



VIII. Legislative Assignments

University Contracts

- Panel Discussion
- Staff Report
- Council Discussion



Tuition, Financial Aid, and Access

Social Benefits of Higher Education



- Highest and best use of individual talent; maximize the productivity of a society
- Increase tax revenue
- Minimize social costs that are correlated with under-education (crime rates and dependency)
- Informed and educated electorate
- Increased entrepreneurship
- Increased technological innovation

Source: Education and the Common Good: *Social Benefits of Higher Education in Kentucky* by Amy L. Watts



Higher Education Funding Policies

- **Appropriations for General Operations**
- **Tuition and Fee Policies**
- **State Financial Aid Policies**
- **Institutional Financial Aid Policies**
- **Federal Financial Aid Policies**

Source: Financing in Sync: Aligning Fiscal Policy with State Objectives (Dennis Jones, 2003)

Goals of Tuition and Financial Aid Policies



Tuition

- **Affordability**
- **Revenue**
 - **Access to courses and programs**
 - **Efficiency and performance**
 - **Quality and economic development mission**
- **Support differential missions and costs**

Source: Financing in Sync: Aligning Fiscal Policy with State Objectives (Dennis Jones, 2003)

Financial Aid

- **Affordability**
- **Reward performance**
- **Stem the “brain drain”**



When funding policies are not aligned, the goals of higher education are not realized:

- **“Taxpayers pay more than their fair share;**
- **Students find higher education becoming unaffordable and opt out; or**
- **Institutions fail to acquire the resources needed to adequately fulfill their missions.”**

Source: Financing in Sync: Aligning Fiscal Policy with State Objectives (Dennis Jones, 2003)



National Trends

Tuition Philosophies of the States



<i>Source: State Tuition, Fees, and Financial Assistance Policies, 2002-03 (SHEEO)</i>	2002-03	1996-97
Tuition should be as low as possible	30%	28%
Tuition should be moderate	13%	28%
Tuition should be high	0%	4%
Tuition policy is guided at institutional-level or no statewide policy exists	37%	23%
Other	20%	17%

Primary Authority for Establishing Tuition



• Legislature	4
• State Coordinating/ Governing Agency	18
• System Boards	12
• Individual Institutions	16

Source: State Tuition, Fees, and Financial Assistance Policies, 2002-03 (SHEEO)

The Emerging Problem of Student Debt



- **The amounts students will have to repay are a rising and significant proportion of potential earnings.**
- **The current growth in borrowing has not leveled off.**
- **Many have accumulated debt, particularly through credit cards, that could make repaying loans more difficult than in the past.**
- **Widespread consumer debt is substantial so students are receiving less help from their parents.**

Source: Student Loan Debt: Problems & Prospects by the Institute for Higher Education Policy, the Sallie Mae Education Institute, and the Education Resources Institute

Summary of National Trends

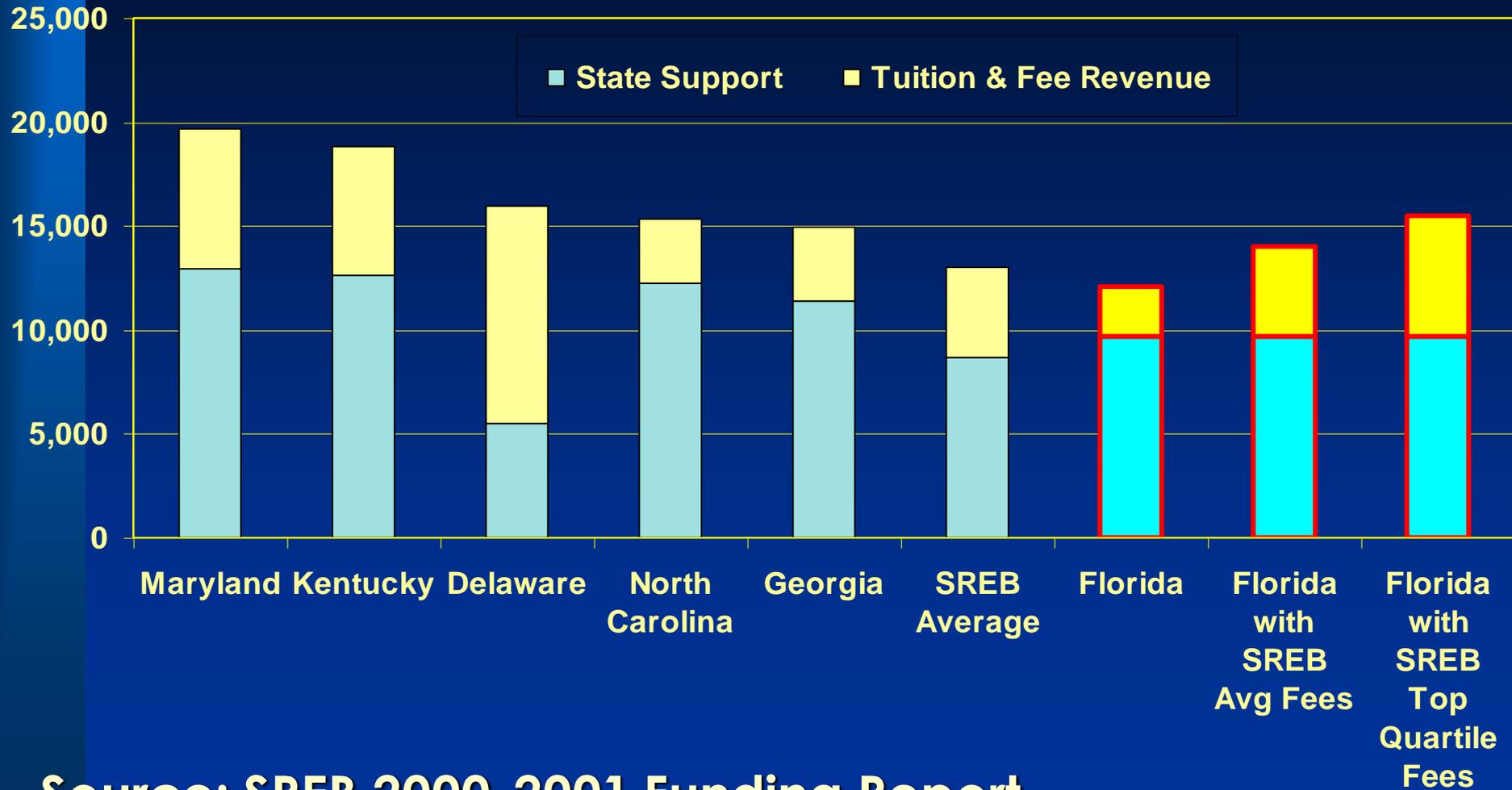


- **A shift of policies towards an emphasis on institutional funding needs.**
- **Increased deregulation of tuition decisions by state legislatures.**
- **Student debt as a share of potential income continues to grow.**



Florida Tuition and Fees

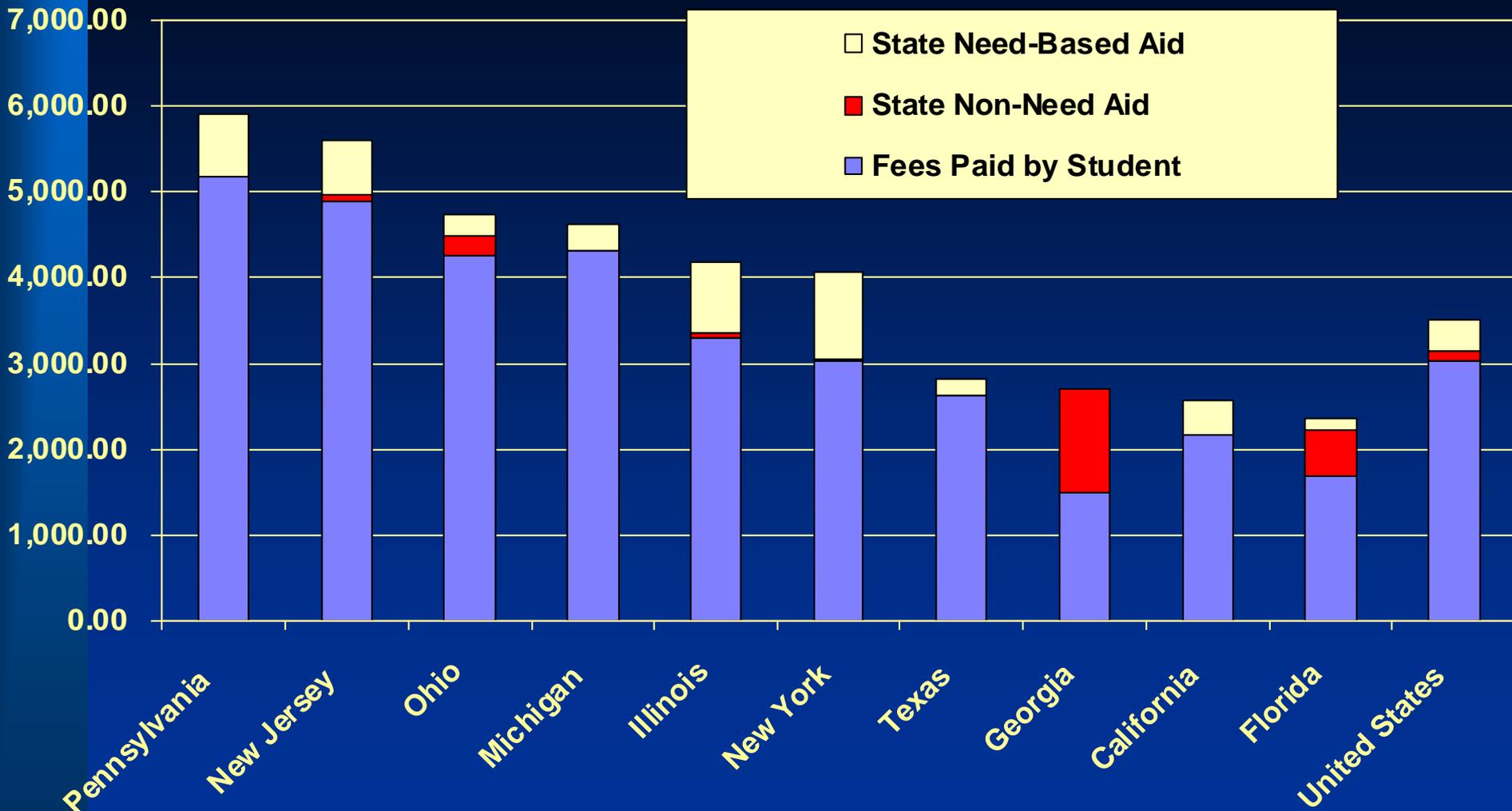
\$ per FTE of Research I Universities Florida vs. Top Funded SREB States



