

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 1443 w/CS Postsecondary Student Fees

**SPONSOR(S):** Domino

**TIED BILLS:** **IDEN./SIM. BILLS:** SB 1368

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Higher Education (Sub)	5 Y, 0 N	Britton	Bohannon
2) Education K-20	24 Y, 3 N w/CS	Britton	Bohannon
3) Finance & Tax	21 Y, 0 N	Levin	Diez-Arguelles
4) Appropriations			
5)			

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### SUMMARY ANALYSIS

HB 1443 with a committee substitute amends the fee requirements for college credit programs at community colleges and workforce education programs offered by both school districts and community colleges to more closely align the fees for non-college credit workforce education and college credit programs. The bill states that each district school board and community college board of trustees shall establish tuition and out-of-state fees which may vary no more than 10 percent below and 15 percent above the fee schedule adopted by the State Board of Education, unless the Legislature provides an alternative fee schedule in the General Appropriations Act. HB 1443 w/CS also authorizes a student activity and service fee for non-college credit workforce fees and amends the financial aid fee to set a total limit of 15 percent of tuition for resident students and 15 percent of tuition and out-of-state fees for nonresident students. In addition, HB 1443 w/CS increases capital improvement fees for workforce and college-credit programs up to \$4.76 per credit hour, with the provision that the fee is at the discretion of each local board of trustees or district school board and is not increased more than \$1 per credit hour or credit hour equivalent in any one year until the limit of \$4.76 is reached. The bill also strikes language restricting the technology fee for workforce programs to associate degree courses, effectively authorizing a technology fee for non-college credit workforce education courses established at \$1.80 per credit hour or the equivalent for resident students and not more than \$5.40 per credit hour or credit hour equivalent for nonresident students.

The Department of Education suggests that the proposed fee flexibility for non-college credit workforce fees permits district boards of trustees and local school boards the opportunity to adjust fee revenues for local needs. For instance, rural counties may elect to charge less, while urban counties may charge slightly more than established amounts. Revenues generated from the capital improvement changes and technology fees would be available to support the critical needs of technology enhancements and capital improvements.

The fiscal impact of HB 1443 w/CS is indeterminate. To the extent that school districts and community colleges choose to implement the fees they are authorized to assess, they may experience increased revenues. (If all the fees authorized in this bill were increased to their maximum level, the Department of education estimates they would generate in excess of \$37 million in additional revenue.) To the extent that the fees are adopted, students will be required to pay more to enroll in a course. To the extent that the student is a recipient of a Florida Bright Futures Scholarship, the cost to the State to fund those scholarships will increase.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

**STORAGE NAME:** h1443g.ft.doc  
**DATE:** April 22, 2003

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. DOES THE BILL:

- |                                      |                              |                             |                                         |
|--------------------------------------|------------------------------|-----------------------------|-----------------------------------------|
| 1. Reduce government?                | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes?                      | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom?        | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families?                 | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a “no” above, please explain:

#### B. EFFECT OF PROPOSED CHANGES:

##### TUITION AND OUT-OF-STATE FEES

###### Current Situation

A student who enrolls in a workforce development education program in either a school district or public community college must pay tuition and an out-of-state fee if the student is a nonresident. The Commissioner of Education must annually provide the State Board of Education (SBE) with a schedule of fees for workforce development education, excluding continuing workforce education. The fee schedule must be based on the amount of student fees necessary to produce 25% of the prior year’s average cost of a course of study leading to a certificate or diploma. Except as provided by law, fees for students who are nonresidents must offset the full cost of instruction. The SBE must adopt a fee schedule for workforce education that produces the required fee revenue. This fee schedule takes effect unless otherwise specified in the General Appropriations Act (GAA). Fee-nonexempt students enrolled in vocational preparatory instruction must be charged fees equal to the fees charged for certificate career education instruction.

A student who enrolls in a college credit course at a public community college must pay tuition and an out-of-state fee if the student is a nonresident. The SBE must adopt a resident fee schedule by December 31 of each year for the following fall. Unless the Legislature provides for an alternative fee schedule in the GAA, the fee schedule approved by the SBE takes effect the subsequent fall semester. Each community college board of trustees is authorized to establish a fee schedule for their institution that varies no more than 10% below and 15% above the combined total of the fee schedule adopted by the SBE and the technology fee adopted by the board of trustees. Any amount from 10 – 15% above the SBE fee schedule must be used only to support safety and security purposes. In order to assess an additional amount for safety and security purposes, the community college board of trustees must provide written justification to the SBE.

