



## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

This bill does not appear to implicate any of the House Principles.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Present Situation**

During 2004-2005, over 75 percent of students accumulated excess credit hours. These students attempted 780,769 credits in excess of graduation requirements. These excess hours attempted by students cost the state \$62 million. A small percent of students account for a significant portion of the total excess hours, 20 percent of the students accounted for 58 percent of all credit hours over the minimum graduation requirements.<sup>1</sup>

The Office of Program Policy and Analysis and Government Accountability (OPPAGA), in response to a legislative request, studied policies to encourage students to earn degrees with fewer excess credit hours. In June 2004, OPPAGA issued a report that suggested three ways to reduce state costs:

- Charge the full cost for credit hours in excess of 115 percent of graduation requirements;
- Provide tuition rebates to students who graduate with minimal excess hours; and
- Offer "locked-in" tuition, which requires students who do not graduate within four years to pay higher tuition rates.

The first policy OPPAGA studied for their report to the Legislature relates to this bill. OPPAGA studied other states that charge students for excess credit hours. In 1994, North Carolina established a policy of charging students 25 percent more for hours in excess of 110 percent of the amount needed for a degree. According to a preliminary report, the average number of credit hours attempted and the average number of hours earned under the policy decreased. In addition, Texas charges a student higher tuition when a student takes 45 hours or more over the number of required hours to graduate.<sup>2</sup>

OPPAGA examined the effects in this state of setting thresholds for higher tuition at 115 percent and 110 percent over the minimum graduation requirements. The fiscal year 2002-2003 graduating class accumulated 337,837 credit hours in excess of 115 percent of their graduation requirements.<sup>3</sup>

Assuming a 120-hour degree program, a student would be able to take up to 18 additional credit hours without exceeding the 115 percent threshold. OPPAGA found 20 percent of these students earned 83 percent of the excess credit hours. If students were required to pay the full costs of any credit hours earned in excess of 115 percent of the hours required for graduation, the state could save approximately \$29 million.<sup>4</sup>

According to an update of the 2004 OPPAGA report, all public universities and community colleges and private, non-profit colleges and universities are implementing strategies to improve student graduation

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<sup>1</sup> *Excess Hours Cost State \$62 Million Annually; University Actions May Help Address Problem*, Office of Program Analysis and Government Accountability, Report No. 06-58, August 2006.

<sup>2</sup> *Stronger Financial Incentives Could Encourage Students to Graduate with Fewer Excess Hours*, Office of Program Analysis and Government Accountability, Report No. 04-44, June 2004.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

rates, which also may help to reduce the number of excess hours students accumulate. One of the primary strategies most institutions are using is proactive student advising.<sup>5</sup>

Currently, the establishment of tuition and fees for schools under the State University System is a Constitutional duty of the Legislature.<sup>6</sup>

### **Effects of Proposed Changes**

#### **Community Colleges – Associate Degree**

Effective with freshmen enrolled in the fall semester or term 2007 and all freshmen thereafter, community college students who take more than 120 percent of the credit hours required to earn an associate degree are required to pay 75 percent more than the in-state tuition rate. For the 2006-2007 school year, a resident student at a public community college would pay \$54.92 per credit hour. Using the 2006-2007 tuition rates, a student who takes excess credit hours as outlined above would pay on average \$41.19 more for each credit hour taken in excess of 120 percent of the credit hours required to complete his or her degree.

This bill exempts up to 24 credit hours taken by a community college student while enrolled at a community college if the credit hours apply to the student's baccalaureate degree. This provision is designed to encourage students to continue taking lower level courses at the community college rather than at the state university where costs per credit hour are greater.

The bill's excess credit hour requirements may adversely impact certain students. Part-time students who work full time have difficulties in completing degree requirements. These students may routinely take more courses than are required for their graduation requirements, often due to the courses available to these students each semester. In addition, some community colleges deny credit hours for courses taken at another institution. This bill penalizes these students because the community college may require them to retake a potentially similar course to meet their graduation requirements.

#### **State Universities**

Effective with freshmen enrolled in the fall semester or term 2007 and all freshmen thereafter, an undergraduate student who is enrolled in a state university must pay 75 percent more than the in-state tuition rate for credit hours taken in excess of 120 percent of the credit hours required to complete the degree program in which he or she is enrolled, regardless of whether the student took those hours while enrolled at a community college, state university, or at any private postsecondary institution if the student received state funds while enrolled at the private postsecondary institution. For the 2006-2007 school year, the resident undergraduate rate for tuition is \$73.77 per credit hour. Using the 2006-2007 tuition rates, a student who takes excess credit hours as outlined above would pay on average \$52.33 more for each credit hour taken in excess of 120 percent of the credit hours required to complete his or her degree.

