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 Committee on Appropriations

BILL:	HB 5601
INTRODUCER:	Higher Education Budget Subcommittee and Representative Busatta
SUBJECT:	Higher Education
DATE:	February 27, 2026
REVISED:	3/2/26

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Gray	Sadberry	AP	**Fav/1 amendment**

Please see Section IX. for Additional Information:

AMENDMENTS - Significant amendments were recommended

I. Summary:

HB 5601 conforms statutes to the House General Appropriations Act (GAA) for Fiscal Year 2026-2027. Specifically, the bill:

- Removes the requirement that the required contribution to the reserve escrow account for the a state university's Public Education Capital Outlay (PECO) prioritized funding list be specific to a facility.
- Provides for the transfer of facilities from the University of South Florida Sarasota-Manatee campus to the New College of Florida.
- Allows a university's Board of Trustees to establish out-of-state fees for nonresident students.
- Requires all student financial aid be applied before a university grants tuition waivers for a Program of Strategic Emphasis or a teacher preparation course.
- Requires a university to commit 12 percent of its carry-forward funds towards a PECO project.
- Removes the requirement that the Institute for Freedom in the Americas at Miami Dade College partner with the Adam Smith Center for Economic Freedom.
- Allows state funds to be used to address Title IX mandates in intercollegiate athletics.
- Includes university research facilities as educational facilities.

This bill does not appear to have a direct impact to state revenues or expenditures. **See Section V., Fiscal Impact Statement.**

The bill is effective upon becoming a law.

II. Present Situation:

State University System Fixed Capital Outlay

Public Education Capital Outlay

The state funds construction of new public education facilities and renovation, remodeling, maintenance and repair of existing educational facilities from the Public Education Capital Outlay (PECO) and Debt Service Trust fund.[1] Funds from this trust fund are available to Florida's 67 public school districts, Florida College System (FCS) institutions, State University System (SUS) institutions, and the Florida School for the Deaf and Blind.[2] Revenue sources for the trust fund are:

- Proceeds, premiums, and accrued interest for the sale of public education bonds;
- Goss receipts tax on utilities required by Article XII, Section 9(a)(2) of the Florida Constitution;
- General revenue funds appropriated in the trust fund by the legislature; and
- Carried forward capital outlay funds.[3]

State university boards of trustees request PECO funds for fixed capital outlay projects based on annually updated 3-year priority list compiled by the BOG and included in the legislative budget request. The 3-year priority list is created form a preliminary group which includes previously state funded PECO projects which have not been completed and the two top priorities of each state university.[4]

Deferred Maintenance

The Board of Governors (BOG) defines maintenance for SUS facilities as maintenance and repair activities not performed at the necessary time due to lack of resources such as funding, labor or time. As a result, these projects are deferred to a later date. This includes preventative maintenance or repairs needed to preserve or maintain the facility. Delay of those maintenance or repairs may lead to facility deterioration and asset impairment. Deferred maintenance does not include deferred capital replacement, which the BOG defines as postponing the replacement of infrastructure and/or building systems such as roofing, HVAC, boilers, and sprinkler systems. [5]

University System Carry Forward Funds and Spending Plans

The budgeting process for state universities allows unexpended state funds in a state university current year operating budget to be carried forward in the approved budget for the following year, provided the university maintains a seven percent minimum reserve.[6] If a university retains a state operating fund carry forward balance above the seven percent minimum, the university

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[1] Chapter 2025-198, specific appropriation 147, Laws of Fla.
[2] Florida Department of Education, *Fixed Capital Outlay,* available at https://www.fldoe.org/finance/fco/ (last visited Feb. 25, 2026).
[3] Section 1013.65(2)(a), F.S.
[4] Section 1001.706(12), F.S.
[5] Florida Board of Governors, *The Issue of "Deferred Maintenance" within the State University System,* available at https://www.flbog.edu/wp-content/uploads/2022/01/Plan-for-addressing-SUS-deferred-maintenance-1.pdf (last visited Feb. 25, 2026).
[6] Section 1011.45(1), F.S.

