SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: March 27, 1998 Revised:

Subject: Community College Facilities

	Analyst	Staff Director	Reference	Action
1.	Hill	O'Farrell	ED	Favorable/CS
2.	Wilson	Wilson	GO	Favorable
3.			WM	
4.				
5.				

I. Summary:

This bill gives community college boards of trustees more flexibility in the use of revenue generated by student capital improvement fees. Boards could incur debt or issue bonds backed by capital improvement fees to equip, renovate, or remodel educational facilities, as well as for the currently authorized purposes of financing or refinancing new construction. Existing law limits all obligations underwritten by the capital improvement fee revenue to a maximum of 20 years. This bill further requires that such indebtedness not exceed the useful life of the asset being financed.

The bill substantially amends sections 239.117, 240.319, and 240.35 of the Florida Statutes.

II. Present Situation:

District school boards and community college boards of trustees offering adult education and postsecondary vocational education certificate programs may establish a student fee for capital improvements, technology enhancements, or equipping buildings. The fee for students who are state residents may be in an amount up to 5 percent of the matriculation fee. Out-of-state students may be charged an amount not to exceed 5 percent of the matriculation and tuition fees. Boards must spend the revenue from these additional fees on projects that maintain, improve, equip, or enhance the certificate career education or adult education facilities of the school district or community college. Each community college board may bond the revenue from these fees and must use the bond proceeds only to finance or refinance new construction of educational facilities. Each community college board may also pledge revenue from the student capital improvement fee toward debts, including lease-purchase agreements, incurred for construction of new educational facilities. Terms of such bonds or debt must not exceed 20 years, and revenue from the student capital improvement fee must be dedicated to retiring the obligations.

Section 240.35, F.S., permits community colleges to charge students a separate fee for capital improvements or equipping student buildings if they are enrolled in associate degree and college-preparatory courses. The section does not specifically authorize the fee for technology enhancements. These fees are limited to a maximum of $1 per credit hour or credit hour equivalent for resident students, and an amount which equals or exceeds $3 per credit hour or credit hour equivalent for nonresidents. Revenue generated by these fees may only be used to construct, equip, maintain, improve, or enhance the educational facilities of the college. Each community college may also borrow against or bond the revenue in the same manner as described above for debt or bonds backed by revenue generated from capital improvement fees paid by students in adult education and postsecondary vocational education courses.

Currently, all but three of the 28 community colleges charge the resident maximum fee of $1 per credit hour. In the case of nonresident fees, 18 colleges charge the $3 fee, seven charge from $4 to $6 per credit hour, and the same three schools that do not charge residents do not impose the fee on nonresident students.

In FY 1996-97, the 25 community colleges imposing capital improvement fees produced a statewide total of $6,443,040. The amount accruing to each college ranged from $28,395 at Florida Keys Community College up to $1,342,136 at Miami-Dade Community College. Only four community colleges (Broward, Miami-Dade, St. Petersburg, and Valencia) generated more than $400,000 through capital improvement fees. If each college bonded the fee revenue the maximum that could be realized statewide would be $64.4 million dollars, assuming a 10:1 bonding ratio for 20 year obligations. The college with the largest fee collection amount could realize $13.4 million; the college with the smallest amount of fee revenue could realize $284,000. In many instances, the amount that could be generated by bonding the fee revenue is insufficient to finance or refinance new construction of an educational facility.

III. Effect of Proposed Changes:

This bill gives community college boards of trustees more flexibility in the use revenue generated by capital improvement fees that may be charged to students in adult education, postsecondary vocational education certificate programs, and college credit instruction. It allows each community college board to incur debt or issue bonds backed by capital improvement fees for the equipment, renovation, or remodeling of educational facilities, as well as for the currently authorized purpose of financing or refinancing new construction. The bill requires that such indebtedness not exceed the useful life of the asset being financed and retains the current maximum of limit of 20 years on all obligations underwritten by capital improvement fees.

The bill also allows each community college board to charge a separate technology enhancement fee to students enrolled in college-preparatory courses or courses leading to an associate degree. Colleges may already levy a separate fee for technology enhancements if the student is enrolled in adult education and postsecondary vocational education certificate programs.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

This bill gives community colleges greater budgetary flexibility, but has no direct fiscal impact on state funds. If a community college board incurs debt or issues bonds backed by student capital improvement fees, the proceeds may be used to equip, renovate, or remodel educational facilities, as well as for the currently authorized purpose of financing or refinancing new construction. Boards could not use the fee revenue to incur debt or issue bonds that exceed the useful lifespan of the asset financed.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.