

**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.)

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Prepared By: The Professional Staff of the Committee on Appropriations

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BILL: CS/SB 1148

INTRODUCER: Appropriations Committee (Recommended by Appropriations Subcommittee on Education); and Education Committee

SUBJECT: Postsecondary Education

DATE: March 31, 2014

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Graf</u>	<u>Klebacha</u>		<b>ED SPB 7036 as Introduced</b>
2.	<u>Sikes</u>	<u>Elwell</u>	<u>AED</u>	<b>Fav/CS</b>
3.	<u>Elwell</u>	<u>Kynoch</u>	<u>AP</u>	<b>Fav/CS</b>

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**Please see Section IX. for Additional Information:**

COMMITTEE SUBSTITUTE - Substantial Changes

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**I. Summary:**

CS/SB 1148 eliminates the annual rate of inflation increase of the resident undergraduate tuition per credit hour at workforce education institutions, Florida College System institutions, and state universities, and reduces the maximum aggregate sum that the tuition and tuition differential fee may increase for state universities from 15 percent to six percent. The bill also specifies that if the resident undergraduate tuition per credit hour at workforce education institutions, Florida College System institutions, or state universities is not provided in the General Appropriations Act, the tuition must remain the same as the prior fiscal year.

The bill prohibits the State Board of Education from approving new baccalaureate degree programs at Florida College System institutions after March 31, 2014, and reemphasizes the primary mission of Florida College System institutions on providing lower level undergraduate instruction, awarding associate degrees, and preparing students directly for careers requiring less than a baccalaureate degree.

Based on 2013-2014 fiscal year tuition and tuition differential fees, this bill may save a state university student up to \$13.20 per credit hour in the 2014-2015 fiscal year, or a total of \$396 based on enrollment in 30 credit hours. The total student savings would be up to \$74,448,319, with state universities forgoing revenues of that same amount.<sup>1</sup>

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<sup>1</sup> Email, Board of Governors (March 4, 2014), on file with Appropriations Subcommittee on Education staff.

The bill also expands and creates postsecondary scholarship programs. Specifically, the bill expands the number of Rosewood Family Scholarships and increases the maximum annual award for recipients. The bill also creates the Florida National Merits Scholar Incentive Program. For the 2014-2015 fiscal year, the fiscal impact of the changes to the Rosewood Family Scholarship Program is \$196,747, and the fiscal impact of the National Merit Scholar Incentive Program is estimated at \$2,870,820.

The bill takes effect on July 1, 2014.

## II. Present Situation:

### Florida College System Baccalaureate Degree Programs

The State Board of Education is authorized to approve new Florida College System institution baccalaureate degree proposals.<sup>2</sup> Florida colleges may establish baccalaureate degree programs which meet district, regional, or statewide needs, if approved by the State Board of Education.<sup>3</sup> The approval process requires:

- The Florida college to submit a notice of intent to the Division of Florida Colleges at least 100 days before the submission of its proposal;
- The Chancellor of the State University System, the President of the Independent Colleges and Universities of Florida, and the Executive Director of the Commission for Independent Education have an opportunity to submit an objection or an alternative proposal to the baccalaureate degree program;
- The Florida college's proposal include a description of the planning process and implementation timeline, workforce demand analysis, identification of facilities and other resources required to deliver the program, a cost analysis and enrollment projections for the program, and other program specifics including admission requirements, curriculum, faculty credentials, and an accreditation plan;
- The Florida college obtain the necessary accreditation from the Commission on Colleges of the Southern Association of Colleges and Schools; and
- The Florida college to annually report its status on established performance and compliance indicators.<sup>4</sup>

### Resident Undergraduate Tuition Per Credit Hour

A student who enrolls in a college credit course at a state university is charged tuition<sup>5</sup> and other fees, unless the student is eligible for an exemption or a waiver.<sup>6</sup> The amount of resident undergraduate tuition per credit hour is established by the Legislature.<sup>7</sup> For the 2013-2014 fiscal

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<sup>2</sup> Section 1001.03(15), F.S.

<sup>3</sup> Section 1007.33(4)(c), F.S.

<sup>4</sup> Section 1007.33(5), F.S.

<sup>5</sup> Tuition means "the basic fee charged to a student for instruction provided by a public postsecondary educational institution in this state. A charge for any other purpose shall not be included within this fee." Section 1009.01(1), F.S.

<sup>6</sup> Sections 1009.24(1)-(2), 1009.25, and 1009.26, F.S.

