

2009 LEGISLATIVE ISSUE FORM

BOG ISSUE: Capital Improvement Fee



PROPOSED STATUTORY LANGUAGE: Section 1009.24(8) *The Capital Improvement Trust Fund fee is established as \$2.44 per credit hour per semester. The building fee is established as \$2.32 per credit hour per semester. Each university board of trustees may establish a greater capital improvement fee; however the total of all capital improvement and building fees may not exceed 10 percent of tuition for resident students or 10 percent of the sum of tuition and out-of-state fees for nonresident students. The fee for resident students shall be limited to an increase of no more than \$2 per credit hour over the prior year.*

- 1. Need for Change:** The universities have an unmet need of over \$38 million for student-funded facilities, and over \$1 billion in other campus facility needs. The current fee structure will not support these facility needs for the foreseeable future, given current SUS growth and state revenue projections. The Facilities Task Force recognized these issues in 2006, noting that no increase in the Capital Improvement and Building fee had been authorized since 1988, and projected Gross Receipts Tax Revenues were likewise insufficient to meet the demand for facilities.
- 2. Current Condition:** The capital improvement and building fees were last increased in 1988 to the current \$4.76 per credit hour. The fees are the same for both resident and non-resident students. Currently, no mechanism exists for increases to these fees. With the anticipated decrease in enrollment growth forecast for the upcoming years, the State of Florida's ability to fund new projects from bonds funded from this source is limited.
- 3. Effect of the Change:** The proposed policy change would allow the State University System to provide funding for new facilities on parity with the State Community College system. The proposed language parallels the current community college statute regarding capital improvement fees.
- 4. Fiscal Impact:** The impact is dependent upon the fee increases imposed by the individual university boards of trustees.
- 5. Justification for BOARD OF GOVERNOR'S Priority (if applicable):** Both statutory and regulatory action is required to provide authority for a fee

increase, as the CITF program requires the cooperation and coordination of many agencies. The facilities are on state-owned land, and bonds must be authorized by both Governor and Cabinet, and the Department of Education administers the collection of fees and disbursement of bond proceeds. Legislative appropriation authority is required, as well as the authority provided by 1010.62 to the Board of Governors to issue State University System Improvement Bonds.

6. **Link to BOG Strategic Plan:** This issue improves the ability of the Board of Governors in addressing the goals of its strategic plan by increasing the potential to provide adequate facilities for students, faculty, and staff.