The excess credit hour requirements proposed by this bill may adversely impact certain students. Part-time students who work full time have difficulties in completing degree requirements. These students may routinely take more courses than are required for their graduation requirements, often due to the courses available to these students each semester. In addition, some universities deny credit hours for courses taken at another institution. This bill may penalize these students because the university may require them to retake a potentially similar course to meet their graduation requirements

#### **Community Colleges – Baccalaureate Degree**

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<sup>5</sup> *Excess Hours Cost State \$62 Million Annually; University Actions May Help Address Problem*, Office of Program Analysis and Government Accountability, Report No. 06-58, August 2006.

<sup>6</sup> s. 1001.705(1)(c)(3), F.S.

Effective with freshmen enrolled in the fall semester or term 2007 and all freshmen thereafter, an undergraduate student who is enrolled in a baccalaureate degree program at a community college must pay 75 percent more than the in-state tuition rate for credit hours taken in excess of 120 percent of the credit hours required to complete the degree program in which he or she is enrolled, regardless of whether the student took those hours while enrolled at a community college, state university, or at any private postsecondary institution if the student received state funds while enrolled at the private postsecondary institution. Tuition at community colleges for baccalaureate degrees is limited by proviso in Specific Appropriation 139 of the General Appropriations Act<sup>7</sup> to no more than 85 percent of the cost of the tuition at the state university closest to the community college. If the tuition was at the maximum for the 2006-2007 school year, the rate for tuition would be \$62.70 per credit hour. Using the 2006-2007 tuition rates, a student who takes excess credit hours as outlined above would pay on average \$47.03 more for each credit hour taken in excess of 120 percent of the credit hours required to complete his or her degree.

The bill's excess credit hour requirements may adversely impact certain students. Part-time students who work full time have difficulties in completing degree requirements. These students may routinely take more courses than are required for their graduation requirements, often due to the courses available to these students each semester. In addition, some community colleges deny credit hours for courses taken at another institution. This bill penalizes these students because the community college may require them to retake a potentially similar course to meet their graduation requirements.

### Exceptions

Credit hours earned under the following circumstances are not calculated as hours required to earn a degree:

- College credits earned through an accelerated mechanism (e.g. dual enrollment, advanced placement)
- Credit hours earned through internship programs;
- Credit hours required for certification, recertification, or certificate degrees;
- Credit hours in courses from which a student must withdraw due to reasons of medical or personal hardship;
- Credit hours taken by active-duty military personnel;
- Credit hours required to achieve a dual major undertaken while pursuing a degree;
- Credit hours in remedial courses and English as a Second Language; and
- Credit hours earned in military science courses (e.g., R.O.T.C.).

### Notification

This bill requires postsecondary educational institutions to implement a process for notifying students regarding this additional cost for credit hours over 120 percent of graduation or degree requirements. Students must be notified upon their initial enrollment and again upon reaching the number of credit hours required to complete the degree program. The notice must include a recommendation for those students intending to earn credit hours beyond those required for their enrolled degree program to meet with their academic advisor.

## C. SECTION DIRECTORY:

Section 1. Creates s. 1009.286, requiring students to pay 75 percent more than the in-state tuition rate for credit hours in excess of a specified number of credit hours required to complete a degree program; providing for notification of students by a postsecondary institution; and providing applicability.

Section 2. Provides an effective date of July 1, 2007.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

Please refer to Fiscal Comments.

#### 2. Expenditures:

Please refer to Fiscal Comments.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

This bill does not appear to impact local government revenues.

#### 2. Expenditures:

This bill does not appear to impact local government expenditures.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Students who take more than 120 percent of the credit hours required for graduation or a degree would incur additional expenses for those credit hours in excess of the required credit hours for graduation.

### D. FISCAL COMMENTS:

This bill may increase the revenues of state universities and community colleges by the additional fees paid by students taking hours in excess of 120 percent required for graduation or a degree.

On May 26, 2005, the Revenue Estimating Conference reviewed a similar bill and estimated that for university students the similar legislation would cause an increase in tuition revenues of roughly \$13,272,030. The Conference then estimated that for community college students the similar legislation would cause an increase in tuition revenues of roughly \$6,040,253. Due to increases in tuition rates since 2005, it is anticipated that there will be a greater revenue impact for this bill.

The implementation of this bill may impact the expenditures of state universities and community colleges. The costs associated with the implementation of the provisions of this bill are unknown.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

#### 1. Applicability of Municipality/County Mandates Provision:

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

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

This bill does not reduce the percentage of state tax shared with counties or municipalities.

#### 2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

D. STATEMENT OF THE SPONSOR

No statement submitted.

**IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES**