



## 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 checked="" type="checkbox"/> | N/A <input 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:

To the extent that a state university elects to increase fees, it will increase the cost of attending a university, possibly limiting student choice of public postsecondary educational opportunities.

#### B. EFFECT OF PROPOSED CHANGES:

##### BACKGROUND

Section 1009.24, F.S., authorizes each state university board of trustees to establish separate activity and service, health, and athletic fees and caps the aggregate sum of these three fees, to the extent that a student is required to pay them to register for a course, at 40 percent of tuition. Within the 40 percent cap, universities may not increase the aggregate sum of these fees more than five percent per year. Current law permits a university to increase or assess optional fees related to specific activities if payment of such fees is not required as a part of registration for courses.

The Department of Education provided the following background information about state university athletic programs, changing athletic divisions, and local fees.

##### Athletic Division Changes

Division status currently varies among the institutions. Currently, four of the state universities are Division IA (UF, FSU, USF, and UCF), three are Division IAA (FAMU, FAU, and FIU), and three are Division II (UWF, UNF, and FGCU). There are also some variations within the Divisions by sport.

Six universities are anticipating, have recently discussed, or are in the process of changing athletic competitive divisions.

- In 2003, FAMU pursued a change in Division from IAA to IA, ultimately deciding against the immediate move.
- A change in Division from IAA to IA is currently underway at FAU which places it in a transitional status for the next two years.
- A self-study regarding potential change in Division from II to I was conducted at UWF, and the university will likely embark on another similar study within the next year or so. However, there are no immediate plans to change divisions.
- An immediate change is planned at FIU from IAA to IA, for which the two-year transition period begins next year (2004-05).
- Discussions have taken place at UNF to effect a change in Division from II to I (in all sports) sometime in the near future. It is anticipated that the issue will be heard by the UNF Board of Trustees soon, and if approved, a transition would be pursued to begin sometime in the next couple of years.

- In spring 2002, FGCU received provisional membership in Division II.

### Cost of Changing Athletic Divisions

There are many requirements a university must meet to change athletic divisions, including financial aid, eligibility, gender equity, sports sponsorship, and scheduling provisions. Also, there are specific additional requirements in each of these categories to effect a change from Division IAA football to Division IA football, including provisions for necessary travel, attendance at football events (e.g., averaging more than 17,000 in paid attendance per home football game, unless a exception is obtained), stadium requirements (e.g., minimum of 30,000 permanent seats, unless a waiver is obtained), and similar provisions.

The needs of each university with regard to changes necessary to meet the requirements of their intended new athletic competitive division will vary greatly. These could include such items as the sponsorship of additional sports, provisions of additional financial aid awards, and/or the construction of a new football stadium, among others. Changes associated with transitioning between divisions may be more difficult to meet than expected. While increasing fees will have a direct impact on the amount a student must pay each term, the needs of the university associated with changing athletic competitive divisions will likely not be met solely by the proposed increase in student fees.

In addition to initially meeting the requirements to obtain a transfer between divisions, there are also typical costs associated with being in a particular division. While it is the case that Division IA institutions typically have higher revenues than the other divisions, the expenses associated with the intercollegiate athletics programs at those institutions are also higher.

In the last year reported by the NCAA (1999), the total expenses, not including debt service or capital expenditures, for Division IA intercollegiate athletics programs were \$20,000,000 on average, with \$63,700,000 being the largest reported. This is in stark contrast to those expenditures of Division IAA intercollegiate athletics programs which were \$4,800,000 on average, with \$24,000,000 being the largest reported. The difference is even more pronounced when compared with Division II intercollegiate athletics programs (without football) which were \$1,000,000 on average, with \$3,600,000 being the largest reported.

### Current Athletic Fee Rates

Three universities charge both block fees and per credit hour athletic fees for each semester (USF, FIU, and NCF). Athletic fees at the state universities range from \$1.90 (UF) to \$11.75 (FAU) per credit hour, and \$0.00 (several) to \$10.00 (USF, FIU) block fee per term. These fees are detailed by institution in Table 1.