<sup>7</sup> Section 1009.24(4), F.S.

year, the resident undergraduate tuition is \$105.07 per credit hour for lower-level and upper-level coursework at a state university.<sup>8</sup>

The resident undergraduate tuition per credit hour for workforce education programs, Florida College System institutions, and state universities increases automatically at the beginning of each fall semester at a rate equal to inflation, unless otherwise provided in the General Appropriations Act. Current law requires the Office of Economic and Demographic Research to report the rate of inflation to the President of the Senate, the Speaker of the House of Representatives, the Governor, and the Board of Governors each year prior to March 1.<sup>9</sup> The rate of inflation is defined as “the rate of the 12-month percentage change in the Consumer Price Index for All Urban Consumers, U.S. City Average, All Items, or successor reports as reported by the United States Department of Labor, Bureau of Labor Statistics, or its successor for December of the previous year.”<sup>10</sup> If the percentage change is negative, the resident undergraduate tuition must remain the same as the prior fiscal year.<sup>11</sup>

In addition to tuition, the Legislature also establishes a financial aid fee, capital improvement fee, and technology fee for workforce education programs and Florida College System institutions.<sup>12</sup> Florida College System institutions may also assess an activity and service fee.<sup>13</sup> Revenue generated from these fees must be expended as provided in law.<sup>14</sup>

The Legislature establishes for state universities the financial aid fee, Capital Improvement Trust Fund fee, technology fee, and distance learning course fee as a specified dollar amount or percent of tuition.<sup>15</sup> Additionally, the board of trustees for each state university may establish the following fees subject to the approval of the Board of Governors for the State University System of Florida (BOG): activity and service fee, health fee, athletic fee, and tuition differential fee.<sup>16, 17</sup> The board of trustees for each State University System (SUS) institution may also assess additional fees upon approval by the BOG.<sup>18</sup> Revenue generated from these fees must be expended as provided in law.<sup>19</sup>

### **Tuition Differential Fee**

Each state university board of trustees may establish a tuition differential fee for undergraduate courses upon receipt of approval from the BOG. The fee must promote improvements in the

<sup>8</sup> Section 1009.24(4)(a), F.S.

<sup>9</sup> Sections 1009.22(2)(d), 1009.23(3)(c), and 1009.24(4)(b), F.S.

<sup>10</sup> Sections 1009.22(2)(d), 1009.23(3)(c), and 1009.24(4)(b), F.S.

<sup>11</sup> Sections 1009.22(2)(d), 1009.23(3)(c), and 1009.24(4)(b), F.S.

<sup>12</sup> Sections 1009.22(5), (6)(a), and (7) and 1009.23(8)(a), (10), and (11)(a), F.S.

<sup>13</sup> Section 1009.23(7), F.S.

<sup>14</sup> Sections 1009.22 and 1009.23, F.S.

<sup>15</sup> Section 1009.24 (7), (8), (13), and (17), F.S.

<sup>16</sup> Tuition differential is defined as the “supplemental fee charged to a student by a public university in this state.” Section 1009.01(3), F.S. “The aggregate sum of undergraduate tuition and fees per credit hour, including the tuition differential [fee at a state university], may not exceed the national average of undergraduate tuition and fees at 4-year degree-granting public postsecondary educational institutions.” Section 1009.24(16)(b)4., F.S.

<sup>17</sup> Section 1009.24(4), (9)-(12), and (16), F.S.; Florida Board of Governors Regulations 7.001(6) and (14) and 7.003(4), (5), (16), (17), and (23).

<sup>18</sup> Section 1009.24 (14), F.S.

<sup>19</sup> Section 1009.24, F.S.

quality of undergraduate education and provide financial aid to undergraduate students who exhibit financial need.<sup>20</sup> The aggregate sum of undergraduate tuition and fees per credit hour, including the tuition differential fee, must not exceed the national average of undergraduate tuition and fees at four-year degree-granting public postsecondary educational institutions.<sup>21</sup> Increases to the tuition differential fee may be proposed by the state university board of trustees once each year. Such increases must be approved by the BOG. The tuition differential fee must not result in an increase of the aggregate sum of tuition and the tuition differential fee by more than 15 percent of the total charged for such fees in the preceding fiscal year.<sup>22</sup>

### **New College of Florida**

The mission and goals for New College of Florida specify that the institution serves a distinctive mission as a 4-year liberal arts honors college, authorized to provide undergraduate education. Section 1004.32, F.S., requires the New College of Florida to apply for separate accreditation from the Southern Association of Colleges and Schools and specifies the composition of the membership of its Board of Trustees.

### **Rosewood Family Scholarship Program**

The Rosewood Family Scholarship Program provides up to 25 scholarships per year to direct descendants of Rosewood families affected by the incidents of January 1923. These scholarships may be up to \$4,000, but may not exceed the student's tuition and fees.

## **III. Effect of Proposed Changes:**

This bill eliminates the annual rate of inflation increase of the resident undergraduate tuition per credit hour at workforce education institutions, Florida College System institutions, and state universities, and reduces the maximum aggregate sum that the tuition and tuition differential fee may increase for state universities from 15 percent to six percent. The bill also specifies that if the resident undergraduate tuition per credit hour at workforce education institutions, Florida College System institutions, or state universities is not provided in the General Appropriations Act, the tuition must remain the same as the prior fiscal year.

The bill prohibits the State Board of Education from approving new baccalaureate degree programs at Florida College System institutions after March 31, 2014. Existing Florida College System baccalaureate degree programs remain under the authority of the State Board of Education. The bill emphasizes that the primary mission of Florida College System institutions is providing lower level undergraduate instruction, awarding associate degrees, and preparing students directly for careers requiring less than a baccalaureate degree, and that providing upper level instruction and awarding baccalaureate degrees is separate and secondary role.

