

STORAGE NAME: h4459.ed

DATE: April 13, 1998

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
EDUCATION APPROPRIATIONS
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: HB 4459 (PCB CU 98-03)

RELATING TO: Postsecondary Education

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

COMPANION BILL(S): None

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

- (1) Colleges & Universities YEAS 11 NAYS 0
 - (2) EDUCATION APPROPRIATIONS
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

This bill revises provisions relating to postsecondary student fees for workforce development programs, community colleges, and state universities.

The bill revises fee terminology -- the term "tuition" replaces the term "matriculation"; the term "out-of-state fee" replaces the term "tuition". Definitions are created for the terms "registration fees" and "local fees".

The bill authorizes a technology fee not to exceed \$2.50 per credit hour for workforce development programs and community college credit programs. The bill establishes a technology fee of \$2.50 per credit hour for state universities.

The bill caps at a specific dollar amount the fees that a student is required to pay to register for a postsecondary program or course. Current provisions indexing a particular fee to a percentage of matriculation or tuition are eliminated.

The bill authorizes university presidents to submit to the Board of Regents (BOR) plans to assess differential tuition in first professional programs. First professional programs include law, medicine, dentistry, veterinary medicine, and pharmacy. The differential fees assessed could not exceed 110% of the national average full-time tuition for such programs. The plans cannot be implemented without approval of the BOR.

The bill specifies the particular fees that can be charged with regard to a workforce development program or by a community college or state university and prohibits fees not specifically authorized by statute.

The bill amends provisions relating to the Florida Prepaid Postsecondary Expense Program to permit the program to offer contracts covering the activity and service fee and the technology fee at community colleges and the activity and service fee, health fee, athletic fee, and technology fee at universities.

The fiscal impact of the bill is indeterminate at this time.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

See SECTION-BY-SECTION RESEARCH.

B. EFFECT OF PROPOSED CHANGES:

See SECTION-BY-SECTION RESEARCH.

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?

State universities, community colleges, and school boards (with regard to workforce development programs) are authorized to assess a technology fee.

The Florida Prepaid Postsecondary Education Expense Program is authorized to offer advanced payment contracts to cover activity and service fees and technology fees at community colleges and activity and service fees, health fees, athletic fees, and technology fees at state universities.

(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?

N/A

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

N/A

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

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

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

Yes. The bill authorizes school boards and community college boards of trustees to assess students enrolled in workforce development programs a technology fee not to exceed \$2.50 per credit hour or the equivalent. The bill authorizes community college boards of trustees to assess students enrolled in college credit programs a technology fee not to exceed \$2.50 per credit hour. The bill establishes a \$2.50 per credit hour technology fee at state universities.

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?

N/A

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

N/A

4. Individual Freedom:

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

N/A

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

N/A

5. Family Empowerment:

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

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

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

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

N/A

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

N/A

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

N/A

- 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:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

N/A

E. SECTION-BY-SECTION RESEARCH:

Section 1. Amends s. 228.041, F.S., to revise terminology relating to postsecondary student fees.

Present Situation: Subsection 228.041(32), F.S., defines the term "MATRICULATION FEE" to mean the basic fee charged to a student for instruction provided by a public postsecondary educational institution in this state and prohibits including a charge for any other purpose within the fee. Subsection 228.041(33), F.S., defines the term "TUITION" to mean the additional fee for instruction provided by a public postsecondary educational institution in this state which is charged to a non-Florida student and prohibits including a charge for any other purpose within the fee. In common, daily usage the term "tuition" is often used to mean what is statutorily defined as "matriculation."

Effect of Proposed Changes: The term "TUITION" is substituted for the term "MATRICULATION."

The term "OUT-OF-STATE FEE" is substituted for the term "TUITION."

A definition is created for the term "REGISTRATION FEES". The term "REGISTRATION FEES" is defined to mean the fees that a student attending a public postsecondary institution may be charged to enroll in a course. For a student attending a state university, registration fees include: tuition; out-of-state fees, if applicable; financial aid fee; building fee; capital improvement fee; activity and service fee; athletic fee; health fee; and technology fee. For a student enrolled in a school district workforce development program or attending a community college, registration fees include: tuition; out-of-state fees, if applicable; financial aid fee; capital improvement fee; activity and service fee, if applicable; and technology fee.

A definition is created for the term "LOCAL FEES." The term "LOCAL FEES" includes the student activity and service fee, the student health fee, and the athletic fee.

Section 2. Amends s. 239.117, F.S., to revise provisions relating to Workforce Development postsecondary student fees.

