

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 799 Out-of-State Fee Waivers for Active Duty Service Members

**SPONSOR(S):** Avila

**TIED BILLS:**           **IDEN./SIM. BILLS:** SB 944

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Higher Education & Workforce Subcommittee	11 Y, 0 N	Banner	Bishop
2) Education Appropriations Subcommittee	13 Y, 0 N	Butler	Heflin
3) Education Committee	17 Y, 0 N	Banner	Mizereck

### SUMMARY ANALYSIS

Florida law provides for several tuition and fee waivers for veterans residing in the state while enrolled in a state university, Florida College System institution, career center, or charter technical career center.

The bill creates an out-of-state fee waiver for an active duty member of the United States Armed Forces residing or stationed outside of the state at the time of enrollment at a state university, Florida College System institution, career center, or charter technical career center.

The bill requires the Board of Governors or State Board of Education to report the number and value of all fee waivers granted and authorizes the Board of Governors and State Board of Education to adopt regulations and rules to administer this fee waiver.

The Board of Governors has provided an estimated impact based upon analysis of Fiscal Year 2014-2015 enrollment. The Florida Colleges estimated the impact is indeterminate. As the enrollment increases cannot accurately be determined, the fiscal impact is indeterminate.

The bill is effective July 1, 2016.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Current Situation

The United States Department of Defense (USDOD) 2015 Strength Figures indicates a total active duty military population of 1.3 million worldwide. Florida has a large military population with more than 61,000 active duty military personnel.<sup>1</sup>

Florida law defines “tuition” as “the basic fee charged to a student for instruction provided by a public postsecondary educational institution in the state”.<sup>2</sup> Students who are not classified as “residents for tuition purposes”<sup>3</sup> are required to pay the full cost of instruction at a public postsecondary institution. The additional charge is known as the “out-of-state fee”<sup>4</sup>. Institutions are authorized to provide exemptions and/or waivers<sup>5</sup> of the out-of-state fee to students who meet specified criteria.

Florida law authorizes a state university, Florida College System institution, school district career center or charter technical career center to waive tuition for recipients of a Purple Heart or other superior combat decoration. Individuals must reside in the state at the time the military action occurred and while enrolled in the institution.<sup>6</sup> Additionally, the Congressman C.W. “Bill” Young Veteran Tuition Waiver Program provides an out-of-state fee waiver for honorably discharged veterans of the United States Armed Forces, the United States Reserve Forces, or the National Guard who physically resides in the state while enrolled in the institution.<sup>7</sup>

#### Effect of Proposed Changes

The bill creates an out-of-state fee waiver for an active duty member of the Armed Forces of the United States residing or stationed outside of the state and prohibits these individuals from being charged tuition and fees higher than those charged to resident students.

The bill requires each state university, Florida College System institution, career center, and charter technical career center to report the number and value of all fee waivers granted to the Board of Governors or State Board of Education, as appropriate.

The bill authorizes the Board of Governors and the State Board of Education to adopt regulations and rules to administer this fee waiver.

### B. SECTION DIRECTORY:

Section 1: Amends s. 1009.26, F.S., to direct state universities, Florida College System institutions, and Florida career centers to waive certain fees for active duty military; require an annual report; and authorize the adoption of rules and regulations by the Board of Governors and the State Board of Education.

Section 2: Provides an effective date of July 1, 2016.

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<sup>1</sup> Email correspondence with Department of Military Affairs staff. January 12, 2016. On file with Higher Education and Workforce Subcommittee.

<sup>2</sup> Section 1009.01(1), F.S.

<sup>3</sup> Section 1009.21(1)(g), F.S.

<sup>4</sup> Section 1009.01(2), F.S.

<sup>5</sup> Sections 1009.25 and 1009.26, F.S.

<sup>6</sup> Section 1009.26(8), F.S.