Because of the differences in statutory provisions relating to tuition and out-of-state fees, community colleges that offer both college credit programs and non-college credit workforce programs are faced with establishing separate fee calculations in each of these programs. A student taking both a college-credit course and a non-college credit course would be charged different fees and rates for the two types of courses. For example, a Licensed Practical Nursing student could not be charged a technology fee because the course is only for technical credit – not college credit. If the same student enrolls in a college-credit English or Biology course, then the technology fee would be charged.

###### Effect of Proposed Changes

School districts and community colleges are given a new option in setting fees to be charged fee-nonexempt students for vocational-preparatory instruction. HB 1443 w/CS permits school districts and community colleges to choose a fee equal either to the certificate charge or the fee charged for general education instruction. The fee currently charged to fee-nonexempt students for adult general education is about \$20.40. The fee charged for certificate career education instruction is about \$41.40 per credit hour or credit hour equivalent.

The State Board of Education would continue to adopt a fee schedule upon which the school districts and community colleges would base their fee schedule for workforce development education. However, as is the case currently for college credit courses at community colleges, the district or community college could vary from the SBE fee schedule by from 10% below to 15% above the amount established in the SBE fee schedule, unless the Legislature provides an alternative fee schedule in the General Appropriations Act..

## **FINANCIAL AID FEE AND ACTIVITY AND SERVICE FEE**

### **Current Situation**

The workforce development students' financial aid fee may be set by the local board at up to 10 percent of tuition. Fee revenues must be used to support students enrolled in workforce education and awards must be based on student need. The financial aid fee for students in college credit courses at a community college may be set at up to, but not to exceed, 5 percent of tuition or of out-of-state fees collected. A portion of the financial aid fee revenues may be used to support students who demonstrate academic merit or participate in athletics, public service, cultural arts, or other extracurricular programs. Revenues from financial aid fees assessed to students in college credit courses at community colleges may not be used for direct or indirect administrative purposes or salaries.

School districts and community colleges are not authorized to assess an activity and service fee for workforce development education programs. Community colleges are authorized to assess an activity and service fee of no more than 10% of the tuition to provide student services and programs.

### **Effect of Proposed Changes**

School districts and community colleges would be authorized to assess students enrolled in workforce development instruction an activity and service fee. The student activity and service fee shall be paid into a student activity and service fund of the school district or community college and shall be expended for lawful purposes to benefit the student body. The current 10% cap on the financial aid fee assessed workforce education students is eliminated. The amount of discretionary fees that local school boards and community colleges can implement is capped at no more than 15 percent of tuition for resident students and 15 percent of tuition and out-of-state fees for nonresident students. The student activity and service fee will be charged as a percentage of tuition, and the financial aid fee will be will charged as a percentage of tuition for resident students and as a percentage of tuition and out-of-state fees for nonresident students.

## **CAPITAL IMPROVEMENT FEE**

### **Current Situation**

Each district school board and community college board of trustees is authorized to establish a separate fee for capital improvements, technology enhancements, or equipping buildings. This fee may not exceed 5 percent of tuition for resident workforce development students and 5% of tuition and out-of-state fees for nonresident students. The current average capital improvement fee is \$1.24 per credit hour.

However, for resident students in college credit programs at community colleges, the fee may not exceed \$1 per credit hour or credit-hour equivalent. For nonresident students, the fee must equal or exceed \$3 per credit hour. The current average capital improvement fee is \$1.24 per credit hour.

### **Effect of Proposed Changes**

The fee charged to students in both workforce development programs and college credit programs at community colleges for capital improvements, technology enhancements, or equipping buildings is at the discretion of each local board of trustees or school board and is not increased more than \$1 per credit hour or credit hour equivalent in any one year until the limit of \$4.76 is reached.

## **TECHONOLOGY FEE**

### **Current Situation**

Community colleges and school districts are authorized to assess workforce development students separate fee for technology that does not exceed \$1.80 per credit hour or credit hour equivalent for resident students and \$5.40 per credit hour or credit hour equivalent for nonresident students. However, the technology fee applies only to students in associate degree programs and courses.

### **Effect of Proposed Changes**

Assessment of the technology fee is expanded to include students enrolled in non-college credit courses. The current restriction limiting the fee to associate degree programs and courses is repealed.

## **SUMMARY**

HB 1443 w/CS amends the fee requirements for college credit programs at community colleges and workforce education programs offered by both school districts and community colleges to more closely align the fees for non-college credit workforce education and college credit programs. The bill states that each district school board and community college board of trustees shall establish tuition and out-of-state fees which may vary no more than 10 percent below and 15 percent above the fee schedule adopted by the State Board of Education, unless the Legislature provides an alternative fee schedule in the General Appropriations Act. HB 1443 w/CS also authorizes a student activity and service fee for non-college credit workforce fees and amends the financial aid fee to set a total limit of 15 percent of tuition for resident students and 15 percent of tuition and out-of-state fees for nonresident students. In addition, HB 1443 w/CS increases capital improvement fees for workforce and college-credit programs to \$4.76 per credit hour, with the provision that the fee is at the discretion of each local board of trustees or district school board and is not increased more than \$1 per credit hour or credit hour equivalent in any one year until the limit of \$4.76 is reached. The bill also strikes language restricting the technology fee for workforce programs to associate degree courses, effectively authorizing a technology fee for non-college credit workforce education courses established at \$1.80 per credit hour or the equivalent for resident students and not more than \$5.40 per credit hour or credit hour equivalent for nonresident students.

The Department of Education suggests that the proposed fee flexibility for non-college credit workforce fees permits district boards of trustees and local school boards the opportunity to adjust fee revenues for local needs. Revenues generated from the capital improvement changes and technology fees would be available to support the critical needs of technology enhancements and capital improvements.

The following chart, provided by the Department of Education, summarizes the proposed changes.

<b>Comparison of Current Fees to Proposed Fees</b>				
	<b>Current Status for College Credit Fees in Community Colleges</b>	<b>Current Status for Non-College Credit Workforce Fees</b>	<b>Proposed Changes for College Credit Fees</b>	<b>Proposed Changes for Non-College Credit Workforce Fees</b>
Fee Range (10% Below 15% Above)	Yes	No	No Change	Yes
Financial Aid Fee	Permissive 5%	Permissive 10%	No Change	Limit of 15% on both Financial Aid and Student Activity Fee
Student Activity Fee	Permissive 10%	None	No Change	
Capital Improvement Fee	Permissive \$1 per credit hour residents \$3 nonresidents	Permissive 5%	Up to \$4.76 per credit hour or equivalent, in incremental increases of \$1 dollar a year.	Up to \$4.76 per credit hour or equivalent
Technology Fee	\$1.80 resident \$5.40 nonresident	None	No Change	Up to \$1.80 per credit hour or equivalent

C. SECTION DIRECTORY:

**Section 1:** Amends s. 1009.22, F.S., to revise provisions relating to workforce development postsecondary student fees

**Section 2:** Amends s. 1009.23, F.S., to revise provisions relating to community college student fees

**Section 3:** Amends s. 1001.64, F.S., to correct a cross-reference.

**Section 4:** Provides an effective date.

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

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See FISCAL COMMENTS.

2. Expenditures:

See FISCAL COMMENTS.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

See FISCAL COMMENTS.

2. Expenditures:

See FISCAL COMMENTS.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Fee increases adopted by community college district boards of trustees and local school boards would be paid by students. The following tables provided by the Department of Education demonstrate the impact of implementing the range of fees per credit hour. Students typically take between 6-12 credit hours in a term. School district fees are established per contact hour, and there are 30 contact hours in one credit hour.