must submit a carry forward spending plan for the excess to the BOG for approval. Expenditures in a carry forward plan may include:

- Capital outlay projects that previously received an appropriation but require additional funding to be completed;
- Renovation, repair, maintenance, or replacement of minor facilities consistent with statutory requirements;
- Remodeling or infrastructure projects, including those for developmental research schools, when survey-recommended;
- Repairs or replacements due to natural disasters affecting inventoried buildings;
- Operating expenses that support the university's mission;
- Purposes specified by the BOG or the General Appropriations Act; or,
- Contingency reserves to cover expenses resulting from a Governor-declared state of emergency.

A university spending plan must include the estimated cost per planned expenditure and a timeline for completion of the expenditure.[7]

Board of Governors

Within the statutory framework that establishes the state policies for planning, constructing, funding and maintaining educational facilities,[8] the BOG serves as the entity responsible for the coordination of State University System facilities planning, BOG operates within statutory guidance when developing the 3-year prioritized list of funding requests. Should the BOG consider a new construction, remodeling, or renovation project that has not received prior funding, the university must have a plan to provide reserve funds in an escrow account, that is specific to the project, into which one percent of the total building value is deposited annually for the future maintenance needs.[9]

Transfer of University of South Florida Sarasota-Manatee Campus Facilities to the New College of Florida

Institutional Background

The University of South Florida (USF) Sarasota-Manatee campus is part of the SUS and operates as a regional campus of USF.[10] The campus includes state-owned real property, academic and residential facilities, and related fixed capital assets, some of which were financed through outstanding debt obligations.

New College of Florida (NCF) is a public liberal arts institution within the SUS, located in Sarasota County. As Florida's designated public liberal arts college, New College operates under a distinct institutional mission relative to other state universities.[11]

[7] Section 1011.45(3), F.S.
[8] Chapter 1013, F.S.
[9] Section 1001.706(12)(c), F.S.
[10] Section 1004.341, F.S.
[11] Section 1004.32, F.S.

University Campus Transfers and Board of Governors Oversight

The Legislature has previously addressed the transition of a regional campus into a separate university, most notably the creation of Florida Polytechnic University from USF in 2012. That process involved statutory criteria, BOG oversight, asset and liability transfers, and student teach-out provisions to ensure continuity of educational services while reallocating campus ownership and governance responsibilities.[12]

Postsecondary Tuition and Fees

Residency Status for Tuition Purposes

Students must be classified as residents or nonresidents for the purpose of assessing tuition in postsecondary educational programs offered by public postsecondary institutions. Students pay differing tuition rates and fees based on their status as a resident or nonresident of Florida.

To qualify as a resident for tuition purposes, a person, or if that person is a dependent child, his or her parent or parents, must have established legal residence in Florida and must have maintained legal residence for at least 12 consecutive months immediately prior to his or her initial enrollment in the public postsecondary institution.

Each public postsecondary institution must make a residency determination based on the submission of at least two forms of documentation specified by law. Documentation includes, but is not limited to:

- Florida voter registration card.
- Florida driver's license.
- Florida vehicle registration.
- Homestead exemption.
- Proof of full-time employment.
- Declaration of domicile.
- Florida Incorporation.
- Lease agreements or utility bills (must have proof of 12 months of consecutive payments).[13]

Tuition and Out-of-State Fees

Florida law defines tuition as the basic fee charged to a student for instruction provided by a public postsecondary educational institution in the state. A student who is classified as a resident for tuition purposes qualifies for the in-state tuition rate. An out-of-state fee is the additional fee for instruction charged to a student who does qualify for the in-state tuition rate,[14] unless these costs are exempted or waived.[15]

[12] Chapter 2012-129, Laws of Fla.
[13] Section 1009.21, F.S.
[14] Section 1009.01, F.S.
[15] Section 1009.24(2), F.S.

