

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 Appropriations Subcommittee on Education

BILL: CS/SB 1672

INTRODUCER: Education Committee and Senator Diaz

SUBJECT: State University Free Seat Program

DATE: April 13, 2021

REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|------------------|----------------|------------|-----------------------------|
| 1. | <u>Westmark</u> | <u>Bouck</u> | <u>ED</u> | Fav/CS |
| 2. | <u>Underhill</u> | <u>Elwell</u> | <u>AED</u> | Recommend: Favorable |
| 3. | _____ | _____ | <u>AP</u> | _____ |

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 1672 creates the State University Free Seat Program to require each state university to waive the tuition and fees for one online course for a Florida resident who is either a veteran, an active duty member of the United States Armed Forces, an active drilling members of the Florida National Guard, or who has not been enrolled in a postsecondary institution for more than five years, and is enrolled in an online baccalaureate degree program. The bill specifies that:

- A state university may not charge a student who meets such criteria more than 75 percent of the tuition rate or tuition differential for all other courses.
- A student who qualifies for the tuition discount is eligible to receive the discount for up to 110 percent of the number of required credit hours of the enrolled degree program.

The bill does not require a state appropriation. However, state universities will have reduced revenues from tuition and fees for each eligible student who enrolls in their online degree programs. See Section V.

The bill takes effect July 1, 2021.

II. Present Situation:

Tuition and Fees

Tuition is the basic fee a student is charged for instruction provided by a public postsecondary educational institution in Florida.¹ All students are charged fees except students who are exempt or whose fees are waived. State university boards of trustees are authorized to establish fees, which include activity and service, health, and athletic fees; a technology fee; a financial aid fee; and a tuition differential fee. State universities may also charge a per-credit hour distance learning course fee.²

Tuition and Fee Rate

The resident undergraduate tuition is set by law at \$105.07 per credit hour.³ The 2020-2021 State University System (SUS) resident undergraduate tuition and fees average is \$199.72 per credit hour. The tuition and fees at Florida International University is \$218.71 per credit hour, whereas the tuition and fees at Florida Polytechnic University is \$164.65 per credit hour.⁴

Tuition Differential

Each university board of trustees may establish, upon approval by the Board of Governors, a tuition differential to promote improvements in the quality of undergraduate education and is required to provide financial aid to undergraduate students who exhibit financial need for undergraduate courses.⁵

Seventy percent of the revenues from the tuition differential must be expended for purposes of undergraduate education, such as increasing course offerings, improving graduation rates, increasing the percentage of undergraduate students who are taught by faculty, decreasing student-faculty ratios, providing salary increases for faculty who have a history of excellent teaching in undergraduate courses, improving the efficiency of the delivery of undergraduate education through academic advisement and counseling, and reducing the percentage of students who graduate with excess hours. Except as otherwise provided, the remaining 30 percent of the revenues from the tuition differential, or the equivalent amount of revenue from private sources, must be expended to provide financial aid to undergraduate students who exhibit financial need, to meet the cost of university attendance.⁶

The aggregate sum of undergraduate tuition and fees per credit hour, including the tuition differential, may not exceed the national average of undergraduate tuition and fees at four-year degree-granting public postsecondary educational institutions. Each tuition differential may be assessed on one or more undergraduate courses or on all undergraduate courses at a state university, may vary by course or courses, by campus or center location, and by institution.⁷

¹ Section 1009.01(1), F.S.

² Sections 1009.24(2), (4), (5), (7) through (13), (16), and (17), F.S.

³ Section 1009.24(4)(a), F.S.

⁴ State University System of Florida, *Tuition and Required Fees, 2020-2021*, available at <https://www.flbog.edu/wp-content/uploads/2020-2021-SUS-Tuition-and-Fees-Report-1.pdf>, at 1.

⁵ Section 1009.24(16), F.S.

⁶ Section 1009.24(16)(a), F.S.

⁷ Section 1009.24(16)(b), F.S.

In 2020-2021, the SUS average resident undergraduate student tuition differential fee is \$42.88 per credit hour. Polytechnic University is the only state university that does not charge a tuition differential fee.⁸

Residency for Tuition Purposes

A legal resident of Florida for tuition purposes means one who has maintained his or her residence in this state for the preceding year, has purchased and occupies a home as primary residence, or has established a domicile in this state.⁹ Unless costs are exempted or waived, all students are charged fees.¹⁰ An out-of-state fee is charged as an additional fee for a student who does not qualify for the in-state tuition rate.¹¹

Benefits for Military

Veterans of the United States Armed Forces

The term “veteran” is defined in law to mean a person who served in the active military, naval, or air service and who was discharged or released under honorable conditions only or who later received an upgraded discharge under honorable conditions, notwithstanding any action by the United States Department of Veterans Affairs on individuals discharged or released with other than honorable discharges. To receive benefits as a wartime veteran, a veteran must have served in a campaign or expedition for which a campaign badge has been authorized or during a period of wartime service as specified in law.¹²

Veterans currently receive priority course registration¹³ and may be eligible to receive credit for relevant military training and education.¹⁴

Florida National Guard

The Florida National Guard consists of enlisted personnel, commissioned officers, and warrant officers who are citizens of the United States, or who have declared their intention to become citizens of the United States, organized, armed, equipped, and federally recognized, in accordance with the laws of the state and the laws and regulations of the Department of the Army and the Department of the Air Force.¹⁵

Active duty members of the Army, Navy, Air Force, Navy, Marines, Coast Guard, any current reservists, and active Florida National Guard are afforded some residency protections under Florida law. The following military personnel are classified as residents for tuition purposes:

⁸ State University System of Florida, *Tuition and Required Fees, 2020-2021*, available at <https://www.flbog.edu/wp-content/uploads/2020-2021-SUS-Tuition-and-Fees-Report-1.pdf>, at 4.

⁹ Section 1009.21(1)(d), F.S. A person or, if that person is a dependent child, his or her parent or parents, must have established legal residence in this state and must have maintained legal residence in this state for at least 12 consecutive months immediately prior to his or her initial enrollment in an institution of higher education. Section 1009.21(2)(a)1., F.S.

¹⁰ Section 1009.24(2), F.S.

¹¹ Section 1009.01(2), F.S. The in-state tuition rate is described in s. 1009.21(1)(g), F.S.

¹² Section 1.01(14), F.S.

¹³ Sections 1004.075 and 1005.09, F.S.

¹⁴ Sections 489.1131, 489.5161, and 493.61035, F.S.

¹⁵ Section 250.07(1), F.S.

- Active duty members of the Armed Services of the United States residing or stationed in Florida and active drilling members of the Florida National Guard.
- Military personnel not stationed in Florida whose home of record or state of legal residence certificate is Florida.¹⁶

Congressman C.W. Bill Young Tuition Waiver Program

The Congressman C.W. Bill Young Veteran Tuition Waiver Program requires a state university, Florida College System institution, or career center to waive out-of-state fees for an honorably discharged veteran of the U.S. Armed Forces, the U.S. Reserve Forces or the National Guard who physically resides in Florida while enrolled at the institution. The waiver covers the applicable portion of the fees up to 110 percent of the required credit hours for the degree or certificate program of enrollment.¹⁷

Online Courses at State University System Institutions

Nationally, Florida ranks second in the number and percentage of students enrolled in distance learning courses. In the 2018-2019 academic year, 75 percent of undergraduate students at Florida's state universities took at least one distance learning course. At four institutions, the University of Central Florida, University of Florida, University of South Florida, and University of West Florida, at least 80 percent of undergraduate students took one or more distance learning courses. Across the SUS, 11 percent (36,648) of undergraduate students took distance learning courses exclusively, and a majority (63 percent) of undergraduate students (202,895) in the SUS took a combination of distance learning, classroom, or hybrid courses. Systemwide, 30 percent of total undergraduate credit hours were taken in distance learning courses. During the Fall 2019 term, SUS institutions offered 164 online bachelor's degree programs.¹⁸

University of Florida Online

University of Florida Online (UF Online) was created by the 2013 Legislature as an institute for online learning at a preeminent state research university to provide for high quality, fully online baccalaureate degree programs at an affordable cost.¹⁹ By 2018-2019, strategic development and expansion efforts allowed the program to offer 21 fully online majors and seven minors. More than 2,000 students have graduated from UF Online.²⁰ For the UF Online program, both the tuition rate (\$78.80) and tuition differential fee (\$33.12) are set at 75 percent of the per credit hour rates for traditional undergraduate programs at the University of Florida.²¹

¹⁶ Florida Department of Education, *Military Service & Residence in the Florida College System*, <http://www.fldoe.org/core/fileparse.php/7480/urlt/0082723-faqsresidencymilitary.pdf> (last visited March 22, 2021), at 1.

¹⁷ Florida Department of Education, *Veterans*, <http://www.fldoe.org/schools/higher-ed/fl-college-system/veterans.stml> (last visited March 22, 2021). See s. 1009.26 (12)(a), F.S.

¹⁸ State University System of Florida, *2019 Annual Report for Online Education* (July 21, 2020), available at https://www.flbog.edu/wp-content/uploads/2019-Annual-Report_FINAL.pdf, at 4, 9, 10, 13 and 24.

¹⁹ Section 1001.7065(4), F.S., permits the university to establish a tuition structure for its online institute, not to exceed 75 percent of the tuition rate established by the Legislature.

²⁰ State University System of Florida, *2019 Annual Report for Online Education* (July 21, 2020), available at https://www.flbog.edu/wp-content/uploads/2019-Annual-Report_FINAL.pdf, at 24.

²¹ State University System of Florida, *Tuition and Required Fees, 2020-2021*, available at <https://www.flbog.edu/wp-content/uploads/2020-2021-SUS-Tuition-and-Fees-Report-1.pdf>, at 1 and 4.

National Recognition

In 2020, *U.S. News & World Report* ranked UF Online as one of the top five best online bachelor's degree programs in the nation. The University of Central Florida ranked in the top 15, while Florida Atlantic University, Florida International University, and University of West Florida all ranked in the top 100.²²

III. Effect of Proposed Changes:

The bill creates s. 1009.266, F.S., to establish the State University Free Seat Program to encourage veterans, active duty members of the United States Armed Forces, active drilling members of the Florida National Guard, and nontraditional students to enroll in an online baccalaureate degree program at a state university.

The bill specifies that a state university:

- Shall waive the tuition and fees, including lab fees, for one online course during each academic year, provided the student is a resident, enrolled in an online baccalaureate degree program and meets one of the following eligibility requirements:
 - Is a veteran defined by law;
 - Is an active duty member of the United States Armed Forces;
 - Is an active drilling member of the Florida National Guard; or
 - Has not been enrolled in a postsecondary institution for more than five years.
- May not charge an eligible student more than 75 percent of the tuition rate and 75 percent of the tuition differential for all other courses in the program if the student remains enrolled in at least one online course during each academic year.

The bill also specifies that a student is eligible to receive the discount for up to 110 percent of the number of required credit hours of the degree program for which the student is enrolled. Most SUS baccalaureate degree programs are set at 120 credit hours, which would authorize the tuition discount for up to 132 credit hours.

The bill requires each state university to report to the Board of Governors (BOG) the number and value of all such fee waivers granted annually, and requires the BOG to adopt regulations to administer the program.

The bill takes effect July 1, 2021.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

²² *Id.* (showing UF Online ranked at number 4 in 2020 and number 5 in 2019). See also U.S. News and World Report, *Best Online Bachelor's Programs*, accessible at <https://www.usnews.com/education/online-education/bachelors/rankings>.

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:

Providing one free online course to students enrolled in an online baccalaureate degree program at a state university and a 25 percent discount on tuition for all other courses in the program may increase access to online classes and enrollment at state universities.

C. Government Sector Impact:

The bill does not require a state appropriation. However, state universities will have reduced revenues from tuition and fees for each eligible student who enrolls in their online degree programs. The number of eligible students who will participate in the State University Free Seat Program is unknown. For each eligible student, a state university will not receive tuition and fees for one online course in an academic year. For example, for each course waived, for UF Online this represents a loss of \$129.18²³ per credit hour, and at Florida State University, a loss of 180.49²⁴ per credit hour.

In addition, for all other courses in the online degree program, each state university will not collect 25 percent of the resident undergraduate tuition rate of \$105.07 and 25 percent of the resident undergraduate tuition differential, which averages \$42.88, for a total loss of approximately \$36.99 per credit hour.

VI. Technical Deficiencies:

None.

²³ State University System of Florida, *Tuition and Required Fees, 2020-2021*, available at <https://www.flbog.edu/wp-content/uploads/2020-2021-SUS-Tuition-and-Fees-Report-1.pdf>, at 4.

²⁴ Florida State University, *2020-2021 Tuition, Distance Learning*, available at https://studentbusiness.fsu.edu/sites/g/files/upcbnu1241/files/2020-2021%20Tuition_DistanceLearning.pdf.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill amends section 1009.266 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 Education on March 23, 2021:

The committee substitute adds, beyond a student who has not been enrolled in a postsecondary institution for more than five years, criteria for a student who is a resident for tuition purposes and enrolled in an online baccalaureate degree program at a state university to have tuition and fees, including lab fees, waived for one online course. The following may also qualify for the waiver:

- A veteran defined in law;
- An active duty member of the United States Armed Forces;
- An active drilling member of the Florida National Guard; or

In addition, the bill requires each state university to report to the Board of Governors (BOG) the number and value of all such fee waivers granted annually, and requires the BOG to adopt regulations to administer the program.

- B. **Amendments:**

None.