Source: SREB 2000-2001 Funding Report



Average Tuition, Fees, and Financial Aid per FTE of 10 Large States and U.S.



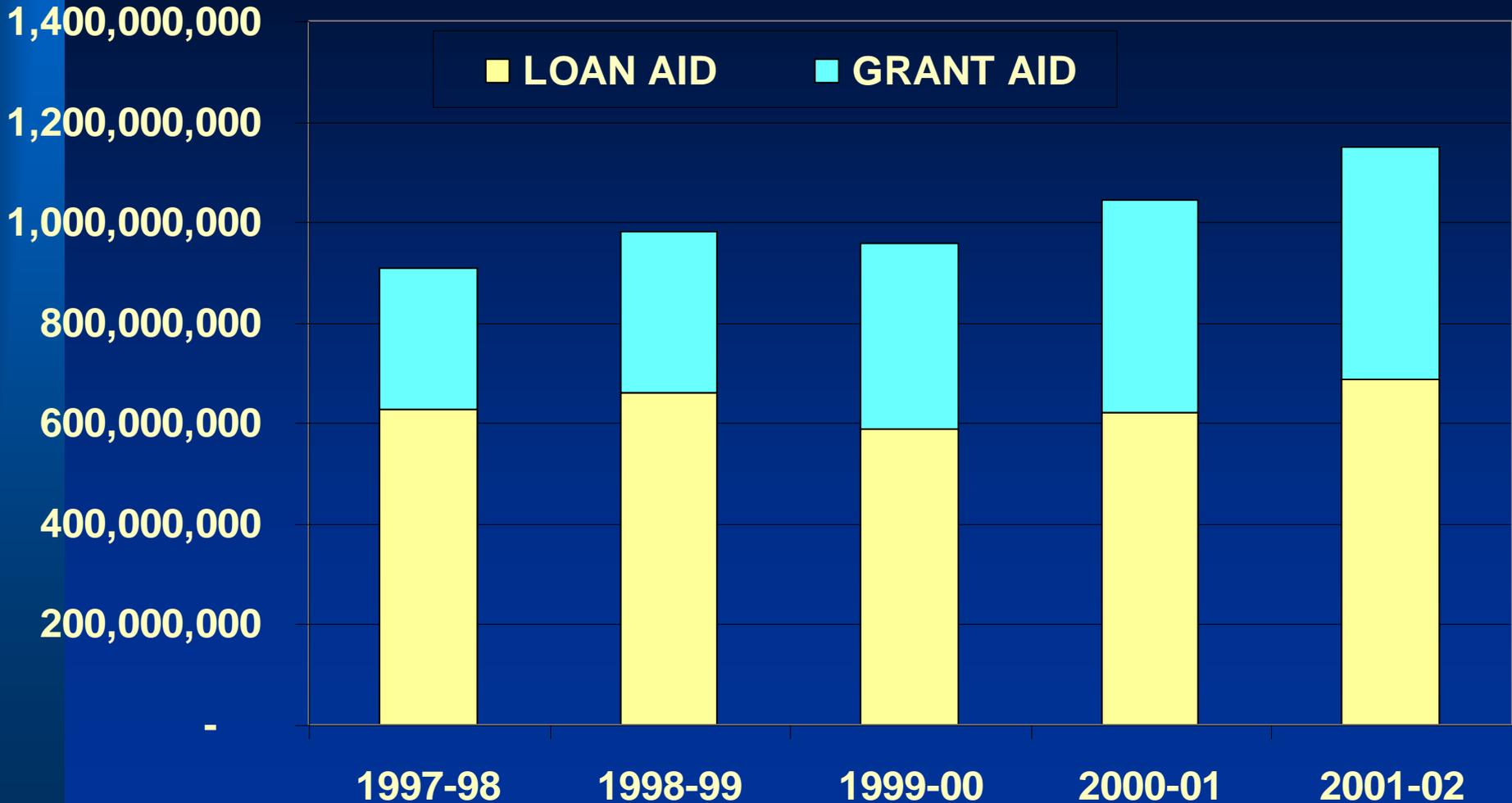
Sources: NCES Digest of Education Statistics 2001 and NASSGAP Annual Survey of State Grant Programs 2000-01