The resident undergraduate tuition rate for the State University System (SUS) is set at $105.07 per credit hour.[16] The SUS average tuition and out-of-state fee is $570.01 per credit hour.[17] The Board of Governors (BOG) may establish tuition for graduate and professional programs and out-of-state fees for all programs and state universities. Except as otherwise provided, the sum of tuition and out-of-state fees assessed to nonresident students must offset the full instructional cost of serving those students. However, adjustments to out-of-state fees or tuition for graduate programs and professional programs may not exceed 15 percent in any year. A university may also implement a differential out-of-state fee as long as it is in accordance with the regulations developed by the BOG.[18]

Out-of-State Enrollment

Public colleges and universities were designed to serve the educational needs of those who live in the state. To uphold that mission, some schools and states set enrollment caps or limit the number of out-of-state students that can be admitted each year.[19] Florida's systemwide enrollment cap on nonresident student enrollment is set by the BOG and is not to exceed 10 percent of the total systemwide enrollment excluding certain students who receive nonresident tuition and fee waivers. These waivers are to encourage nonresident enrollment and for students enrolled entirely in distant learning courses.[20]

Relative to other public institutions nationwide, Florida's affordable tuition and fee rates are an incentive for nonresident students to enroll in a state institution. During the period from 2012 to 2024, fall term nonresident enrollment of undergraduates increased by 21,104 students (168 percent increase), representing 12.1 percent of total undergraduate enrollment in 2024 (up from 4.9 percent in 2012). Similarly, fall term nonresident graduate enrollment during the same time period increased by 8,845 students (54.2 percent), representing 33.0 percent of the total graduate enrollment (up from 26.3 percent in 2012).[21]

Programs of Strategic Emphasis or State-Approved Teacher Preparation Program Waiver

Residency Status for Tuition Purposes

Florida law provides waivers from specified fees to certain students attending public postsecondary institutions who meet identified criteria. Some tuition and fee exemptions and waivers are established pursuant to Florida Statute and are considered mandatory, while others

[16] Section 1009.24(4), F.S.
[17] Florida Board of Governors, State University System of Florida, *Tuition and Required Fees, 2025-2026*, at 4, available at https://www.flbog.edu/wp-content/uploads/2025/07/2025-2026-SUS-Tuition-and-Fees-Report.pdf (last visited Feb. 25, 2026).
[18] Section 1009.24(4), F.S.
[19] US News, *College Enrollment Caps: What to know,* (2022), available at https://www.usnews.com/education/articles/college-enrollment-caps-what-to-know?edu-2294-control=true (last visited Feb. 26, 2026).
[20] Florida Board of Governors Regulation 7.006
[21] Florida Board of Governors, *Tuition and Out-of-State Fee Overview, June 2025,* at 6, available at https://www.flbog.edu/wp-content/uploads/2025/06/Tuition-and-Out-of-state-Fee-Overview-2.pdf (last visited Feb. 25, 2026).

are permissive, such as fee waivers for senior citizens, or state university board of trustees approved waivers.[22]

For Program of Strategic Emphasis (PSE), or state-approved teacher preparation program identified by the BOG, in which a student is enrolled, a state university shall waive 100 percent of the tuition and fees for an equivalent course in the program. To be eligible, a student must:

- Be a resident for tuition purposes;[23]
- Earn at least 60 semester credit hours towards a baccalaureate degree within two academic years after initial enrollment at a Florida public postsecondary institution; and
- Be enrolled in one of 10 STEM PSE. [24] The programs identified by the Board of Governors must reflect the priorities of Florida and be offered at most state universities.[25]

The PSE waiver is applicable only for upper-level courses and up to 110 percent of the number of required credit hours of the baccalaureate degree program for which the student is enrolled.[26]

