly \$14 million systemwide. Fifty percent of the funds derived from the financial aid fee must be used to provide need-based financial aid.

**Effect of Proposed Change:**

Under this bill, the Board could establish the financial aid fee at 5 percent of all fees paid by students per credit hour. The fees would include tuition, nonresident tuition, capital improvement, building, activity and service, health, athletic and technology fee. The financial aid fee would vary from campus to campus depending upon the amount of local fees. The amount of the fee (based on 1996-1997 fee amounts) would range from \$2.98 at the University of Florida to \$3.26 at the University of South Florida. All other universities fall within this range.

The bill would require that 70 percent of the revenue derived from the fee must be directed into need based financial aid.

**Section 4.** Amends 240.235(1) and (d), F.S., to modify provisions relating to Activity and Service Fees; and, to authorize a technology fee.

**Present Situation:**

Activity and Service fees are paid by students as a component of their registration fees. The revenue derived from these fees are to be expended for lawful purposes to benefit the student body in general. Specifically, this includes student publications and grants to student organizations which are open to all students enrolled at the university.

The president of the university has line-item veto authority over the budget passed by the student government legislative body association and can reallocate the vetoed portion to bond obligations guaranteed by activity and service fees.

Students attending a state university pay several fees which include matriculation, financial aid, capital improvement, building, and required local fees established in s. 240.235, F.S. There are currently three required local fees: Activity and Service, Health, and Athletic. The total required local fee levels vary by university and are displayed below.

**REQUIRED LOCAL FEE CHARGES PER SEMESTER FOR FULL-TIME STUDENTS**

Univ.	UF	FSU	FAMU	USF	FAU	UWF	UCF	FIU	UNF
Local Fees*	\$12.23	\$15.19	\$17.77	\$17.81	\$15.50	\$13.10	\$16.60	\$14.96	\$15.26

\*Includes the credit hour equivalent of local block fees.

**Effect of Proposed Changes:**

The bill clarifies that Activity and Service fee revenue can be expended for the operation of student recreational and union facilities. The presidential line-item veto reallocation authority is expanded to permit expenditure on preexisting contractual and employment obligations to student union facilities.

The bill authorizes the universities to establish an additional required local technology fee. Each university president will be permitted to establish a technology fee not to

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exceed \$50 for a full-time student per term or the per-credit hour equivalent. Revenue generated from the fee will be used for resources and direct services for student technology services.

Expenditures and any subsequent increases in the fee would be recommended by a technology fee committee, at least one-half of whom are students appointed by the student body president. The student body president, in making appointments, must provide adequate representation of both undergraduate and graduate students. A chairperson will be jointly appointed by the student body president and the university president.

The recommended expenditures and increases to the fee must be first approved by the president of the university, in consultation with the student body president, and then approved by the Board of Regents prior to taking effect. The plan must be available for public review for 30 days prior to approval by the Board of Regents.

Any increases in the fee may only occur once each year and must be implemented in the fall semester.

**Section 5.** Amends 240.35(14), F.S. to authorize a technology fee at community colleges.

**Present Situation:**

Currently, community colleges, pursuant to s. 240.35, may assess certain required local fees. These fees include a separate activity and service fee (not to exceed 10% of the matriculation fee), a financial aid fee (not to exceed 5 percent of student matriculation and tuition), and a capital improvement fee (set at \$1 for residents and \$3 for nonresidents per credit hour).

**Effect of Proposed Changes:**

The bill will authorize, in s. 240.35(14), F.S., a new required local technology fee for community colleges. The fee may not exceed 10 percent of the tuition fee. Any increases in the fee and the expenditure of revenue from the fee will be recommended pursuant to a plan by a community college technology fee committee. At least half of the members of the committee must be students appointed by the Student Government Association, and the chair is appointed jointly by the university president and president of the Student Government Association. The recommendations of the committee will not take effect until approval by the university president, in consultation with the student government president. The recommendations of the technology committee must be available for public review for 30 days before the recommendations are approved by the local board of trustees.

**Section 6.** Amends paragraphs 240.551(7)(a) and (b), F.S., authorizing the Prepaid Postsecondary Expense Program to provide advance payment contracts for Activity and Service fee coverage at community colleges; and, Activity and Service, Health, and Athletic fee coverage at state universities beginning July 1, 1997.

**Present Situation:**

Currently, the Prepaid Postsecondary Education Expense Program (Prepaid Program) only covers a portion of the costs associated with attending a community college or university. The advance payment contract provides prepaid registration fees for a specified number of undergraduate semester hours not to exceed the average number of hours required for either the associate or baccalaureate degree. The "registration" fee is defined in s. 240.551(2)(h), F.S., as matriculation fee, financial aid fee, building fee, and capital improvement trust fund fee.

**Effect of Proposed Change:**

This section of the bill will authorize the Prepaid Program to offer an additional advance payment contract or supplemental contract which covers required local fees at community colleges and state universities, effective July 1, 1997.

For advance payment contracts for community college activity and service fees, the cost of purchasing those fees shall be based on the average current and projected activity and service fees within the community college system. Section 240.35 (9), F.S., caps the amount of activity and service fees at 10 percent of the tuition fee in community colleges.

For advance payment contracts for state university local fees, the cost of activity and service, health and athletic fees shall be based on the average current and projected cost of these fees within the State University System. However, the maximum coverage of these fees by an advance payment contract or a supplemental contract shall not exceed 45 percent of tuition.

**Section 7.** This act shall take effect upon becoming a law.

**IV. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:**

**A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:**

1. Non-recurring Effects:

None.

2. Recurring Effects:

See Fiscal Comments.



3. Long Run Effects Other Than Normal Growth:

See Fiscal Comments.

4. Total Revenues and Expenditures:

See Fiscal Comments.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:**

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

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

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

None.

3. Effects on Competition, Private Enterprise and Employment Markets:

None.

**D. FISCAL COMMENTS:**

If implemented at every university at the maximum \$50 level, the technology fee would generate approximately \$19.5 million in new funding for technology resources. The amount of money generated by each university is displayed below.

**Projected Technology Fee Revenues By University (in Millions)**

Univ.	UF	FSU	FAMU	USF	FAU	UWF	UCF	FIU	UNF
Rev.	\$3.6	\$3.1	\$1.1	\$2.9	\$1.5	\$.7	\$2.4	\$2.5	\$.9

If implemented at every community college at the maximum level of 10 percent of tuition (\$3 per credit hour), the technology fee will generate approximately \$18.7 million in new funding for technology resources. The amount of money generated by each college is displayed below:

**Projected Technology Fee Revenues by Community College (in Millions)**

College	Brevard	Broward	Cent. Fl	Chipola	Daytona	Edison	FCCJ	Fl. Keys	Gulf Cst
Rev. \$	0.7	1.53	0.3	0.11	0.7	0.5	1.23	0.09	0.32
Hillsbor.	Indian R	Lake Cy	Lake Sr	Manat.	Miami D	North Fl	Ok-Walt	Palm B.	Pasco H
1.0	0.5	0.14	0.12	0.46	3.5	0.055	0.35	0.97	0.26
Pens.	Polk	St. John	St. Pete	Santa F	Sem.	S. Flor.	Tall.	Valen.	
0.60	0.31	0.19	1.2	0.84	0.42	0.092	0.633	1.5	

According to the bill, the Prepaid Program may offer advance payment contracts that will cover Activity and Service fees in community colleges and the three local fees in state universities. Community college Activity and Service fees are capped at 10% of tuition or currently \$3, for a full time student, which represents roughly \$90 per year. State universities' local fees are not capped in statute. The bill will permit the Prepaid Program to cover these fees up to 45 percent of tuition or currently \$18.33, for a full-time student, which represents roughly \$550 per year. Through actuarial analysis the Prepaid Program will set contract prices at the appropriate level to cover the costs of local fees.

**V. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:**

**A. APPLICABILITY OF THE MANDATES PROVISION:**

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

**B. REDUCTION OF REVENUE RAISING AUTHORITY:**

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

**C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:**

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

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VI. COMMENTS:

None.

VII. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

VIII. SIGNATURES:

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