Florida Student Financial Aid

FLORIDA UNIVERSITY SYSTEM

Grants vs. loans



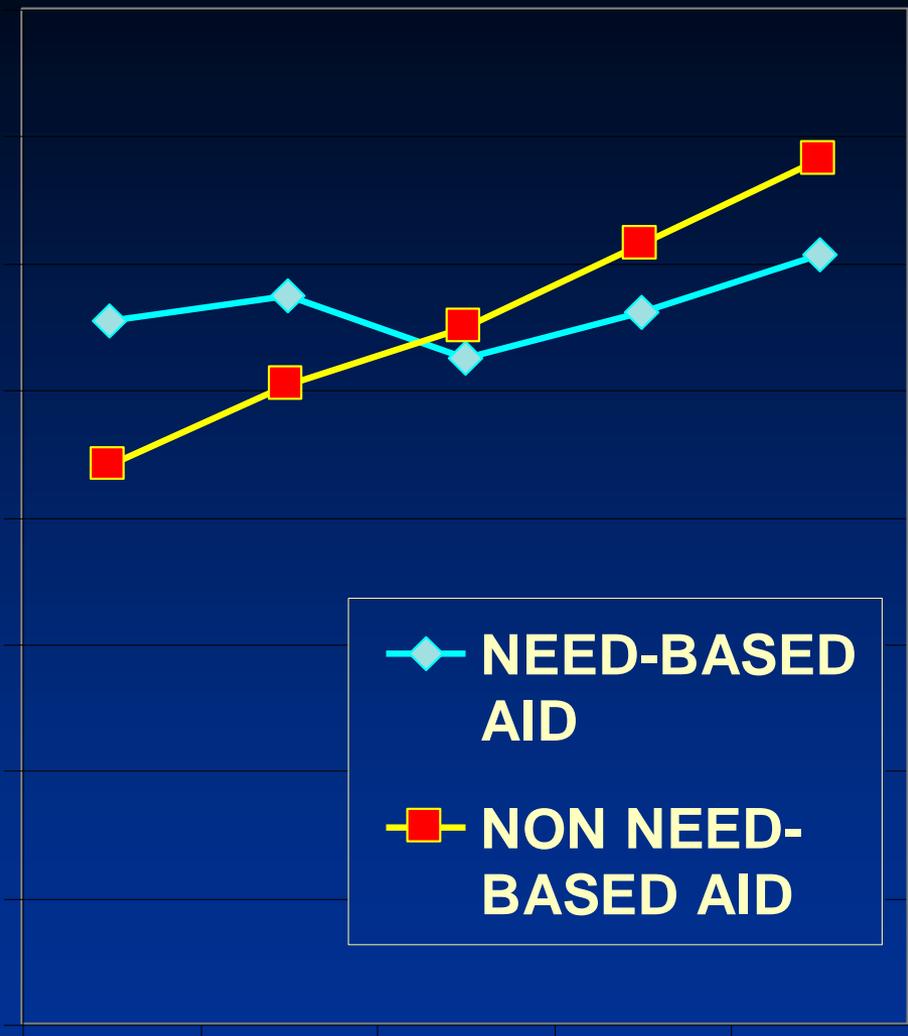
Source: Trends in Student Aid and College Pricing in Florida 1997-98 to 2001-02



