

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS/SB 2212

SPONSOR: Education Committee and Senator Jones

SUBJECT: Community College Student Fees

DATE: March 10, 2004

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Woodruff	O'Farrell	ED	Favorable/CS
2.			AED	
3.			AP	
4.				
5.				
6.				

I. Summary:

The Committee Substitute revises the maximum authorized fee amount a community college can charge for capital improvements, technology enhancements or equipping student buildings to 10 percent of tuition for resident students or 10 percent of the sum of tuition and out-of-state fees for nonresident students. The Committee Substitute limits any potential increase to \$2 per credit hour over the prior year.

The Committee Substitute also changes the amount of the capital improvement fee that may be allocated for child care centers conducted by community colleges. A maximum of 15 percent of the capital improvement fee revenue may be allocated for child care centers.

The Committee Substitute requires all community colleges to use the Division of Bond Finance of the State Board of Administration to issue any bond authorized to be financed from the community college capital improvements, technology enhancements, or equipping student buildings fee.

This Committee Substitute substantially amends section 1009.23 of the Florida Statutes.

II. Present Situation:

In addition to charging tuition, each community college board of trustees has the discretion of whether or not to charge certain local fees and, if the board chooses to assess a fee, it has the authority to set the fee within a statutory range. The discretionary fees include an activity and service fee which may not exceed 10 percent of the tuition fee, a financial aid fee which may not exceed 5 percent of the tuition fee, a technology fee which may not exceed \$1.80 per credit hour, and a fee for capital improvements, technology enhancements, or equipping student buildings

which may not exceed \$1.00 per credit hour. A maximum of 15 cents per credit hour from the capital improvement fee may be used for child care centers conducted by the community college. A community college may also assess user fees and fines.

One community college does not presently assess the capital improvement fee. The other twenty seven colleges charge the maximum fee of \$1.00. Information is not available as to the number of colleges using capital improvement fee funds for child care services or the amount of such funds utilized for that purpose.

For the fiscal year 2003-2004, capital improvement fee revenue is estimated to total \$9.3 million for credit and non-credit programs.

Bright Futures Scholarships include the cost of local fees in determining how much the award is worth. Academic Scholarships pay the entire cost of local fees. Medallion and Gold Seal Scholarships pay 75 percent of the cost of tuition and fees for students attending public universities and community colleges.

Florida Prepaid College Program contracts allow the purchaser to include the payment of local fees in the price of the contract.

For Fiscal Year 2003-2004, the sum of the technology fee and the average resident tuition fee was established as \$43.28 per credit hour in the General Appropriations Act. The sum of the technology fee and the average nonresident tuition fee was established as \$129.90 per credit hour.

Community colleges may choose whether or not to use the Division of Bond Finance of the State Board of Administration to issue any bond authorized to be financed from the community college capital improvements, technology enhancements, or equipping student buildings fee.

III. Effect of Proposed Changes:

The Committee Substitute revises the maximum authorized amount a college can charge for the capital improvement fee for college-credit programs to 10 percent of tuition for resident students or 10 percent of the sum of tuition and out-of-state fees for nonresident students. Increases are limited to \$2 per credit hour over the prior year and estimates are that it would take 2 years for the full increase to be implemented. The Department of Education estimates the increased cost for college credit students will approximate \$3.33 per credit hour after two to three years.

The Committee Substitute changes the maximum amount of the capital improvement fee which may be used to support child care centers conducted by community colleges. Currently, 15 cents per credit hour may be spent on such purpose. The Committee Substitute would allow a maximum of 15 percent of the capital improvement fee revenue to be allocated for child care centers conducted by community colleges.

The result of an increase in the capital improvement fee will be to increase the cost to the student of attending community colleges. To the extent the state is paying for the student to attend the

college through a Bright Futures Scholarship or other state aid program, that cost will be borne by the state.

The Committee Substitute requires community colleges to use the Division of Bond Finance of the State Board of Administration to issue any bond authorized to be financed from the community college capital improvements, technology enhancements, or equipping student buildings fee. Presently, colleges have a choice of whether or not to use the Division of Bond Finance.

The effective date of the Committee Substitute is upon becoming a law.

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:

To the extent that the local fees are paid from private resources (the student or the parent), the increase in the capital improvement fee will increase the cost to the student of attending a community college. Most community college students do not have a Bright Futures Scholarship and are dependent upon non-state resources to pay their tuition. These resources include federal financial aid, prepaid tuition contracts, savings plans, loans, and out-of-pocket payments.

If the capital improvement fee is increased to 10 percent of tuition for residents and non-residents, the estimated total revenues would be \$43.5 million, which would be an increase of \$34.2 million. However, the Committee Substitute phases in the increase over a two-year period. The Department of Education estimates that increasing the capital improvement fees for credit and non-credit courses by \$2 in the first year would result in total fee revenue of \$26.3 million. This would be an increase of \$17 million, most of which would be paid by the student. The Department of Education estimates the

increased cost for college credit students will approximate \$3.33 per credit hour after two to three years.

The present amount of the capital improvement fee allowed to be used for child care is \$.15 per credit hour or \$1.4 million. Changing the allowance to 15 percent of the total capital improvement fee revenue would provide \$6.3 million. This is a potential increase of \$5.1 million which might be used to support child care centers conducted by community colleges.

C. Government Sector Impact:

To the extent that a Florida Bright Futures Scholarship includes paying for the local fees charged by a community college or university, increases in those fees results in a higher cost to the state to pay for the scholarship. A Bright Futures Academic Scholarship entirely pays for tuition and local fees. Medallion Scholarships and Gold Seal Scholarships cover only 75 percent of the cost of tuition and fees. Therefore, in the latter two programs, 25 percent of any increase would be passed on to the student while 75 percent would be added to the cost of the Bright Futures Scholarship. Most Bright Futures Academic and Medallion scholars do not attend community colleges so the proposed increase in the community college capital improvement fee should not affect the majority of Bright Futures recipients.

The state acts as guarantor for contracts sold through the Florida Prepaid College Program. Prepaid contracts may include coverage of local fees. To the extent that the increases in local fees exceed the earnings of the prepaid trust fund, the fund's surplus will be reduced and increase the possibility that the state may have to provide supplemental funding at some point in the future.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.