



## Legislature Has Clarified Authority for Implementing Changes to Setting Higher Education Tuition and Fees

### *at a glance*

Since the release of OPPAGA's 2004 report, the Legislature has taken steps to clarify that it has primary authority for setting higher education tuition and fee levels. This has enhanced the Legislature's ability to consider changes to state tuition policy such as providing tuition flexibility to universities, variable tuition, block tuition rates, and higher education vouchers. In 2005 and 2006, the Legislature granted limited tuition-setting flexibility to universities.

### Scope

In accordance with state law, this progress report informs the Legislature of the actions taken that relate to a 2004 OPPAGA report regarding higher education funding options.<sup>1, 2</sup>

### Background

Florida's public postsecondary institutions are funded by the Legislature through appropriations from general revenue and trust funds and tuition and fees. In Fiscal Year 2006-07, the Legislature appropriated approximately \$3.2 billion in general revenue and lottery funds to support Florida's 28 community colleges and 11 public universities.

Responsibility for policy guidance of Florida's higher education system is divided among several entities. The State Board of Education is the chief implementing and coordinating body for Florida's community colleges, each of which is overseen by its board of trustees.

<sup>1</sup> Section 11.51(6), *F.S.*

<sup>2</sup> *The State Has Several Policy Options for Funding Higher Education*, OPPAGA Report No. [04-54](#), August 2004.

In contrast, the Florida Board of Governors provides statewide governance of Florida's public universities, which are administered by individual boards of trustees. The Legislature has primary authority for establishing tuition rates at public universities and community colleges.

Our 2004 report presented higher education funding alternatives that could result in less reliance of institutions on state revenues, better use of campus resources, and savings for students. The report provided four options that the Legislature could consider for the state to fund higher education.

Grant universities flexibility to set tuition. Tuition flexibility would allow universities to increase tuition rates to cover enrollment growth, higher operational costs and educational enhancements. If universities used this flexibility to increase tuition, it could make them less reliant on state revenues but depending on how implemented, some options could increase the costs of Bright Futures Scholarships as well as the need for need-based aid.

Allow variable tuition. Currently, universities and community colleges generally charge the same tuition for all courses offered at a specified level (e.g., undergraduate and graduate courses). Allowing universities and community colleges to charge variable tuition rates for different types and levels of courses would allow institutions to align tuition with program costs, provide financial incentives to meet policy objectives, and/or maximize facility use. However, variable tuition also could reduce access and affordability for some students and increase the costs of Bright Futures scholarships. Alternatively, variable tuition could be used to increase affordability for some students by using the funds generated from charging higher tuition to all students and using the additional

funds collected to provide need-based aid for those students who are less able to pay.

Charge block tuition rates. Under block tuition rates, students are charged a flat tuition rate for a range, or “block” of credits. Students may take additional courses without paying increased tuition. Block tuition may provide a financial incentive for some students to take more credit hours per semester and graduate more quickly. However, students receiving Bright Futures and Prepaid College program benefits may have little financial incentive to take additional courses if block tuition were implemented.<sup>3</sup>

Higher education vouchers. Under a voucher system, instead of directly appropriating funding to universities to subsidize tuition, the state would provide these funds directly to students as vouchers. Although vouchers would allow students to attend the institution of their choice, certain policy issues would need to be addressed such as where the students could use the vouchers and how the vouchers would be funded. Colorado is currently offering tuition vouchers through its College Opportunity Fund. The Legislature may wish to wait to see the effects of the Colorado voucher system before considering a voucher system in Florida.

## Current Status

Since the release of OPPAGA’s 2004 report, the Legislature has taken steps to clarify that it has primary authority for setting tuition and fees. The need to clarify these roles resulted from the 2002 constitutional amendment that created the Board of Governors and granted it the authority to “operate, regulate, control, and be fully responsible for the management of the state university system.” To resolve this issue, the 2005 Legislature passed HB 1001.<sup>4</sup> This bill clarified that the Legislature’s authority for establishing tuition and fees, and policies relating to merit and need-based student financial aid was separate from the constitutional duties of the Board of Governors to operate, regulate, control, and be fully responsible for the management of the State University System.

<sup>3</sup> The Bright Futures program pays either 75% or 100% of a student’s tuition and fees, and the Prepaid College program pays 100% of a student’s tuition fees. More than half of all undergraduate and graduate students attending Florida State University, the University of Central Florida, and the University of Florida received Bright Futures awards in 2003-04; these universities also had the highest percentages of students with prepaid college contracts.

<sup>4</sup> Chapter [2005-285](#), *Laws of Florida*.

The Board of Governors (BOG) has proposed legislative changes to university tuition and fees, consistent with our recommendations. These proposals included providing universities additional flexibility to set tuition for certain types of students, establishing higher tuition rates for students who graduate with credit hours significantly in excess degree requirements, and requiring universities to implement block tuition policies.

In 2005 and 2006, the Legislature granted limited tuition-setting flexibility to universities. Proviso language included in the general appropriations acts for both years granted university boards of trustees the authority to set tuition and fees for graduate, graduate professional, and nonresident students within prescribed limits.<sup>5</sup> In addition, the 2006 Legislature amended the Florida statutes to further clarify that the BOG, or the board’s designee, has the authority to establish tuition for graduate and professional programs, and out-of-state fees for all programs as long as these increases do not exceed 10% in any given year.<sup>6</sup>

The BOG approved tuition and fee structures for students attending the state’s public universities for the 2006-2007 school year that included differentiated tuition rates for certain groups of students. For example, in June 2006, the BOG approved amendments to University of Florida and Florida State University regulations that included tuition and fee increases for graduate, professional, and nonresident students. Within these three categories of students, both universities established higher tuition rates for new students than for continuing students.

<sup>5</sup> In 2005, the annual percentage increase in tuition and fees for graduate, graduate professional, and nonresident students enrolled prior to the fall of 2005 could not exceed 5%. In 2006, the annual percentage increase in tuition and fees for graduate, graduate professional, and nonresident students enrolled prior to the fall of 2006 could not exceed 5% and, if these students enrolled after the fall of 2006, could not exceed 10%.

<sup>6</sup> Chapter [2006-74](#), *Laws of Florida*, and s. [1009.24\(3\)](#), *F.S.*

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