FLORIDA UNIVERSITY SYSTEM

NEED VERSUS NON-NEED PROGRAMS

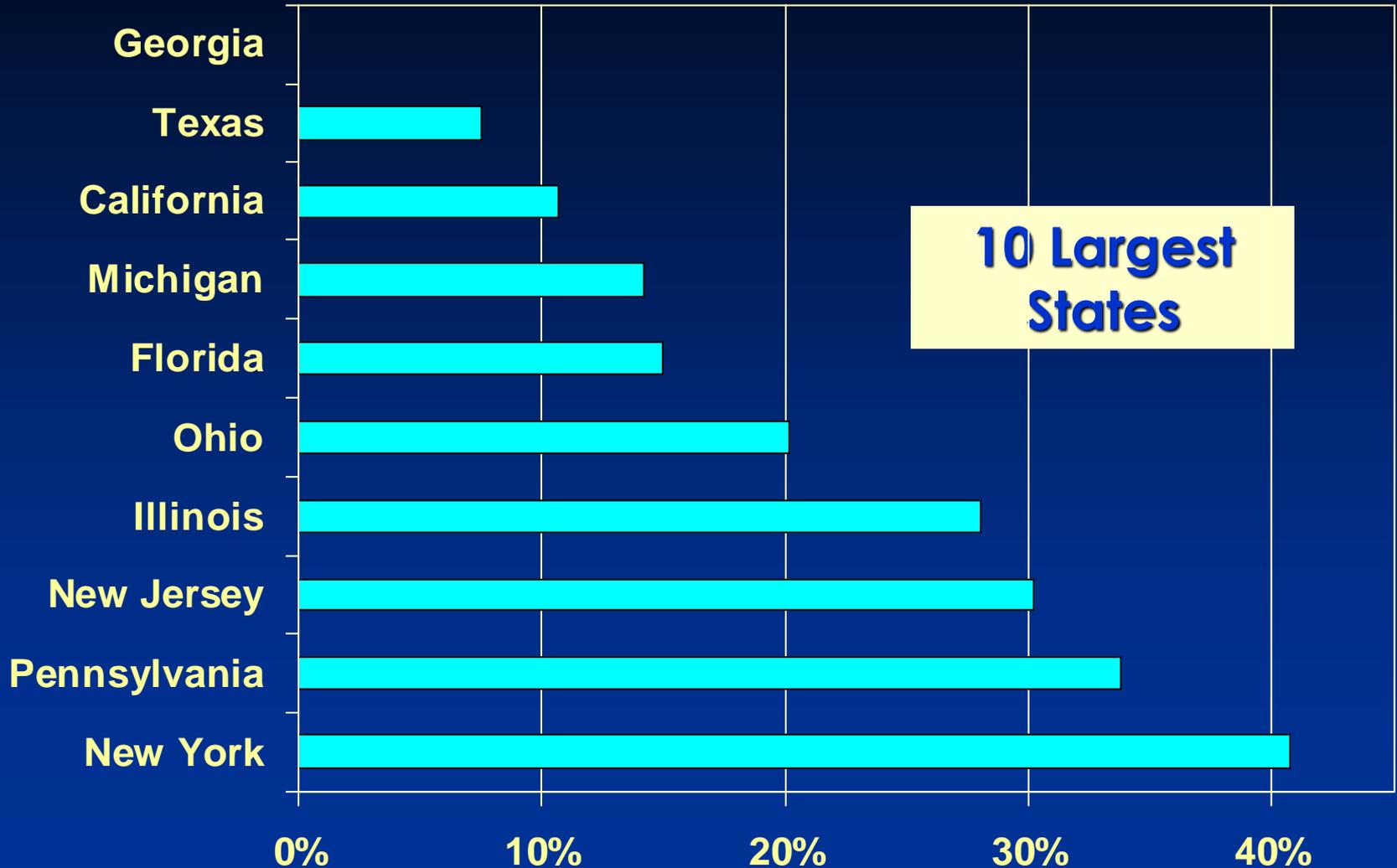
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1997-98 1998-99 1999-00 2000-01 2001-02

Source: Trends in Student Aid and College Pricing in Florida 1997-98 to 2001-02

Percent of Undergrads Receiving Need-Based Aid (2000-01)



Sources: NCES Digest of Education Statistics 2001 and NASSGAP Annual Survey of State Grant Programs 2000-01

Problems with a Low Tuition/High Merit Aid Strategy



- Benefits students who would have gone to college anyway
- Reduces the price of attendance for students who could have afforded to pay more
- Shifts costs from students and parents to taxpayers
- Unlikely to substantially improve either participation or affordability

Source: Financing in Sync: Aligning Fiscal policy with State Objectives (Dennis Jones; 2003)



Florida Access



Measuring Up 2002: The State- by-State Report Card for Higher Education

**Florida Affordability Grade:
D-**



Family Ability to Pay

at community colleges

Percent of income needed to pay for college expenses minus financial aid:
(average of all income groups)

Florida

**“A”
States**

• **at community colleges**

23%

16%

• **at public 4-year colleges/universities**

23%

18%

• **at private 4-year colleges/universities**

62%

32%

STRATEGIES FOR AFFORDABILITY



	Florida	“A” States
State grant aid targeted to low-income families as a percent of federal Pell Grant aid	16%	108%
Share of income that poorest families need to pay for tuition at lowest priced colleges	13%	8%
Average loan amount that all undergraduate students borrow each year	\$3,082	\$2,928

Summary of Current Florida Policies



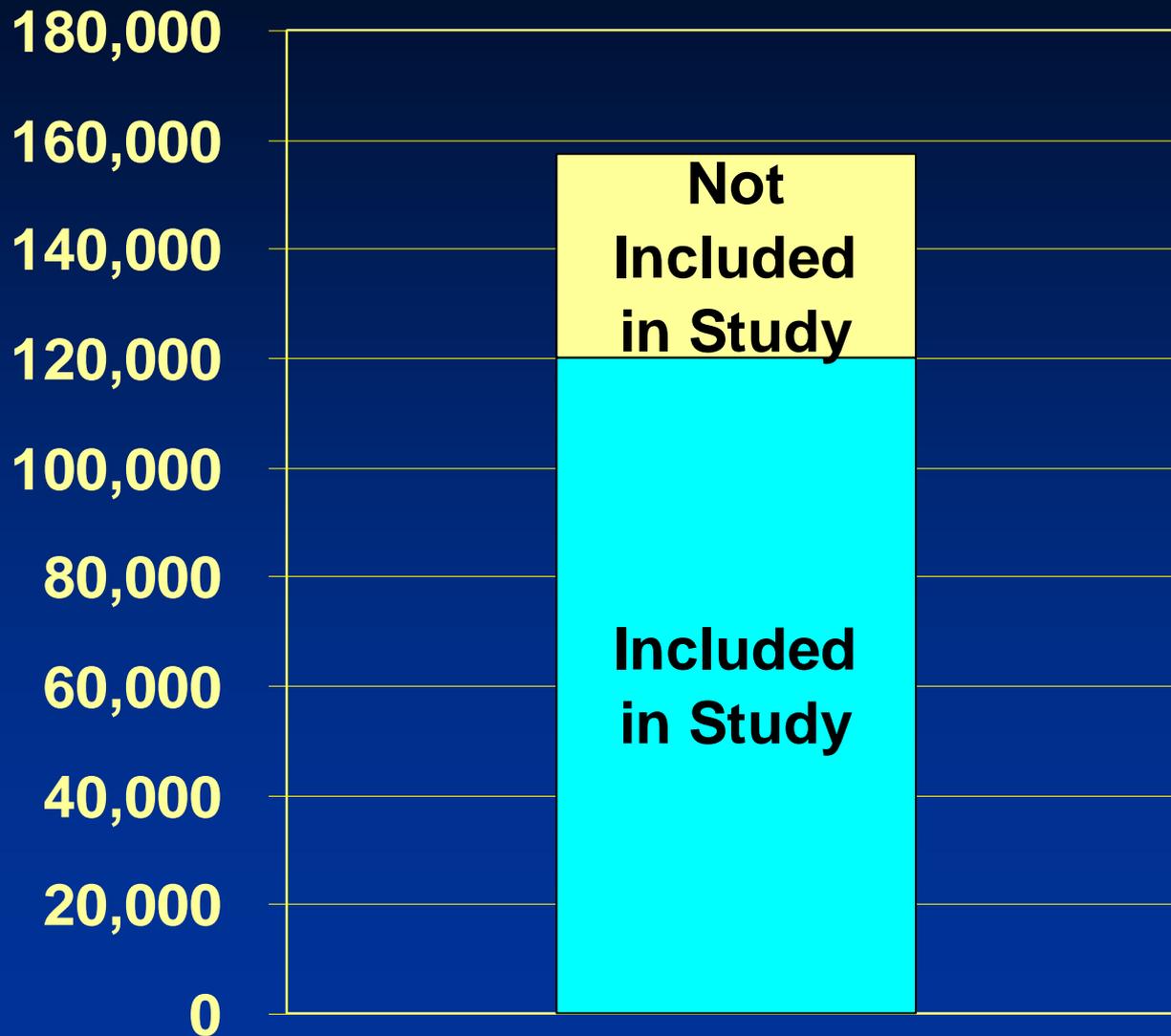
- **Current policies emphasize on low tuition and merit aid**
- **These policies produce a low ranking among states in success at providing access...**
 - **Despite low tuition, Bright Futures, Prepaid Tuition program, etc.**
- **Current Florida tuition levels provide the state with an untapped and uncommitted revenue opportunity**