**Table 1  
State University System Athletic Fees  
2003-04**

|  | UF      | FSU     | FAMU     | USF      | FAU      | UWF      | UCF      | FIU      | UNF      | FGCU     | NCF     |
|--|---------|---------|----------|----------|----------|----------|----------|----------|----------|----------|---------|
| Per Credit Hour                          | \$1.90  | \$4.98  | \$8.75   | \$8.50   | \$11.75  | \$11.60  | \$11.09  | \$8.45   | \$10.00  | \$10.54  | \$1.66  |
| Block Per Term                           | -       | -       | -        | \$10.00  | -        | -        | -        | \$10.00  | -        | -        | \$5.00  |
| Per full-time student (12 cr / semester) | \$22.80 | \$59.76 | \$105.00 | \$112.00 | \$141.00 | \$139.20 | \$133.08 | \$111.40 | \$120.00 | \$126.48 | \$24.92 |

Office of Data Analysis and Institutional Research, DCU, 2003-04 Tuition and Required Fees (Revised Dec. 2003), 2/9/04

## Revenue Generated

The total revenue generated at each institution ranges from \$40,464 (NCF) to \$9,622,610 (UCF), for the most recent available reporting period. The revenue generated for each institution can be found in Table 2.

**Table 2**  
**State University System**  
**2002-03 Athletic Fees Reported in the 2003-04 Operating Budgets**

|                                 | UF          | FSU         | FAMU        | USF         | FAU         | UWF         | UCF         | FIU         | UNF         | FGCU        | NCF      | E&G TOTAL    |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------|--------------|
| <b>Total from Athletic Fees</b> | \$2,386,696 | \$4,113,641 | \$2,994,355 | \$7,701,894 | \$6,138,062 | \$2,389,304 | \$9,622,610 | \$7,435,877 | \$3,317,037 | \$1,076,641 | \$40,464 | \$47,216,581 |

University Budget Office, DCU, 2003-04 Operating Budget for All Universities (Figure for NCF based on 2002-03 actual credit hours), 2/11/04

## Statutory Caps on Local Fees

The sum of the activity and service, health, and athletic fees per credit hour, as well as the sum of activity and service, health, and athletic fees assessed by a block fee, are provided in the Table 3.

**Table 3**  
**State University System Activity and Service, Health, and Athletic Fees**  
**2003-04**

|                               | UF             | FSU            | FAMU           | USF            | FAU            | UWF            | UCF            | FIU            | UNF            | FGCU           | NCF            |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>FEES – PER CREDIT HOUR</b> |                |                |                |                |                |                |                |                |                |                |                |
| Activity and Service          | \$8.16         | \$7.50         | \$10.00        | \$7.10         | \$10.00        | \$8.25         | \$8.09         | \$9.14         | \$10.28        | \$9.70         | \$13.25        |
| Athletic                      | \$1.90         | \$4.98         | \$8.75         | \$8.50         | \$11.75        | \$11.60        | \$11.09        | \$8.45         | \$10.00        | \$10.54        | \$1.66         |
| Health                        | \$7.69         | \$6.60         | -              | \$6.26         | \$5.00         | \$3.00         | \$6.00         | -              | \$5.48         | -              | \$3.46         |
| <b>TOTAL</b>                  | <b>\$17.75</b> | <b>\$19.08</b> | <b>\$18.75</b> | <b>\$21.86</b> | <b>\$26.75</b> | <b>\$22.85</b> | <b>\$25.18</b> | <b>\$17.59</b> | <b>\$25.76</b> | <b>\$20.24</b> | <b>\$18.37</b> |
| <b>FEES – PER TERM</b>        |                |                |                |                |                |                |                |                |                |                |                |
| Activity and Service          | -              | -              | -              | \$7.00         | -              | -              | -              | -              | -              | -              | -              |
| Athletic                      | -              | -              | -              | \$10.00        | -              | -              | -              | \$10.00        | -              | -              | \$5.00         |
| Health                        | -              | -              | \$59.00        | -              | -              | -              | -              | \$54.00        | -              | \$35.50        | -              |
| <b>TOTAL</b>                  | <b>n/a</b>     | <b>n/a</b>     | <b>\$59.00</b> | <b>\$17.00</b> | <b>n/a</b>     | <b>n/a</b>     | <b>n/a</b>     | <b>\$64.00</b> | <b>n/a</b>     | <b>\$35.50</b> | <b>\$5.00</b>  |

Office of Data Analysis and Institutional Research, DCU, 2003-04 Tuition and Required Fees (Revised Dec. 2003), 2/9/04

Table 4 includes the tuition for resident undergraduate students and the sum of the activity and service, health, and athletic fees (including block fees) to determine the status of each university in regards to the 40 percent cap.