Present Situation: Section 239.117, F.S., contains provisions which apply fees to workforce development programs which are funded in the Workforce Development Education Fund. Section 239.115, F.S., as amended in 1997 by CS/CS/SB 1688, established the following instruction as “workforce development education” funded in the Workforce Development Education Fund: adult general education; vocational certificate; degree vocational education (Associate in Science or Associate in Applied Technology degree); apprenticeship programs; and single course instruction (formerly known as “supplemental” courses).

The Commissioner of Education must, no later than December 31 of each year, recommend to the State Board of Education (SBOE) a schedule of fees for workforce development education. The SBOE adopts a base fee schedule for school districts which takes effect, unless otherwise specified in the General Appropriations Act. The State Board of Community Colleges (SBCC) adopts a base fee schedule for the community colleges which takes effect unless otherwise specified in the General Appropriations Act. Each community college board of trustees must establish tuition and noncredit fees that may vary no more than 10 percent from the schedule approved by the SBOE. However, when the workforce development education funding provisions of CS/CS/SB 1688 are fully implemented (after the statutorily-imposed July 1, 1998 effective date), community colleges will no longer be able to establish differential matriculation fees for workforce development programs.

Each school board and community college board of trustees may collect, for financial aid purposes, up to an additional 10 percent of the student fees collected for workforce development programs. School districts currently assess a financial aid fee that ranges from \$.60 - \$4.20 per student credit hour equivalent. Community colleges currently assess a financial aid fee that ranges from \$0.00 - \$2.47 per credit hour.

A district school board or a community college board of trustees may charge other fees only as authorized by rule of the SBOE or the SBCC.

School boards and community college boards of trustees may establish, by rule, a consumable supply fee for students enrolled in certificate career education or supplemental courses.

Each school board and community college board of trustees may establish a separate fee for capital improvements, technology enhancements, or equipping buildings. The fee may not exceed 5 percent of the matriculation fee for resident students or 5 percent of the matriculation and tuition fee for nonresident students. School districts currently assess a capital improvement fee that ranges from \$.60 - \$1.50 per credit hour equivalent. Community colleges currently assess a capital improvement fee that ranges from \$ 0.00 - \$2.47 per credit hour.

Effect of Proposed Changes: With regard to workforce development programs, the bill strikes current law that indexes the financial aid fee and capital improvement fee to tuition and authorizes community colleges and district school boards to collect a financial aid fee not to exceed \$3.00 per credit hour or the equivalent and a capital improvement fee not to exceed \$1.75 per credit hour or the equivalent.

The bill strikes current law relating to the authority of school districts and community colleges to charge fees as authorized by rule of the SBOE or SBCC and the authority to assess a consumable supply fee.

The bill prohibits the assessment of fees not specifically authorized by statute.

The bill specifies the fees that community colleges and district school boards are authorized to charge students enrolled in workforce development programs: tuition, financial aid fee, capital improvement fee, technology fee, laboratory fees, safety and security fees; transcript fees, application fees, graduation fees, parking fees, examination fees, and consumable supply fees. Institutions are prohibited from charging fees that exceed the cost of the service provided and from charging fees to students who are not in the courses or to persons or agencies who are not receiving the service.

District school boards and community college boards of trustees are authorized to establish specific fees for workforce development instruction not reported for state funding.

District school boards and community college boards of trustees are authorized to establish a separate fee for technology not to exceed \$2.50 per credit hour or the equivalent. The bill requires that the initial technology fee, use of revenues from the fee, and subsequent increases in the fee must be pursuant to a plan recommended by a school advisory council or a technology fee committee.

Section 3. Amends s. 240.209(3), F.S., to strike specific language relating to matriculation, tuition, financial aid fees, differential fees, Capital Improvement Trust Fund fee, building fee, and Education and General Student and Other Fees Trust Fund.

Present Situation: The provisions of s. 240.209(3)(e), F.S., set forth the process for the Board of Regents to follow in establishing matriculation, tuition, and financial aid fees; provide for differential fees; establish the Education and General Student and other Fees Trust Fund; and set the specific amounts for the Capital Improvement Trust Fund fee and the building fee.

Effect of Proposed Changes: The bill strikes current language relating to matriculation, tuition, financial aid fees, differential fees, the amounts to be assessed for the Capital Improvement Trust Fund fee and building fee, and the Educational and General Student and Other Fees Trust Fund from the section of law relating to powers and duties of the Board of Regents and transfers the provisions to the section of law relating to student fees.

Section 4. Amends s. 240.235, F.S., to revise provisions relating to State University System fees.

Present Situation: The provisions of s. 240.235, F.S., authorize state universities to establish separate activity and service, health and athletic fees. Students enrolled on the main campuses of SUS institutions currently pay between \$ 9.14 per credit hour and \$ 21.17 per credit hour for these three fees. The fees are collected as part of the registration process and revenues are retained by the university. Increases in a

particular fee must be recommended by a fee committee, at least one-half of whom must be students appointed by the student body president. The recommendations of the fee committee must be approved by the university president and final approval must be given by the Board of Regents. Fee increases may occur only once each fiscal year and must be implemented beginning with the fall term.

Responses from the state universities to the survey distributed as a part of the Interim Project on Postsecondary Student Fees identified a number of fees assessed by the universities for which no specific statutory authority was reported. The universities rely on statutes which provide rule-making authority to assess these fees. The final report produced as a result of the interim project included recommendations to specify in statute all fees which state universities are authorized to assess and statutorily prohibit institutions from assessing fees without specific statutory authority. In addition, the report recommended the consolidation of all fee language into one section in statute.

Effect of Proposed Changes:

Provisions relating to the process for establishing matriculation and tuition fees, the authority to assess differential fees, the amounts to be assessed for the Capital Improvement Trust fund fee and the building fees, and provisions relating to the Educational and General Student and Other Fees Trust fund which are currently included in s. 240.209, F.S. (powers and duties of the Board of Regents) are transferred to s. 240.235, F.S., relating to fees.

University presidents are authorized to submit plans to the BOR establishing differential tuition for first professional programs. First professional programs include dentistry, medicine, pharmacy, veterinary medicine, and law. The differential tuition may not exceed 110% of the average full-time tuition for the program as reported by the U. S. Department of Education. The increases may take place over a period of 3 to 5 years. Revenue generated as a result of the fee differential would be retained by the university. Final approval for the plan must be granted by the BOR.

The financial aid fee is established at \$2.35 per credit hour per semester. Sixty percent of the funds generated by the financial aid fee must be used for need-based aid.

The bill caps the total amount that can be assessed for the activity and service fee, the health fee, and the athletic fee at \$23.00 per credit hour. The dollar cap could increase in the future by a percentage corresponding to subsequent percentage increases in state employee salaries and benefits.

The bill establishes a technology fee of \$ 2.50 per credit hour. Use of fee revenue must be pursuant to the recommendations of a technology fee committee. At least one-half of the members of the committee must be students appointed by the student body president.

The bill authorizes universities to establish fee schedules for the following: application fee; late registration and late payment fees; materials and supply fee; housing fee; collection fee; service charge on loans; library fees and fines; fees and fines relating to facilities/equipment use or damage; access or identification cards; duplicating; photocopying; binding; microfilming; copyright services; providing standardized tests; orientation; diploma replacement; transcripts; parking decals and fines; traffic fines;

continuing education activities; and child care services. Fees may not exceed the cost of the service provided and may not be charged to persons not receiving the service. The bill prohibits fees not specifically authorized by statute.

Section 5. Amends s. 240.319, F.S., to specify the fee schedules that community college district boards of trustees are authorized to establish.

Present Situation: Responses from the community colleges to the survey distributed as a part of the Interim Project on Postsecondary Student Fees identified a number of fees assessed by the community colleges for which no specific statutory authority was reported. The community colleges rely on a statute which grants them broad rulemaking authority to charge some of their fees. The final report produced as a result of the interim project included recommendations to specify in statute all fees which institutions are authorized to assess and statutorily prohibit institutions from assessing fees without specific statutory authority.

Effect of Proposed Changes: The bill authorizes community colleges boards of trustees to establish fee schedules for the following: registration fees; laboratory fees; safety and security fees; parking fees and fines; fees and fines relating to facilities/equipment use or damage; access or identification cards; duplicating, photocopying, binding, or microfilming; standardized testing; diploma replacement; transcript fees; application fees; graduation fees; and late fees related to registration and payment. The fees assessed must not exceed the cost of services provided and must not be assessed persons not receiving the service. The bill prohibits fees not specifically authorized by statute.

Section 6. Amends s. 240.35, F.S., to revise provisions relating to fees charged by community colleges for college credit instruction.