Bright Futures Florida Academic Scholars or Florida Medallion Scholars participating in the Program of Strategic Emphasis Waiver or a state-approved teacher preparation program must receive a disbursement equal to the award amount received for the courses paid by the Bright Futures Scholarship program.[27]

A state university providing waivers to students enrolled in programs of strategic emphasis may receive funding to offset the forgone tuition revenue if the Legislature appropriates funding in the General Appropriations Act.[28] For 2025-2026 fiscal year, the Legislature appropriated $18,405,299 for this purpose.[29]

The Institute for Freedom in the Americas at Miami Dade College

The Institute for Freedom in the Americas at Miami Dade College (Institute) was created by the Legislature in 2024 to preserve the ideals of a free society and promote democracy in the Americas. The Institute is required to partner with the Adam Smith Center for Economic Freedom at Florida International University to offer workshops, symposiums, and conferences that connect regional leaders and help them learn new insights and ideas for promoting the intellectual, political, and economic freedoms that build a democracy.[30] The Institute is also required to enter into an agreement with the Adam Smith Center to provide participants with academic coursework and programs that advance democratic practices.

[22] Section 1009.26, F.S.
[23] Section 1009.21(1)(g), F.S., provides that a student who is classified as a "resident for tuition purposes" is a student who qualifies for the in-state tuition rate.
[24] Section 1009.26, F.S.
[25] Section 1009.26(18)(a), F.S.
[26] Section 1009.26(18)(b), F.S.
[27] Section 1009.26(18)(c), F.S.
[28] Section 1009.26(18)(d), F.S.
[29] Chapter 2025-198, specific appropriation 147, Laws of Fla.
[30] Section 1004.89(1)(a), F.S.

A direct-support organization (DSO) for a Florida College System (FCS) institution is a Florida nonprofit corporation organized to receive, hold, invest, and administer property and to make expenditures to, or for the benefit of, a specific FCS institution. A FCS institution Board of Trustees must certify the DSO is operating in alignment with the institution's goals and the state's interests. A DSO must report certain federal tax information and conduct an annual financial audit in accordance with rules adopted by the Auditor General.[31] Currently, statute directs Miami Dade College to approve a DSO for the Institute for Freedom in the Americas.[32]

Title IX of the Education Amendments of 1972

Title IX of the Education Amendments of 1972 prohibits sex-based discrimination in any education program or activity receiving federal financial assistance, including intercollegiate athletics. Title IX requires colleges and universities to provide equitable opportunities for participation, scholarships, and treatment of male and female student-athletes, ensuring that athletic programs are structured and funded in a manner that offers comparable access, benefits, and support.[33]

Public postsecondary institutions are required to comply with the requirements of Title IX and other applicable federal laws governing athletics programs and authorizes the use of available funds to support necessary compliance activities.[34]

III. Effect of Proposed Changes:

Board of Governors and Public Education Capital Outlay Projects

The bill modifies the requirements that the Board of Governors (BOG) must consider prior to including a new Public Education Capital Outlay (Peco) project for new construction, remodeling, or renovation, in its prioritized funding requests to the Governor and Legislature. Universities are required to place one percent of the total building value of the new PECO project into a reserve escrow account for future maintenance needs. The bill removes the requirement that the reserve be specific to a new project, thus allowing flexible use of these reserved funds for other higher-priority maintenance needs.

Transfer of University of South Florida Sarasota-Manatee Campus Facilities to New College of Florida

The bill transfers property ownership, leaseholds, fixed capital facilities, and associated equipment and furnishings within these facilities from the University of South Florida (USF) Sarasota-Manatee campus to the New College of Florida (NCF). The bill further directs the NCF to assume full liability by October 30, 2026, for any outstanding debt as of July 1, 2026, including any fees and costs associated with the transfer of such debt. Until that time, the NCF is

[31] Section 1004.70, F.S.
[32] Section 1004.89, F.S.
[33] U.S. Department of Education, *Title IX and Athletics*, available at https://www.ed.gov/laws-and-policy/civil-rights-laws/title-ix-and-sex-discrimination/title-ix-key-issues/title-ix-and-athletics (last visited Feb. 25, 2026).
[34] Section 1006.71, F.S.

to remit monthly payments of $166,617 to the USF for the debt service on the facilities transferred on July 1, 2026.