Florida Institutional Differences

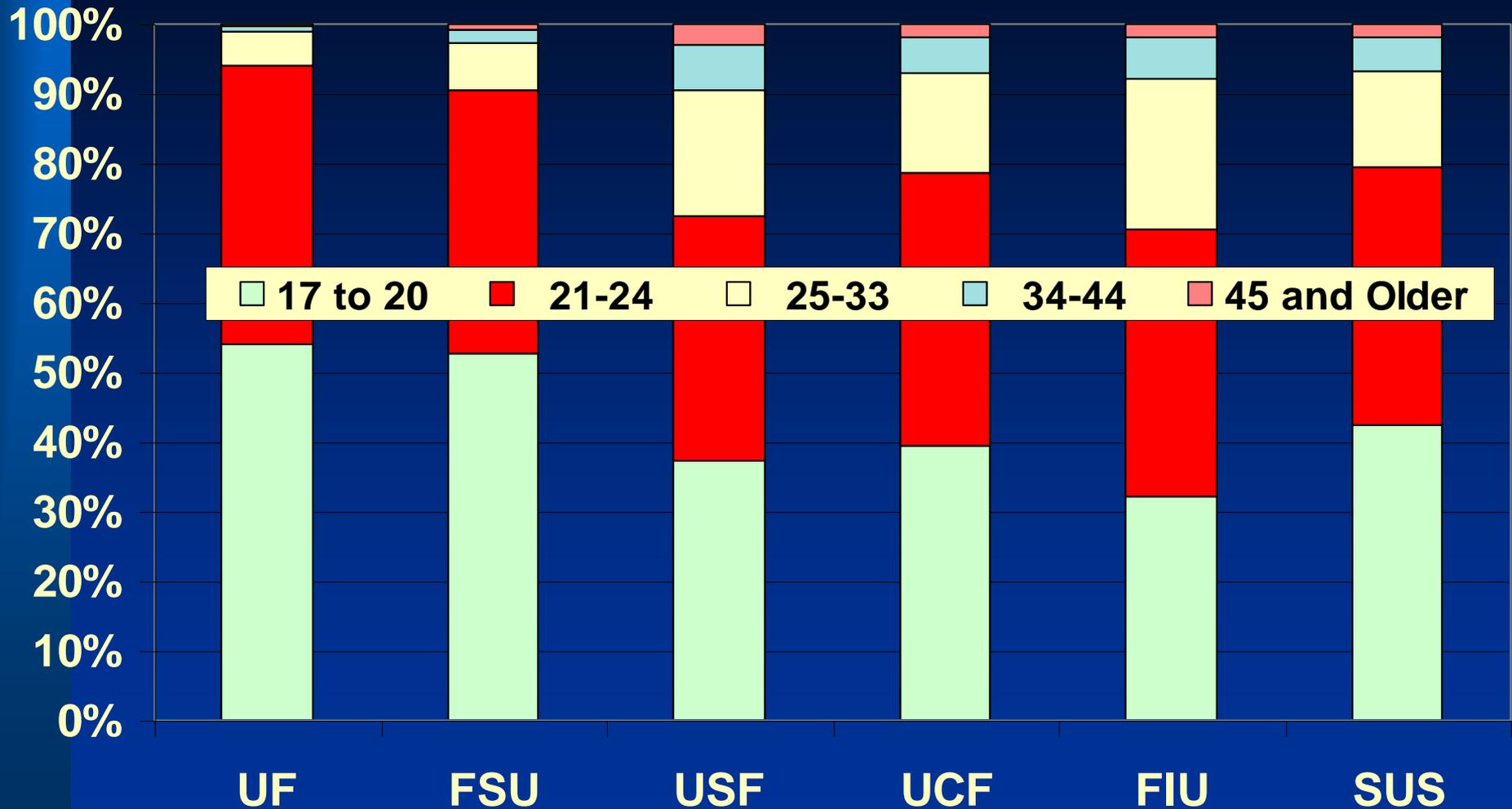


Portion of University System FTE Enrollment Included in Contract Study

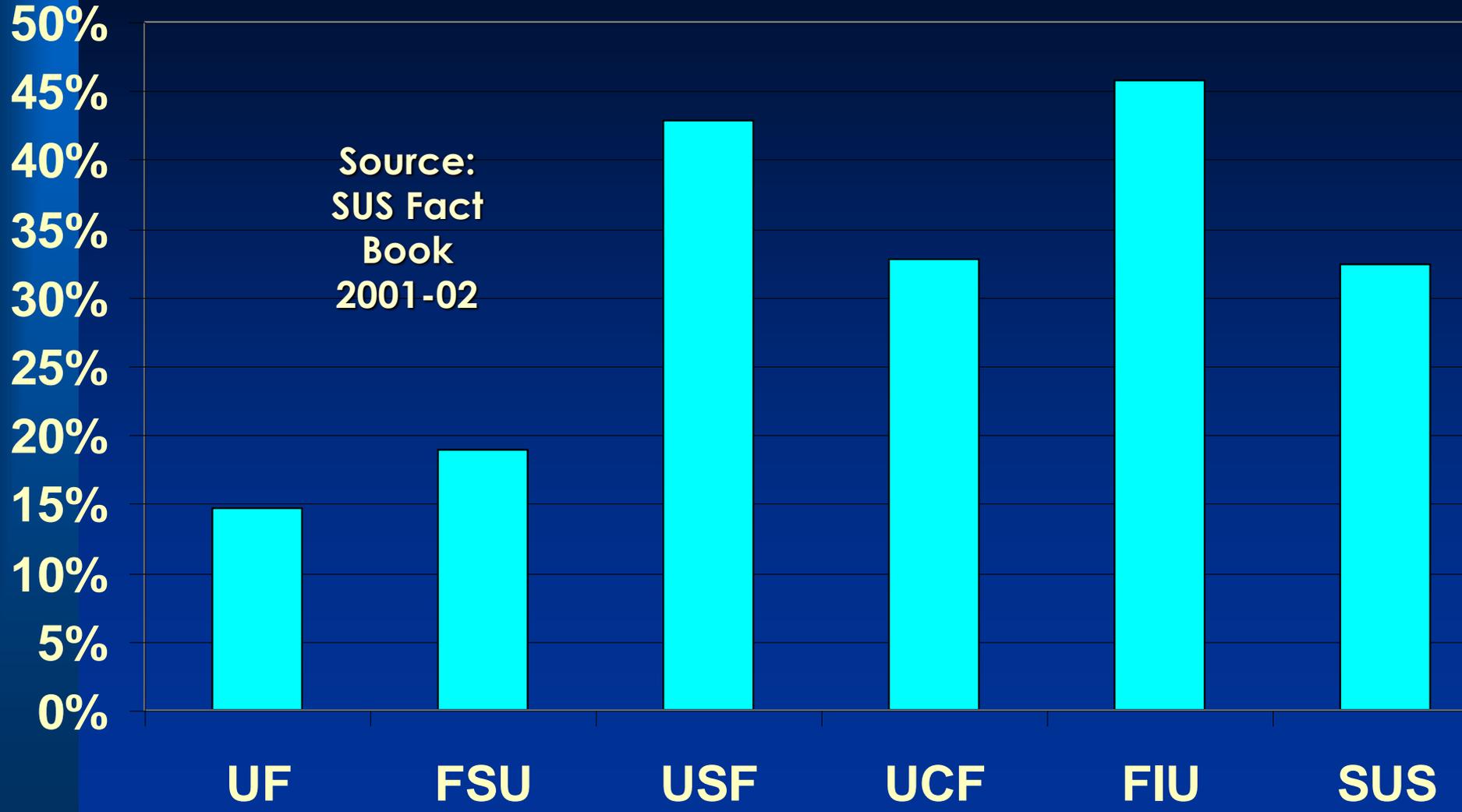


Source:
SUS Fact
Book
2001-02

Headcount Undergraduate Enrollment by Age

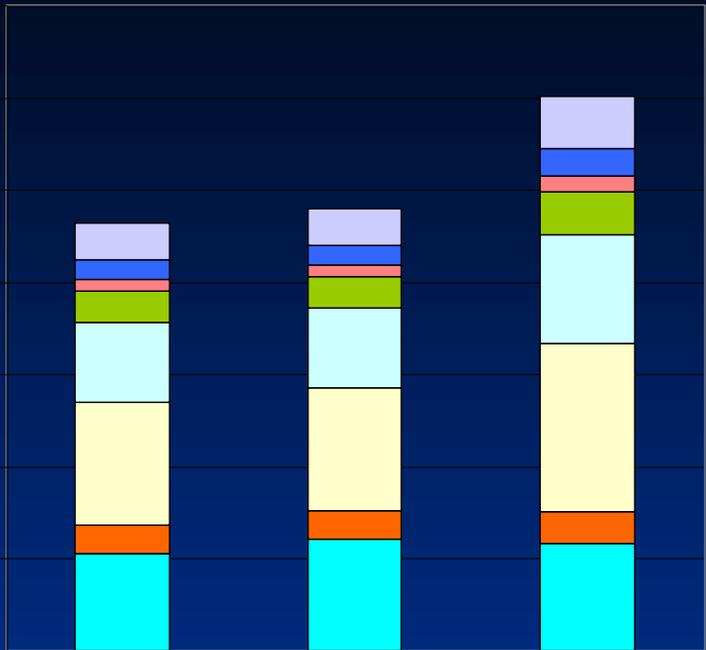


Percentage of Undergraduate Headcount Enrollment That is Part Time





\$70,000
 \$60,000
 \$50,000
 \$40,000
 \$30,000
 \$20,000
 \$10,000
 \$0



- Personal/Health Insurance
- Clothing
- Transportation
- Computer
- Meals
- Housing
- Books/Supplies
- Tuition

4 Year Cost with 120 SCH & No Annual Fee Increases

4 Year Cost with 120 SCH & 10% Annual Fee Increases

5 1/2 year Cost with 132 SCH & No Fee Increases

Impact of Fee Increases on the Cost of College



Institutional Differences

- Large variation in percent of enrollment that is part time.
- Large variation in percent of enrollment that is not traditional college age – more likely to have family and other responsibilities.
- 76% of SUS FTE and 75% of Headcount attend universities are included in the study.

Overall Summary of Tuition and Financial Aid Policies



- **Current policies are inefficient in providing access**
- **New policies need to balance tuition revenue and student costs**
- **Contract provisions may need to be different for each university**
- **Untapped tuition revenues provide an opportunity for dramatic change**