

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: SB 1156

INTRODUCER: Senator Flores

SUBJECT: State University Student Fees

DATE: February 8, 2012 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Harkey	deMarsh-Mathues	HE	Pre-meeting
2.	_____	_____	BI	_____
3.	_____	_____	BC	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This bill would authorize state universities to increase the Capital Improvement Trust Fund (CITF) Fee and building fee to an amount that could not exceed 10 percent of tuition for resident students and 10 percent of the sum of tuition and out-of-state fees for nonresident students. The fees could be used to fund construction projects or property acquisition. A committee comprised of students appointed by the student body president and other members appointed by the university president would have to approve any subsequent increase in the fee. The fee could only be increased once each year and would have to be implemented beginning with the fall term. The bill requires the Board of Governors to adopt regulations and timetables to implement the fees.

The bill requires the Division of Bond Finance of the State Board of Administration to analyze any proposed reduction to the fees to ensure consistency with prudent financial management of the bond program associated with the revenues from the fee.

This bill amends sections 1009.24, and 1011.48, Florida Statutes.

II. Present Situation:

University Student Fees

State university students pay a number of fees in addition to tuition, as authorized in s. 1009.24, F.S. While some fees are authorized as a percentage of tuition, the statutes establish fixed amounts for the CITF fee and the building fee, which currently are limited to a combined total of

\$4.75 per credit hour per semester.¹ Revenue from these fees may be pledged for bond debt service.

University Campuses

University campuses away from the main campus commonly are referred to as branch campuses. However, the Board of Governors (BOG) does not use the term branch campus, but, rather, additional campus, in order to avoid conflict with the definition used by the regional accrediting body, the Southern Association of Colleges and Schools. BOG Regulation 8.009, Educational Sites,² defines and provides processes for establishing, reclassifying, relocating, and closing educational sites. The regulation defines an additional campus as one that has received separate regional accreditation, is defined as an instructional and administrative unit of a university, apart from the main campus, that primarily offers students upper-division undergraduate and graduate programs, as well as a wide range of administrative and student support services appropriate for the number of student FTE served. It also reflects a relatively permanent commitment by a university for the foreseeable future, not an occasional, time-limited, or transitory activity, in facilities which are university-owned, university-leased, or jointly used with another public institution. According to the BOG, as of June 2010, there were 16 additional campuses in the state university system.³

Issuance of Bonds

Section 1010.62, F.S., establishes a process for authorizing and issuing university debt and identifies the revenues that are available for payment of fixed capital outlay debt over a period of time. This section authorizes the use of the CITF fee and building fee to finance capital outlay projects through the issuance of bonds if the BOG approves the issuance of the debt.

State Debt Fiscal Responsibility

Section 215.98, F.S., requires the authorization of state debt to take into account the ability of the state to meet its total debt service requirements in light of other demands on the state's resources. The statute prohibits the Legislature from issuing additional tax-supported debt if such authorization would cause the designated debt ratio of debt service to revenues available to pay debt service to exceed seven percent, unless the Legislature determines that such additional debt is necessary to address a critical state emergency. Bonds financed through required CITF and building fees would be subject to the state's benchmark debt ratio policy cap of seven percent. According to the 2011 Debt Affordability Report, there is no debt capacity available through FY 2013 because the benchmark debt ratio is still projected to exceed the 7 percent policy cap.⁴ As of January, 2012, the projected ratio of debt service to revenues was 7.34 percent.⁵

III. Effect of Proposed Changes:

This bill would authorize state universities to increase the Capital Improvement Trust Fund Fee and building fee which currently are limited to a combined total of \$4.75 per credit hour per

¹ s. 1009.24(8), F.S., establishes the Capital Improvement Trust Fund Fee at \$2.44 per credit hour and the building fee at \$2.32 per credit hour.

² Readable at: http://www.flbog.edu/documents_regulations/regulations/8_009_2011_11_10_FINAL.pdf

³ BOG staff e-mail communication, February 7, 2012, on file with the committee.

⁴ Division of Bond Finance, State of Florida 2011 Debt Affordability Report, December 2011.

⁵ Division of Bond Finance, January 2012 update to the 2-011 Debt Affordability Report, on file with the committee.

semester, to an amount that could not exceed 10 percent of tuition for resident students and 10 percent of the sum of tuition and out-of-state fees for nonresident students. The fees could be used to fund any project or property acquisition that meets the requirements of chapter 1013, F.S., which governs the use, management, planning, construction, and funding of educational facilities. Each university would be required to establish a separate CITF fee and building fee at the main campus of the university and would be authorized to establish a separate fee for each branch campus or center. A committee comprised of students appointed by the student body president and other members appointed by the university president would have to approve any subsequent increase in the fee. The fee could only be increased once each year and would have to be implemented beginning with the fall term. The bill requires the Board of Governors to adopt regulations and timetables to implement the fees.

The bill requires the Division of Bond Finance of the State Board of Administration to analyze any proposed reduction to the fees to ensure consistency with prudent financial management of the bond program associated with the revenues from the fee.

While authorizing an increase in the CITF fee and building fee, the bill maintains in law the current caps on those fees. Adding a date on which the increase could begin would clarify this contradiction in the bill.

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:

Currently, the same amount is charged to resident and non-resident undergraduate and graduate students for the CITF and building fees. State university students would have to pay any authorized increases in the CITF and building fees. Nonresidents would pay a higher fee than Florida residents. The amount of the fee would increase as tuition increased, and the amount could vary from one university to another.

C. Government Sector Impact:

Currently, the Capital Improvement Fee is set at \$2.44 per student credit hour per semester and the Building Fee is set at \$2.32 per student credit hour per semester for a total of \$4.76. According to the Board of Governors, if the fees were increased to the maximum amount authorized in the bill, the amount generated over 4 years would be \$120 million, and if bonded, the fees could generate approximately \$400 million in revenue.⁶

For FY 2011-12, the amount of undergraduate tuition per credit hour for resident students is \$103.32. Ten percent of this amount is \$10.33. Universities would be able to increase the combined fees by no more than \$5.57 per credit hour per semester. For a student taking 30 credit hours the fiscal impact would be \$167.10.⁷

For non-resident undergraduate students, the average tuition and out-of-state fees per credit hour is \$576.48. Ten percent of \$576.48 is \$57.65. Universities would have the option of increasing the combined fees by no more than the average of \$52.89 per student credit hour. For a student taking 30 credit hours the fiscal impact would be \$1,586.70.⁸ Since any increase would be at the option of the university board of trustees, total fiscal impact is indeterminate.

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.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.

⁶ Board of Governors, "Student Life Facilities Survey Report," January 31, 2011.

⁷ Board of Governors legislative bill analysis, on file with the committee.

⁸ *Id.*