

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Higher Education Committee

BILL: CS/SB 1768

INTRODUCER: Higher Education Appropriations and Senator Lynn

SUBJECT: University Tuition

DATE: April 22, 2008

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Bryant	Hamon	HI	Fav/CS
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

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|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

The bill revises the eligibility criteria for state universities authorized by the Board of Governors to establish a uniform maximum undergraduate tuition differential, which does not exceed 30 percent of tuition, to require only that the institution have research and development expenditures of at least \$100 million per year, as reported by the National Science Foundation. Accordingly, these universities would no longer have to meet the 2005 Carnegie Classifications as a research university with very high research activity to qualify for the tuition differential.

The bill modifies the Prepaid College Tuition Program by making beneficiaries having prepaid tuition contracts in effect on July 1, 2008, exempt from the payment of the tuition differential.

The bill also allows the Board of Governors or their designee to increase the combination of tuition and out-of-state fee for professional programs by a maximum of 15% a year, rather than the 10% currently in effect.

This bill amends sections 1009.24, and 1009.98 of the Florida Statutes.

II. Present Situation:

The 2007 Legislature authorized the Board of Governors of the State University System to establish a tuition differential for research universities that meet the criteria for Funding Level 1 or Level 2 under s. 1004.635(3), F.S.¹ The tuition differential is a supplemental fee that the Board of Governors could authorize research universities to charge for the purpose of improving undergraduate instruction and support services.

The Board of Governors may establish a tuition differential for Level 1 institutions that does not exceed 40 percent of tuition. Level 1 institutions are defined as meeting the following criteria:

- The number of nonprofessional doctoral degrees² awarded each year must exceed 250, and at least 25 percent of the nonprofessional doctoral degrees must be in a mathematics, science, technology, engineering, or a health-related discipline;
- The number of postdoctoral appointees reported in the most recent National Science Foundation/National Institutes of Health Survey of Graduate Students and Postdoctorates in Science and Engineering must exceed 200;
- The 4-year undergraduate graduation rate must equal 40 percent or higher;
- Expenditures from externally awarded contracts and grants must be a minimum of \$100 million per year;
- The university must have a proven track record of securing patents and licenses leading to products in the marketplace over the last five years;
- At least 75 percent of the entering freshmen each academic year who are classified as residents for tuition purposes must be eligible to receive Florida Bright Futures Scholarships; and
- The Basic Classification of the university, according to the 2005 Carnegie Classifications, must be as a research university with very high research activity.

Currently, Florida State University and the University of Florida meet the criteria for Level 1.

The Board of Governors may establish a tuition differential that does not exceed 30 percent of tuition for all institutions that qualify as Level 2. Level 2 institutions are defined to meet the following criteria:

- Expenditures from externally awarded contracts and grants must be a minimum of \$100 million per year; and
- The Basic Classification of the university, according to the 2005 Carnegie Classifications, must be as a research university with very high research activity.

The University of South Florida meets the criteria for Level 2.

The maximum tuition differential established by the Board of Governors for Level 1 institutions must be at least 30 percent greater than the maximum tuition differential established by the board

¹ ch. 2007-225, L.O.F.

² The statute specifies that for purposes of this program, nonprofessional doctoral degrees do not include degrees awarded in law, medicine, dentistry, and veterinary medicine.

for Level 2 institutions. The growth of tuition plus the differential cannot exceed 15 percent for any fiscal year. Revenue generated by the tuition differential must be spent solely for improving the quality of direct undergraduate instruction and support services. The tuition differential is exempt from payment under the Bright Futures Scholarship Program and does not apply to prepaid contracts issued before July 1, 2007. The differential does not apply to any student who is in attendance, and is continuously enrolled, at the institution before July 1, 2007. Finally, the differential may be waived for need-based students.

Although the tuition differential law passed in 2007, the three eligible institutions agreed to delay imposing the tuition differential for one year.

III. Effect of Proposed Changes:

The bill revises the eligibility criteria for state universities approved by the Board of Governors to establish a tuition differential that does not exceed 30 percent of tuition. The requirement for the university to be recognized as a research university with very high research activity under the 2005 Carnegie Classification is eliminated. The bill requires that the institution have research and development awards from externally awarded contracts and grants of at least \$100 million per year, as reported by the National Science Foundation Survey of Research and Development Expenditures at Universities and Colleges. Once the criteria were met and the differential established by the Board of Governors, a university's board of trustees could maintain the differential unless otherwise directed by the Board of Governors.

The 2006-2007 total research expenditures of state universities submitted to the National Science Foundation Survey of Research and Development Expenditures at Universities and Colleges are as follows³:

University of Florida	\$635,956,000
University of South Florida	\$337,169,000
Florida State University	\$211,310,000
University of Central Florida	\$141,140,000
Florida International University	\$ 89,111,000
Florida Atlantic University	\$ 27,318,000
Florida Agricultural and Mechanical University	\$ 17,695,000
University of West Florida	\$ 14,903,000
Florida Gulf Coast University	\$ 11,805,000
University of North Florida	\$ 8,412,000

The bill retains the current statutory provisions regarding the charging of the tuition differential to students, as follows:

- The tuition differential would not be covered by the Bright Futures Scholarship Program;
- Students who were in attendance at the qualifying institution prior to July 1, 2007, and who maintain continuous enrollment may not be charged the tuition differential; and

³ Florida Board of Governors, "Fiscal Year 2007 State University System Research Expenditures". Readable at <http://www.flbog.org/resources/quickfacts/>

- A university could waive the tuition differential for students who meet the criteria for the Florida Public Student Assistance Grant (FSAG).

The bill modifies the Prepaid College Tuition Program by making beneficiaries having prepaid tuition contracts in effect on July 1, 2008, exempt from the payment of the tuition differential.

The bill also allows the Board of Governors or their designee to increase the combination of tuition and out-of-state fee for professional programs by a maximum of 15% a year, rather than the 10% currently in effect.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Students would have to pay the tuition differential unless: 1) they were in attendance at the university before July 1, 2007, and remained continuously enrolled; 2) they were the beneficiary of a prepaid tuition contract in the Stanley G. Tate Florida Prepaid College Program that was in effect on July 1, 2008, and remained in effect; or 3) they were eligible for the FSAG and the university waived the fee.

The cost of prepaid contracts to attend qualifying institutions would increase.

Decisions by the Board of Governors or their designee will govern the costs of professional programs under the revised cap for the combination of tuition and out-of-state fee. Because these decisions are yet to be made, it is not possible to determine additional costs to out of state students at this time.

C. Government Sector Impact:

The new criteria for the 30% tuition differential will allow the University of Central Florida (UCF) to be eligible to charge the differential for the first time. Assuming the

base tuition increases 6% for 2008-09 (the policy of the Senate Proposed Budget), UCF would generate between \$2.5 million and \$3 million for a tuition differential set at 9%, depending on the extent the potential exemptions listed above are reflected in the student body.

For the Prepaid College Tuition Program, tuition differential contracts were sold for the first time this year. The Prepaid Board will need to revise its policies for future differential contracts.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Higher Education Appropriations, April 22, 2008:

Senate Bill 1768 was originally filed as a shell bill expressing legislative intent to revise laws relating to colleges and universities. The Higher Education Appropriations Committee adopted the committee substitute as described in this bill analysis.

- B. **Amendments:**

None.