Present Situation: Section 240.35, F.S., contains provisions which apply to fees charged for college credit instruction leading to an associate degree (pursuant to s. 239.115, F.S., this does not include Associate in Applied Technology degrees or Associate in Science degrees). This includes college-preparatory courses as defined in s. 239.105, F.S.

The State Board of Community Colleges must establish matriculation and tuition fees for credit instruction which may be counted toward an associate degree. Each community college board of trustees must establish matriculation and tuition fees that vary no more than 10 percent from the fee schedule adopted by the State Board of Community Colleges.

Each community college district board of trustees may establish a separate activity and service fee not to exceed 10 percent of matriculation. Community colleges currently assess an activity and service fee that ranges from \$1.50 - \$3.52 per credit hour.

Each community college district board of trustees may establish a financial aid fee not to exceed 5 percent of the total student tuition or matriculation fees collected. Community colleges currently assess financial aid fees that range from \$1.40 per credit hour to \$2.47 per credit hour.

Each community college district board of trustees may establish a fee for capital improvements or equipping student buildings which may not exceed \$1 per credit hour for residents and which equals or exceeds \$3 per credit hour for nonresidents.

Effect of Proposed Changes: The bill strikes current law providing for the indexing of the activity and service fee and the financial aid fee to tuition and caps the amount that community colleges can assess for the activity and service fee at \$ 4 per credit hour and the amount for the financial aid fee at \$ 3 per credit hour.

The bill permits each community college district board of trustees to establish a technology fee not to exceed \$2.50 per credit hour and requires a technology fee committee to recommend the initial fee, uses of fee revenue, and subsequent increases to the technology fee. At least one-half of the members of the committee must be students.

Section 7. Amends s. 240.551, F.S., to permit the Prepaid Postsecondary Education Expense Program to offer contracts to cover activity and service fees and technology fees at community colleges and activity and service, health, athletic fees, and technology fees at state universities.

Present Situation: Currently, the Prepaid Postsecondary Education Expense Program only covers a portion of the fees assessed a student enrolling in a community college or university. The advance payment contract provides prepaid registration fees for a specified number of undergraduate semester hours. The term "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. The community college contracts do not cover the activity and service fee. The university contracts do not cover the activity and service fee, the athletic fee, or the health fee.

Effect of Proposed Changes: The bill authorizes the Prepaid Program to offer an additional advance payment contract to cover the activity and service fee and technology fee at community colleges and the activity and service, health, athletic, and technology fees at state universities.

Section 8. Amends s. 240.4042(3), F.S., to conform a cross-reference.

Section 9. Amends s. 240.531(5), F.S., to conform a cross-reference.

Section 10. Amends s 250.10, F.S., to conform language and a cross-reference.

Section 11. Directs Statutory Revision to make the changes noted in Section 1 throughout the statutes.

Section 12. Establishes an effective date of July 1, 1998.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

See FISCAL COMMENTS.

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:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

N/A

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

N/A

D. FISCAL COMMENTS:

The fiscal impact of the bill is indeterminate. The bill sets actual dollar caps for the fees that a student must pay to register for a postsecondary program or course rather than indexing such fees to tuition or permitting such fees to increase absent any specific legislative control. The caps were established after reviewing the amounts currently assessed. With the exception of the financial aid fee reportedly assessed in two school district workforce development programs and the financial aid fees assessed at the graduate and professional levels in the SUS, the statutory caps exceed the amounts currently assessed.

The bill establishes a \$2.50 per credit hour technology fee at state universities. Estimates provided by BOR staff suggest this fee will generate \$10.8 million for the universities.

The bill authorizes a technology fee not to exceed \$2.50 per credit hour for workforce development programs and community colleges. Estimates by staff of the State Board of Community Colleges estimate the technology fee will generate \$16 million for the community colleges.

To the extent a school board, a community college district board of trustees, or the Board of Regents fully exercise the authority provided by this bill, the fees for students in a particular postsecondary course or program could increase.

The impact of the technology fee on the funding requirements for the Florida Bright Futures Scholarship Program is indeterminate. The additional funding required would depend on the number of students within each program attending a particular institution, the technology fee imposed at that institution, and the number of credit hours taken by the students.

Because the Bright Futures awards currently cover tuition and fees, the specific dollar caps on the required fees serve as a cap on the funding needed to support the program.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

The 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.

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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.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON Colleges & Universities:

Prepared by:

Legislative Research Director:

Betty H. Tilton, Ph.D.

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AS REVISED BY THE COMMITTEE ON EDUCATION APPROPRIATIONS:

Prepared by:

Legislative Research Director:

JOHN NEWMAN

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