<sup>7</sup> Section 1009.26(13), F.S.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

##### **State University System**

The Board of Governors, based on Fall 2014 enrollment data of non-resident active duty military students, estimates an annual unrealized tuition amount for the State University System of approximately \$248,000.<sup>8</sup>

According to the Board of Governors, the fiscal impact to the State University System is calculated by using the 2014-2015 FTE enrollment data for non-resident active military students because 2015-2016 data are not yet available. Additionally, the 2015-2016 Tuition and Fee Survey is used to calculate the system average of lost revenues resulting from the exclusion of non-resident fees paid by these students.<sup>9</sup>

Of the 13.16 FTE non-resident students listed as active duty, 8.35 FTE are undergraduate students and 4.81 FTE are graduate students. The estimated fiscal impact of waiving the non-resident fee for undergraduate and graduate students is as follows:

##### Undergraduate Students (8.35 FTE):

2014-2015 System Non-Resident Fee Revenue = 8.35 \* 40 credits \* \$465.59 = \$155,507

##### Graduate Students (4.81 FTE):

2014-2015 System Non-Resident Fee Revenue = 4.81 \* 32 credits \* \$599.07 = \$92,257

##### **Florida College System**

According to the Division of Florida Colleges, the fiscal impact of the bill is indeterminate. The number of active duty servicemembers affected by the recommended changes cannot be determined with currently available data. Colleges may see a reduction of out-of-state fee revenue from currently enrolled students benefitting from the proposed changes.

For Fiscal Year 2015-2016, the weighted average in-state tuition and fees for lower level programs is \$106.74 per credit hour; the weighted average out-of-state tuition and fees is \$389.53 per credit hour, which is \$282.79 above the in-state per credit hour rate.

#### 2. Expenditures:

The bill requires the Board of Governors and the State Board of Education to report the number and value of all fee waivers granted annually. The collection of these data can be included in the waiver information already collected, therefore there is an insignificant fiscal impact associated with this requirement.

The bill also authorizes the Board of Governors and the State Board of Education to amend regulations and rules, respectively, which may be inconsistent with the provisions of the bill. The regulation and rulemaking processes are part of the daily operations of the Board of Governors and Department of Education, therefore there is no known state fiscal impact associated with this requirement.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

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<sup>8</sup> State University System of Florida Board of Governor's 2016 Legislative Bill Analysis for HB 799.

<sup>9</sup> Id.

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Specified active duty servicemembers who do not reside in Florida and would otherwise be unable to establish Florida residency would be able to pay in-state tuition rates at state universities, Florida College System institutions, career centers, and charter technical career centers. Savings are outlined below:

**In-State versus Out-of-State Tuition Per Credit/Clock Hour**

	Average Tuition and Fees		Savings Per Credit Hour
	In-State	Out-of-State	
<b>COLLEGES</b>			
Associate	\$107	\$390	\$283
Baccalaureate	\$122	\$514	\$392
Career Certificates/Applied Technology Diploma <sup>1</sup>	\$83	\$329	\$246
<b>UNIVERSITIES</b>			
Undergraduate	\$198	\$688	\$490
Graduate <sup>2</sup>	\$437	\$1,064	\$627
<b>CAREER CENTERS (tuition - per clock hour)</b>			
Career Certificates/Applied Technology Diploma <sup>1</sup>	\$2.33	\$6.99	\$4.66
<sup>1</sup> Career Centers and Charter Technical Centers offer these programs as well. These represent Florida College System institutions' conversion from clock hour to credit hour. These rates are assessed in accordance with section 1009.22, Florida Statutes.			
<sup>2</sup> Graduate program tuition and fee comparisons do not include Law, Medical, Vet Medicine, Dentistry, Pharmacy, Physical Therapy, Master Public Health, or Nurse Anesthetist programs, which have higher tuition and fees.			

D. FISCAL COMMENTS:

Generally, it may be difficult for institutions to identify the number of students who will meet the criteria outlined in the bill and opt to take advantage of the expanded benefits; therefore, the full potential fiscal impact is indeterminate.

Institutions may incur losses in out-of-state fee revenues for current students who become eligible as a result of this legislation. Currently, for both the Florida colleges and state universities, state funding provides approximately 57 percent of the cost of student's education, while student tuition provides 43 percent. Significant increases in enrollment will require additional state funding; however, since there is no way to determine potential enrollment increases, the fiscal impact is indeterminate.

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None

B. RULE-MAKING AUTHORITY:

The State board of Education and Board of Governors may be required to amend any rules or regulations inconsistent with the provisions of the bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

**IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

None.