The bill provides that the USF students who were enrolled at the Sarasota-Manatee campus prior to July 1, 2026, and are continuously enrolled at the USF, are to receive the highest priority for use of classroom space in any of the transferred properties, so long as the student graduates no later than four years after his or her initial enrollment. A student whose initial offer of admission to the USF is after July 1, 2026, may no longer designate the USF Sarasota-Mantee campus as his or her home campus. Existing contracts for the lease of temporary residence at a USF facility must be honored by the NCF until August 15, 2027, unless the student voluntarily opts to vacate the contract before its expiration date. The student is released from cancellation fees or the remaining rental charges he or she decides to terminate the contract.

Postsecondary Tuition and Fees for Nonresident Students

The bill removes the BOG's authority to establish out-of-state fees for all programs. The bill authorizes each university board of trustees to establish such fees, provided the sum of tuition and out-of-state fees assessed to nonresident students offsets the full instructional cost of serving nonresident students.

The bill removes the requirement specifying that the block tuition policy for nonresident undergraduate students be based on the per-credit hour undergraduate tuition and out-of-state fee to conform to the removal of the authority of the BOG to establish out-of-state fees for all programs.

Institute for Freedom in the Americas at Miami Dade College

The bill removes the requirement that the Institute for Freedom in the Americas must partner with the Adam Smith Center for Economic Freedom to host symposiums, workshops, and conferences. The bill also removes the requirement for the Miami Dade College Board of Trustees to approve a direct-support organization for the Institute. This policy was included in the Fiscal Year 2025-2026 Implementing Bill, the provisions of which expire on June 30, 2026.

State University System Carry Forward Funds

The bill requires that a state university carry forward spending plan identify at least 12 percent of the carry forward balance towards a PECO project for which the university has previously received funding and requires additional funding to be completed, or towards a deferred building maintenance project. The spending plan must identify the specific project and amount. The bill requires a university's carry forward spending plan to include detailed documentation of expenditures that the university applied towards PECO projects identified the prior year carry forward spending plan.

Additionally, the bill expands the list of authorized expenditures that a university may include in its carry forward spending plan to include deferred building maintenance expenses for projects that improve the health and safety of its facilities.

Educational Facilities

The bill modifies the definition of "educational facilities" to clarify that a university facility providing research activities is to be considered within the state's fixed capital outlay and facilities planning framework.

The bill takes effect July 1, 2026.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

This bill does not have a fiscal impact on state government.

To the extent a university raises its out-of-state fee for nonresident students, additional tuition and fees may be generated for the university.

The General Appropriations Act (GAA) for the 2025-2026 fiscal year included a recurring reduction of $20,000,000 to the Programs of Strategic Emphasis Waiver

program, as the provisions of this bill were included in the Fiscal Year2025-2026 Implementing Bill. Maintaining this provision extends the policy for which a budget reduction has already been applied.

The House of Representative's GAA for the 2026-2027 fiscal year transfers a total of $22,472,567 from the University of Florida's base state operating funds to the New College of Florida to effectuate the transfer of facilities, property, and associated debt.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 1001.706, 1004.342, 1004.344, 1004.89, 1009.24, 1009.26, 1011.45, 1011.90, and 1013.01.

This bill creates an undesignated section of law.

IX. Additional Information:

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

None.

B. Amendments:

Barcode 160978 by Appropriations on March 2, 2026:
This amendment deletes everything after the enacting clause.
(WITH TITLE AMENDMENT)

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