**Table 4  
State University System Standing In Regard To 40 Percent Cap  
2003-04**

|  | UF      | FSU     | FAMU    | USF     | FAU     | UWF     | UCF     | FIU     | UNF      | FGCU     | NCF     |
|--|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|---------|
| <b>Per Credit Hour UG Resident Tuition</b>     | \$63.41 | \$63.41 | \$63.41 | \$63.41 | \$63.41 | \$63.41 | \$63.41 | \$63.41 | \$63.41  | \$63.41  | \$63.41 |
| <b>40% Cap</b>                                 | \$25.36 | \$25.36 | \$25.36 | \$25.36 | \$25.36 | \$25.36 | \$25.36 | \$25.36 | \$ 25.36 | \$ 25.36 | \$25.36 |
| <b>Total Fees (including block fee*)</b>       | \$17.75 | \$19.08 | \$20.34 | \$23.44 | \$26.75 | \$22.85 | \$25.18 | \$23.04 | \$25.76  | \$25.01  | \$20.21 |
| <b>Percent Standing with Regard to 40% Cap</b> | 27.99%  | 30.09%  | 32.08%  | 36.97%  | 42.19%  | 36.04%  | 39.71%  | 36.33%  | 40.62%   | 39.44%   | 31.87%  |

\*The block fee has been converted to a per credit hour fee for calculations. University Budget Office, DCU, 2003-04 Tuition and Required Fees (Revised Dec. 2003), 2/9/04

Although two universities are beyond the 40 percent cap (FAU and UNF) they are in compliance with the statutes. Section 1009.24(3) states that “no university shall be required to lower any fee in effect on the effective date of this act in order to comply.” While both universities are, in fact, over the cap, each had their current fees in effect upon the effective date of the subsection in 2002.

**EFFECT OF PROPOSED CHANGES**

HB 661 permits a university that changes athletic competitive divisions to increase the athletic fee to defray the costs associated with changing divisions and exempts such increase from the 40 percent cap and the 5 percent cap. Any such increase is capped at \$2 per credit hour and must be approved by an athletic fee committee using the process currently required by law.

When the maximum proposed \$2.00 per credit hour increase is included, five universities – USF, FAU, UCF, UNF, and FGCU - exceed the 40 percent cap (Table 5).

**Table 5  
State University System Standing In Regard To 40 Percent Cap  
Including Maximum Proposed \$2.00 per Credit Hour Increase**

|  | UF      | FSU     | FAMU    | USF     | FAU     | UWF     | UCF     | FIU     | UNF      | FGCU     | NCF     |
|--|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|---------|
| <b>Per Credit Hour UG Resident Tuition</b>     | \$63.41 | \$63.41 | \$63.41 | \$63.41 | \$63.41 | \$63.41 | \$63.41 | \$63.41 | \$63.41  | \$63.41  | \$63.41 |
| <b>40% Cap</b>                                 | \$25.36 | \$25.36 | \$25.36 | \$25.36 | \$25.36 | \$25.36 | \$25.36 | \$25.36 | \$ 25.36 | \$ 25.36 | \$25.36 |
| <b>Total Fees (including block fee*)</b>       | \$19.75 | \$21.08 | \$22.34 | \$25.44 | \$28.75 | \$24.85 | \$27.18 | \$25.04 | \$27.76  | \$27.01  | \$22.21 |
| <b>Percent Standing with Regard to 40% Cap</b> | 31.15%  | 33.24%  | 35.23%  | 40.12%  | 45.34%  | 39.19%  | 42.86%  | 39.49%  | 43.78%   | 42.60%   | 35.03%  |

\*The block fee has been converted to a per credit hour fee for calculations. University Budget Office, DCU, 2003-04 Tuition and Required Fees (Revised Dec. 2003), 2/9/04

For all of the state universities, the proposed maximum amount of \$2.00 per credit hour is a greater increase than 5 percent from the existing fees associated with the 40 percent cap. The increases range from 7.48% (FAU) to 11.27% (UF).