<b>Range of Fees for In State Tuition for Workforce Education (Per Credit Hour)</b>			
<b>Non-College Credit Certificate Programs</b>	<b>Fee Rates</b>		
	<b>-10% of Tuition</b>	<b>Std Fee Per Credit Hr</b>	<b>+15% of Tuition</b>
Community Colleges or School Boards	\$37.26	\$41.40	\$47.61

<b>Maximum Increase in Workforce Fees (Per Credit Hour)</b>					
<b>Non-College Credit Certificate Programs</b>	<b>Std Tuition Plus 15% Discretionary (Financial Aid and Student Activity)</b>	<b>Technology</b>	<b>Cap Improve</b>	<b>Total</b>	<b>Difference</b>
Community Colleges or School Boards	\$54.75	\$1.80	\$4.76	\$61.31	\$13.70

D. FISCAL COMMENTS:

The fiscal impact of this bill is indeterminate. To the extent that school districts and community colleges choose to implement the fees they are authorized to assess, they may experience increased revenues. To the extent that the fees are adopted, students will be required to pay more to enroll in a course. To the extent that the student is a recipient of a Florida Bright Futures Scholarship, the cost to the State to fund those scholarships will increase.

The Department of Education provided the following information regarding the maximum impact on revenue from the proposed changes.

Community College Credit Program Impact:

The maximum impact of the Capital Improvement Fee change on college credit fees could be as much as \$25.3 million.

Workforce Education Programs Impact:

The maximum potential impact for the Flexibility on Tuition could be:

Community Colleges: \$1,997,099

School Districts: \$3,666,760

The maximum potential impact for the 15% Discretionary Fee could be:

Community Colleges: \$964,782

School Districts: \$1,771,382

The maximum potential impact for the Technology Fee could be:

Community Colleges: \$578, 869

School Districts: \$1,062,829

The maximum potential impact for the Capital Improvement Fee on Workforce Credits could be:

Community Colleges: \$865,088

School Districts: \$1,588,339

### **III. COMMENTS**

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

1. Applicability of Municipality/County Mandates Provision:

This bill does not affect municipal or county government.

2. Other:

The bill does not appear to have any constitutional issues.

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

None.

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

None.

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

On April 3, 2003 the Subcommittee on Higher Education recommended 5 amendments.

Amendment 1, adds language stating that the Legislature may provide an alternative fee schedule in the General Appropriations Act, differing from the one adopted by the State Board of Education.

Amendment 2, adds clarifying language capping the amount of discretionary fees that local school boards and community colleges can implement at no more than 15 percent of tuition for resident students and 15 percent of tuition and out-of-state fees for nonresident students. The amendment also states that the student activity and service fee will be charged as a percentage of tuition, and the financial aid fee will be will charged as a percentage of tuition for resident students and as a percentage of tuition and out-of-state fees for nonresident students.

Amendment 3, designates the activity and service fees will be paid into a student activity and service fund. The amendment also removes restrictions on how the funds will be expended.

Amendment 4, states that the capital improvements, technology enhancements, and equipping buildings fees assessed to students in workforce development programs are at the discretion of each local board of trustees or school board, and places guidelines on how the fees can be increased.

Amendment 5, states that the capital improvements, technology enhancements, and equipping buildings fees assessed students in college credit programs are at the discretion of each local board of trustees or school board, and places guidelines on how the fees can be increased. The bill, as amended, was reported favorably out of subcommittee with a vote of 5 YEAS and 0 Nays.

On April 14, 2003, the Committee on Education K-20 adopted the 5 amendments recommended by the subcommittee. The bill, as amended, was reported with a committee substitute favorably by the committee with a vote of 24 Yeas and 3 Nays.

The Committee Substitute differs from the original bill text. The CS states that the Legislature may provide an alternative tuition and out-of-state fee schedule in the General Appropriations Act, differing from the one adopted by the State Board of Education. The amount of discretionary fees that local school boards and community colleges can implement is capped at no more than 15 percent of tuition for resident students and 15 percent of tuition and out-of-state fees for nonresident students. The CS defines the student activity and service fee as being charged as a percentage of tuition, and the financial aid fee as being charged as a percentage of tuition for resident students and as a percentage of tuition and out-of-state fees for nonresident students. The CS further designates that the activity and service fees will be paid into a student activity and service fund, and removes restrictions on how the fund will be expended. Finally, the CS states that the capital improvements, technology enhancements, and equipping buildings fees assessed to students in workforce development programs are at the discretion of each local board of trustees or school board, and places guidelines on how the fees can be increased.