The bill repeals the requirement that New College of Florida function solely as an undergraduate institution, as well as obsolete provisions regarding its accreditation and Board of Trustees.

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<sup>20</sup> Section 1009.24(16), F.S.

<sup>21</sup> Section 1009.24(16)(b)4., F.S.

<sup>22</sup> Section 1009.24(16)(b)3., F.S.; *see also* Florida Board of Governors Regulation 7.001(14).

The bill increases the maximum number of scholarships available through the Rosewood Family Scholarship Program from 25 to 50, and increases the maximum annual award from \$4,000 to \$6,100.

The bill creates the Florida National Merit Scholar Incentive Program. This program will provide merit-based financial aid awards to eligible Florida high school graduates earning a National Merit Scholarship or National Achievement Scholarship and initially enrolling in a Florida postsecondary institution in the 2014-2015 academic year or later. This award will be equal to the institutional cost of attendance minus the sum of the student's Florida Bright Futures Scholarship and National Merit or National Achievement Scholarship.

The bill takes effect on July 1, 2014.

#### **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:

CS/SB 1148 makes college education more affordable and accessible to Florida's families by eliminating the automatic annual rate-of-inflation increase of the resident undergraduate tuition per credit hour at workforce education institutions, Florida College System institutions, and state universities. The bill reduces the maximum annual increase in the aggregate sum of tuition and the tuition differential fee for state universities, from 15 percent to six percent. Based on 2013-2014 tuition and tuition differential fees, this bill may save a state university student up to \$13.20 per credit hour in the 2014-2015 fiscal year, or a total of \$396 based on enrollment in 30 credit hours. The total student savings would be up to \$74,448,319.<sup>23</sup>

The changes to the Rosewood Family Scholarship Program and the creation of the Florida National Merit Scholar Incentive Program will also make college more affordable

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<sup>23</sup> Email, Board of Governors (March 4, 2014), on file with Appropriations Subcommittee on Education staff.

and accessible for Florida's families. The changes to the Rosewood Family Scholarship Program will enable twice as many students to receive the scholarship and provide up \$2,100 more per year. The Florida National Merit Scholar Incentive Program will provide students who receive the award with scholarship funds to cover their remaining cost of attendance not covered by their National Merit or National Achievement Scholarship and Florida Bright Futures Scholarship.

**C. Government Sector Impact:**

The resident undergraduate tuition per credit hour at workforce education institutions, Florida College System institutions, and state universities will only increase when specified in the General Appropriations Act, since the tuition increase at the rate of inflation will no longer be authorized. The automatic annual rate-of-inflation increase has never occurred at workforce education institutions and Florida College System institutions. The automatic rate-of-inflation increase has only occurred at state universities once, in the 2013-2014 fiscal year.<sup>24</sup> The reduction in the maximum allowed increase to the sum of tuition and the tuition differential fee from 15 percent to six percent may result in forgone revenues for the state universities. For the 2014-2015 fiscal year, state universities could forgo as much as \$74,448,319 in tuition and tuition differential fee revenue.<sup>25</sup>

The changes to the Rosewood Family Scholarship Program will provide additional scholarships to eligible students and increase the maximum annual award amount. The estimated fiscal impact of these changes for the 2014-2015 fiscal year is \$196,747.

The creation of the National Merit Scholar Incentive Program will encourage Florida high school graduates earning recognition as National Merit or National Achievement Scholars to enroll in a Florida public or independent postsecondary educational institution. The estimated fiscal impact of this program for the 2014-2015 fiscal year is \$2,870,820.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends the following sections of the Florida Statutes: 1001.03, 1001.60, 1004.65, 1007.33, 1009.22, 1009.23, 1009.24, and 1009.55.

This bill repeals section 1004.32 of the Florida Statutes.

<sup>24</sup> Email, Board of Governors (Feb.18, 2014), on file with Appropriations Subcommittee on Education staff.

<sup>25</sup> Email, Board of Governors (March 4, 2014), on file with Appropriations Subcommittee on Education staff.

This bill creates section 1009.893 of the Florida Statutes.

**IX. Additional Information:**

**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Appropriations on March 27, 2014:**

The committee substitute:

- Expands the Rosewood Family Scholarship Program and increases the annual award.
- Creates the Florida National Merit Scholar Incentive Program to reward Florida high school graduates who receive recognition as National Merit Scholars and National Achievement scholars and initially enroll in the 2014-2015 academic year or later at an eligible Florida public or independent postsecondary institution.
- Incorporates SB 1148 with modifications that eliminate the annual rate of inflation increase for tuition at workforce education and Florida College System institutions.
- Prohibits the State Board of Education from approving new baccalaureate degree programs at Florida College System institutions after March 31, 2014, but maintains State Board of Education authority over existing Florida College System institution baccalaureate degree programs
- Repeals the authority of the Board of Trustees of St. Petersburg College to establish new baccalaureate degree programs.
- Repeals the provisions of statute regarding New College which limit New College to serving only undergraduate students.

**B. Amendments:**

None.