

2006 LEGISLATIVE ISSUE FORM

BOG/SUS ISSUE: Local Fee Caps



PROPOSED STATUTORY LANGUAGE: Attached

1. Change Needed: Section 1009.24 (3)

Amend the statutes to increase the combined cap for the activity and service (A&S), athletics and health fees from 40 to 45 percent, as well as delete the provision that limits annual increases to no more than 5 percent.

2. Current Condition:

Based on current statutes, the above-stated combined three fees cannot exceed 40 percent of tuition unless the amount was already exceeded when the law was amended by the 2002 Legislature. Currently, all universities are below the cap of \$28.62; however, there are two universities near the cap; UCF and UNF at \$27.06 and \$27.05, respectively.

In addition, the universities cannot increase these three fees more than 5 percent annually and maybe less if the 5 percent increase would result in exceeding the 40 percent cap. Therefore, current law restricts the universities from increasing these three fees significantly even if they have justifiable reason to do so.

3. Rationale for Change:

This will give the universities more flexibility in setting these fees. There might be a time when the university committee which is comprised of one-half students may want to increase the fee(s) significantly for a specific purpose.

For example, a university may want to implement a policy that would reduce the cost of prescription drugs for their students by entering into an agreement with certain drug stores in the area. The health fee might increase substantially but students will be paying less for prescription drugs which may result in increased benefits for the students overall. This will give the universities the flexibility to increase the fees to meet an immediate need or priority in a timely manner.

4. Fiscal Impact:

Current Status:

- ❖ Statute limits the three local fees (A&S, health and athletic) to 40% of tuition
- ❖ Resident undergraduate tuition for 2005-06 is \$71.57 per credit hour
- ❖ The total of the three local fees cannot exceed \$28.62 (\$71.57 x 40%) per credit hour
- ❖ All universities are currently under the 40% cap (see exhibit 1) and cannot increase local fees more than 5% in any one year

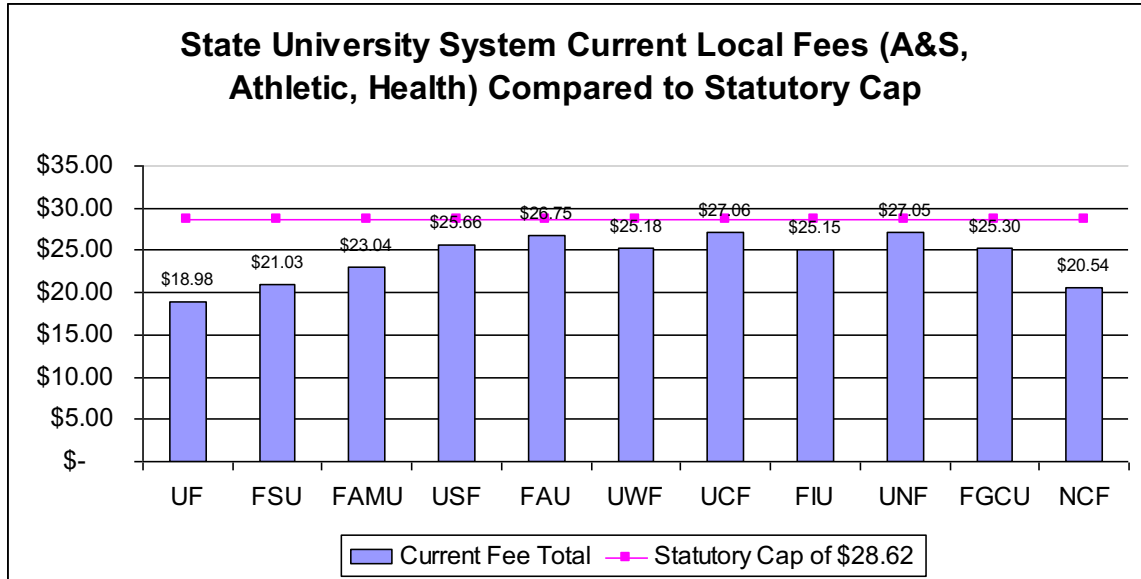


Exhibit 1

Potential Impact of Changes using 2005-2006 as a baseline:

- ❖ Increasing the cap on local fees to 45% of tuition would raise the maximum from \$28.60 to \$32.20 per credit hour, an increase of \$3.60 per credit hour.
- ❖ If the 5% maximum increase per year was eliminated and the cap raised to 45% and each university raised the sum of the 3 local fees to \$32.20, the total maximum potential impact to students would be as follows:

	Current Local Fee Total	% Under Current Cap	45% cap	Maximum Increase	% Increase with no Annual Cap and 45% of Tuition Cap	2005-06 Estimated SCH*	Maximum Student Cost
UF	\$18.98	33.7%	\$32.20	\$13.22	69.7%	1,421,180	\$18,788,000
FSU	\$21.03	26.5%	\$32.20	\$11.17	53.1%	1,141,114	\$12,746,243
FAMU	\$23.04	19.5%	\$32.20	\$9.16	39.8%	415,620	\$3,807,079
USF	\$25.66	10.3%	\$32.20	\$6.54	25.5%	1,044,698	\$6,832,325
FAU	\$26.75	6.5%	\$32.20	\$5.45	20.4%	613,262	\$3,342,278
UWF	\$25.18	12.0%	\$32.20	\$7.02	27.9%	248,279	\$1,742,919
UCF	\$27.06	5.5%	\$32.20	\$5.14	19.0%	1,120,142	\$5,757,530
FIU	\$25.15	12.1%	\$32.20	\$7.05	28.0%	967,214	\$6,818,859
UNF	\$27.05	5.5%	\$32.20	\$5.15	19.0%	353,660	\$1,821,349
FGCU	\$25.30	11.6%	\$32.20	\$6.90	27.3%	161,719	\$1,115,861
NCF	\$20.54	28.2%	\$32.20	\$11.66	56.8%	30,659	\$357,484
Total						7,517,547	\$63,129,926

*per 2005-2006 Allocation Document

- ❖ Statute requires a committee (of which one-half are students) to recommend increases for these three fees, thus the actual impact may be significantly less than what is presented above.

Bright Futures Impact:

- ❖ It is estimated that the potential impact to the Bright Futures program would be approximately \$9.8 million ($\$3.60 \times 2,700,000$ student credit hours qualifying for Bright Futures). Thus, if each university went to the maximum 45% cap, then \$9.8 million of the \$63.1 million would be funded by the Bright Futures program. (Note: Currently when estimating the impact of local fees on the Bright Futures program, the Department of Education's Office of Student Financial Assistance uses the current 40% cap of \$28.60.)

5. Justification for BOARD OF GOVERNOR'S Priority (if applicable):

This revision would give the local fee committees additional flexibility to address issues important to the student body and university.

6. Link to BOG Strategic Plan:

Not applicable

PROPOSED STATUTORY LANGUAGE

Section 1009.24, F.S.

(3c) The sum of the activity and service, health, and athletic fees a student is required to pay to register for a course shall not exceed ~~45~~⁴⁰ percent of the tuition for undergraduate, graduate or professional students ~~established in law or in the General Appropriations Act~~. No university shall be required to lower any fee in effect on the effective date of this act in order to comply with this subsection. ~~Within the 40 percent cap, universities may not increase the aggregate sum of activity and service, health, and athletic fees more than 5 percent per year unless specifically authorized in law or in the General Appropriations Act.~~