According to DOE, the bill will likely impact FAU, FIU, and UNF. The other universities are unlikely to require an increase in fees because they are either current Division IA programs (UF, FSU, USF, and UCF); provisional members (FGCU); have programs not yet members of an NCAA division (NCF); and institutions not pursuing an immediate change in division (FAMU and UWF).

Two of the three universities most impacted by this bill, due to their impending or planned changes in athletic competitive division, are those institutions that are already over the cap, FAU (42.19%) and UNF (40.62%). The remaining institution in the group most impacted by this bill, FIU, is currently at 36.33%, and even with the maximum proposed increase, remains just under the 40 percent cap at 39.49%.

C. SECTION DIRECTORY:

**Section 1.** Amends s. 1009.24, F.S., to provide an exemption from caps for an increase in the athletic fee to defray the costs associated with changing athletic competitive divisions; to require approval of such increase.

**Section 2.** Provides an effective date of upon becoming law.

## 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:

See FISCAL COMMENTS.

D. FISCAL COMMENTS:

The fiscal impact of this bill is indeterminate. To the extent an institution chooses to increase its athletic fee pursuant to the provisions of this bill, the institution will experience increased revenues, the State will require an increase in the funding for the Bright Futures Scholarship Program to provide increased awards to scholarship recipients attending such institutions, and the students attending such institutions who do not have a Bright Futures scholarship may experience an overall increase in cost of attendance.

DOE reports that during the 2002-2003 year there were 80,066 students attending state universities who received a Bright Futures award. The number of these students attending one of the six universities that could be impacted by the provisions of this bill was not known at the time this analysis was prepared. The 80,066 students averaged 25 hours a year. A \$2.00 increase in fees would require additional funding of \$4,003,300 to support these students.

The potential increase in revenue generated from the \$2.00 fee ranges from \$269,000 (FGCU) to \$1.6 million (FIU). See Table 6.

**Table 6  
State University System  
Estimated Revenue from Maximum Proposed \$2.00 Increase in Athletic Fees  
Based on 2003-04 Derived Student Credit Hours**

| <b>CATEGORY</b>                         | <b>FAMU</b>      | <b>FAU</b>         | <b>UWF</b>       | <b>FIU</b>         | <b>UNF</b>       | <b>FGCU</b>      | <b>E&amp;G<br/>TOTAL</b> |
|---|------------------|--------------------|------------------|--------------------|------------------|------------------|--------------------------|
| Total Student Credit Hours              | 343,659          | 543,471            | 218,811          | 813,709            | 335,345          | 134,735          | 2,389,730                |
| Proposed Increased Amount               | \$2.00           | \$2.00             | \$2.00           | \$2.00             | \$2.00           | \$2.00           | \$2.00                   |
| <b>Total Estimated Generated Amount</b> | <b>\$687,317</b> | <b>\$1,086,942</b> | <b>\$437,622</b> | <b>\$1,627,417</b> | <b>\$670,690</b> | <b>\$269,470</b> | <b>\$4,779,459</b>       |

University Budget Office, DCU, 2003-04 Standard Enrollment Reports, 2/11/04

### III. COMMENTS

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

This bill does not require a city or county to spend funds or to take any action requiring the expenditure of funds.

2. Other:

This bill does not appear to raise any constitutional issues.

**B. RULE-MAKING AUTHORITY:**

None.

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

The proposed changes exempt universities from both the 40 percent cap and the 5 percent yearly cap. The Department of Education suggest that the bill is unclear whether the associated increase is intended to be a one-time opportunity or multiple opportunities to increase the fee whenever the university changes an athletic competitive division.

### IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES