



# **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

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

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



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

*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

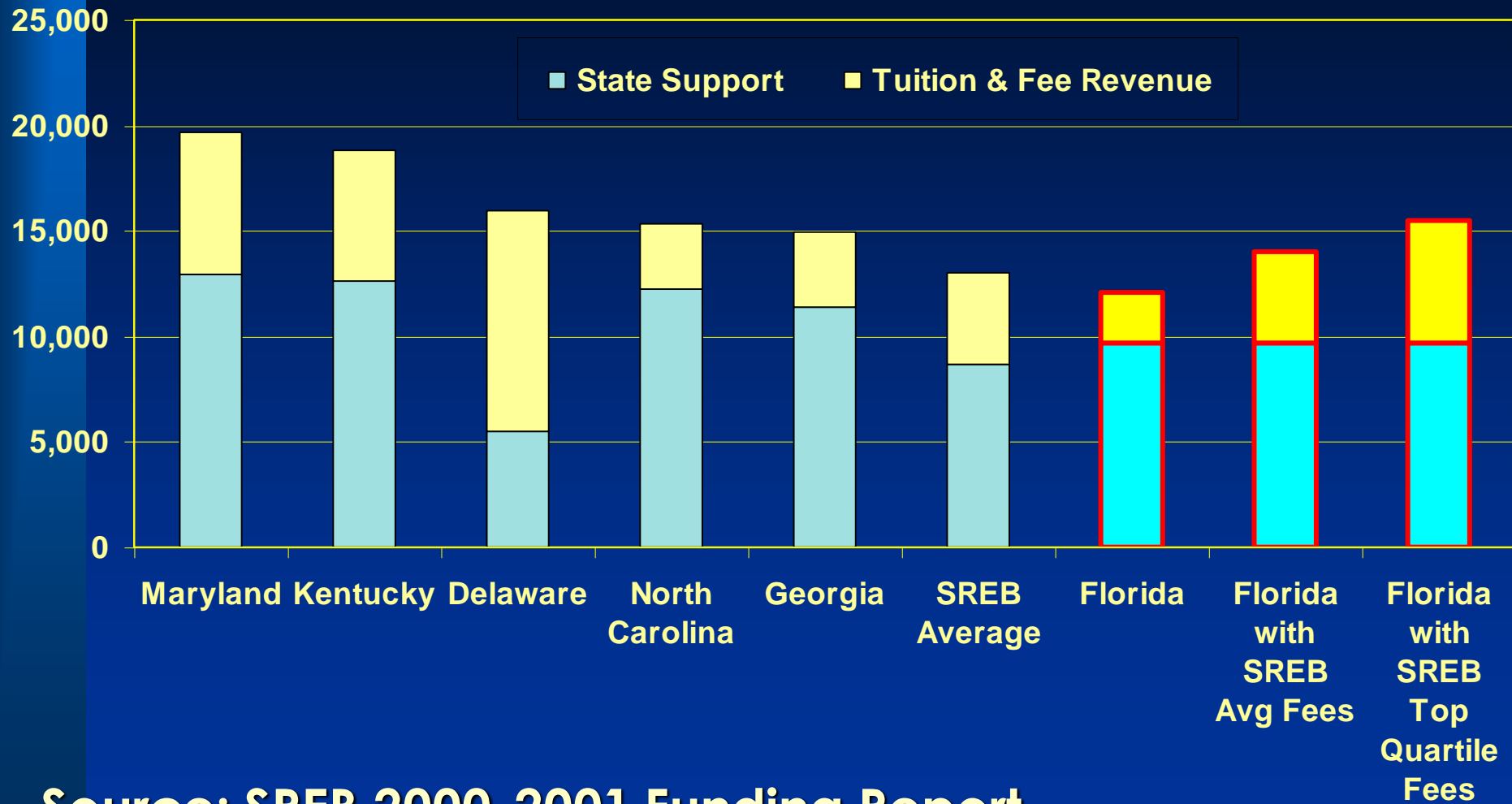


- **A shift of policies towards an emphasis on institutional funding needs.**
- **Increased deregulation of tuition decisions by state legislatures.**
- **Student debt as a share of potential income continues to grow.**



# **Florida Tuition and Fees**

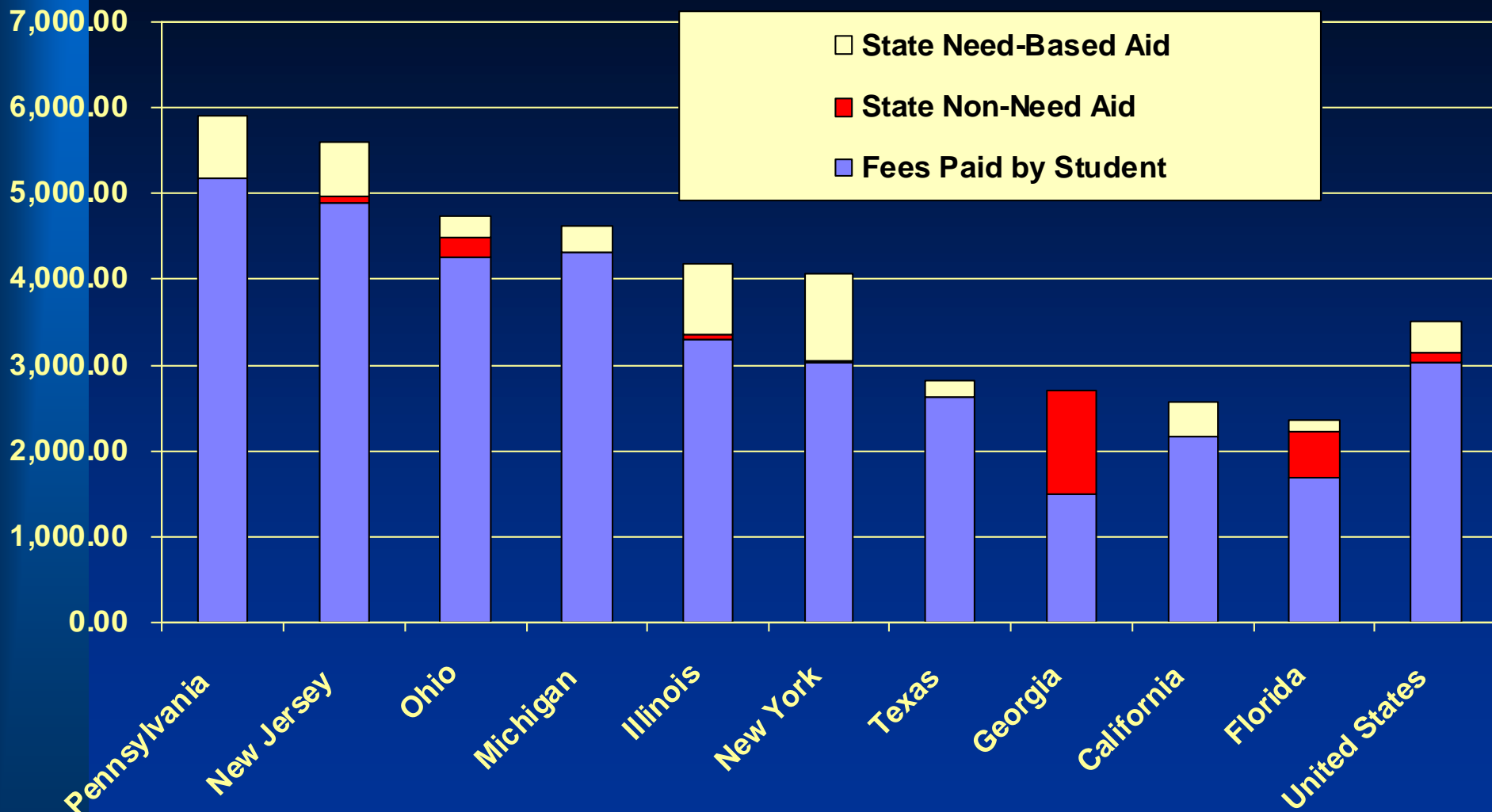
# \$ per FTE of Research I Universities Florida vs. Top Funded SREB States



Source: SREB 2000-2001 Funding Report



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



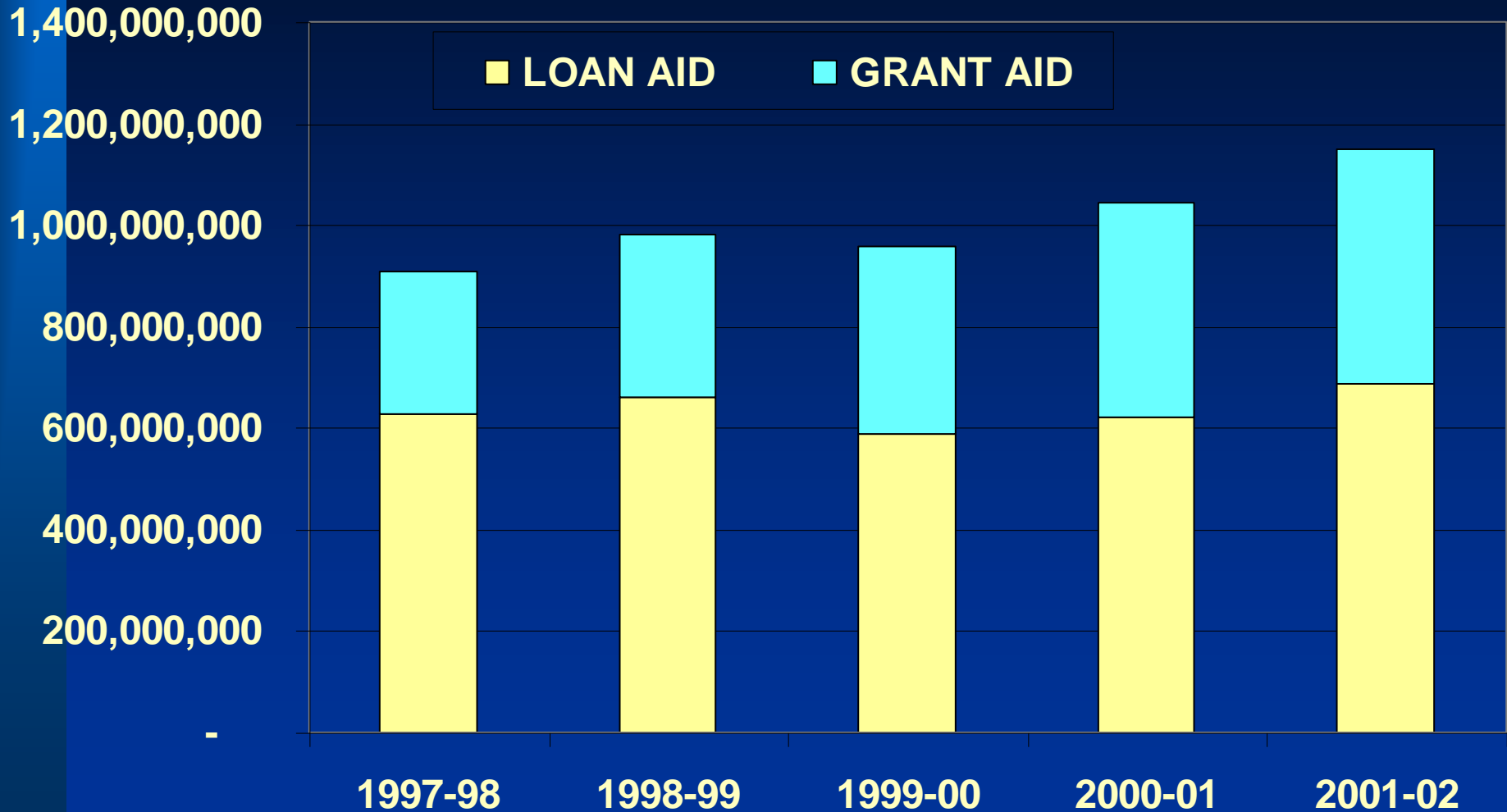
Sources: NCES Digest of Education Statistics 2001 and NASSGAP Annual Survey of State Grant Programs 2000-01



# **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





800,000,000

700,000,000

600,000,000

500,000,000

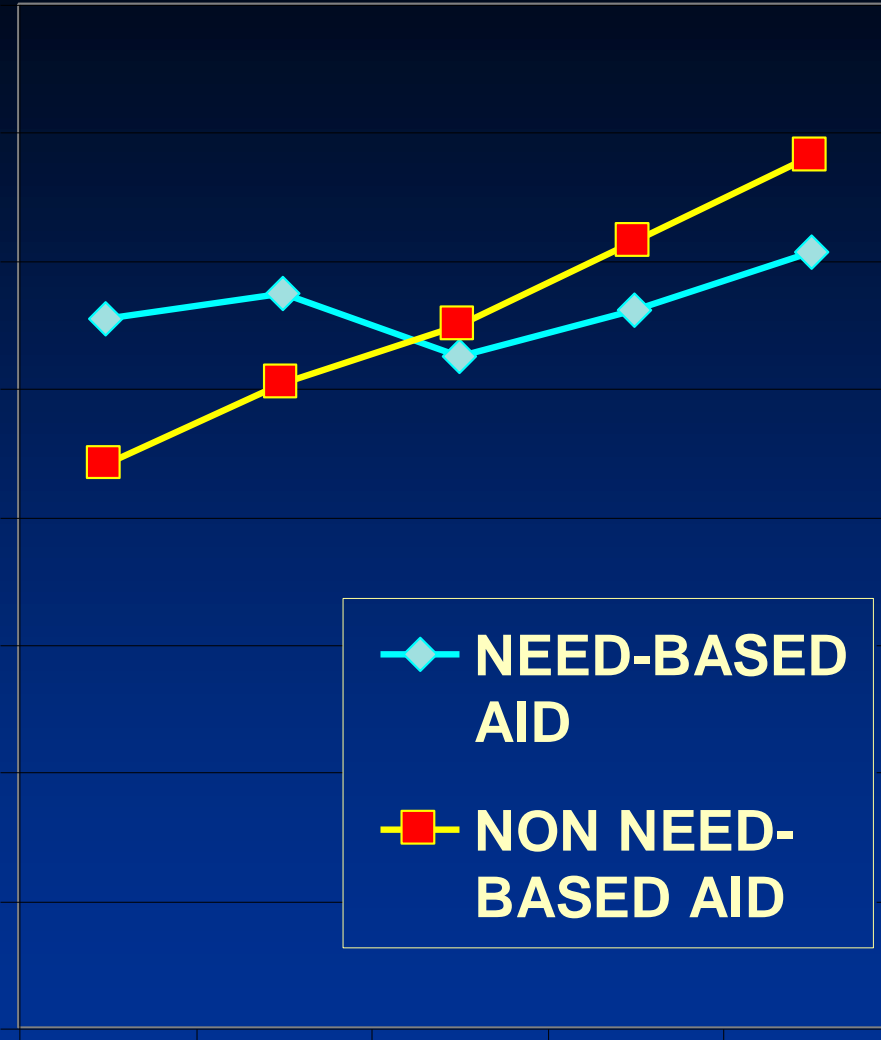
400,000,000

300,000,000

200,000,000

100,000,000

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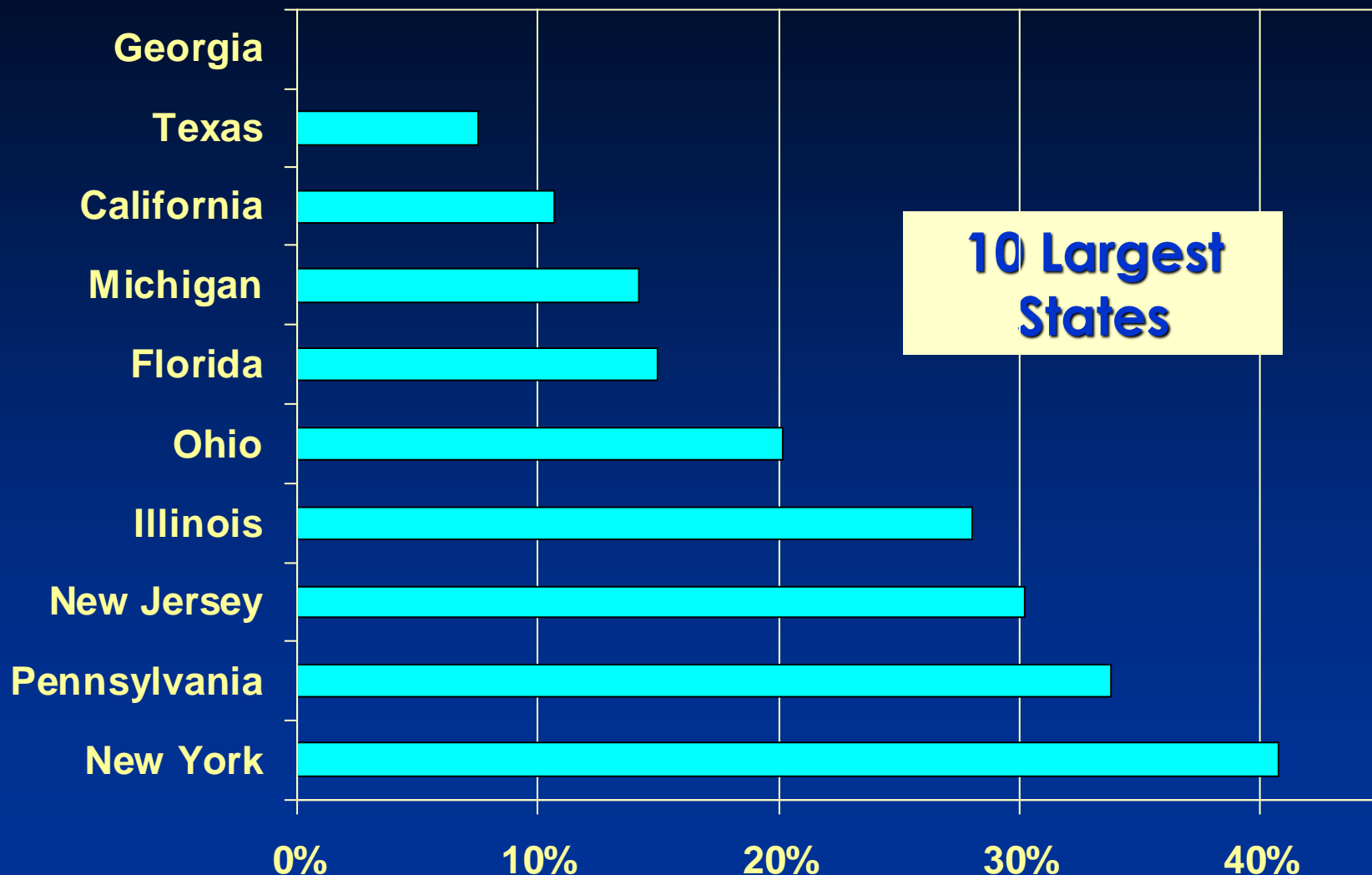
# FLORIDA UNIVERSITY SYSTEM

## NEED VERSUS NON-NEED PROGRAMS

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



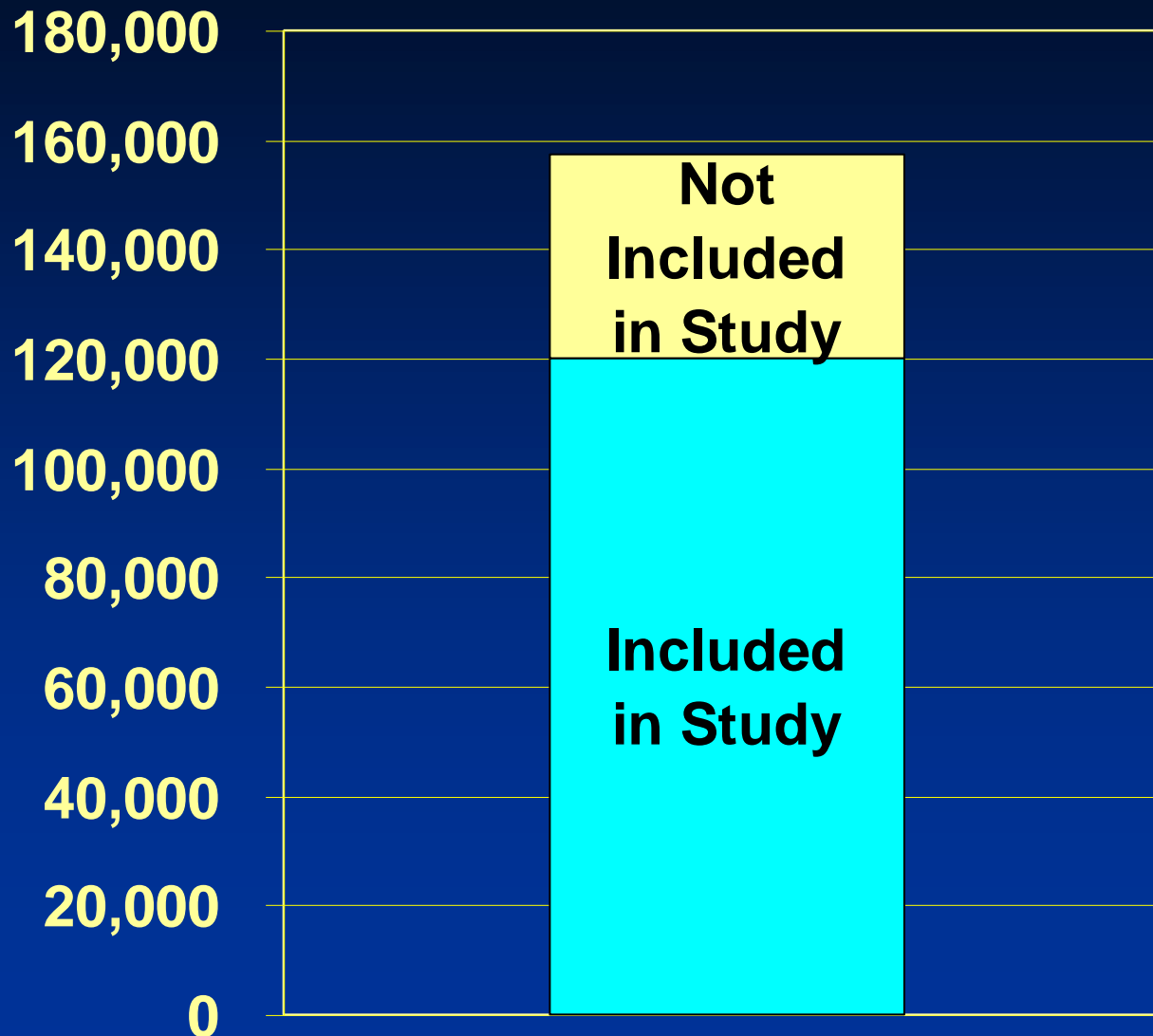
- **Current policies emphasize on low tuition and merit aid**
- **These policies produce a low ranking among states in success at providing access...**
  - **Despite low tuition, Bright Futures, Prepaid Tuition program, etc.**
- **Current Florida tuition levels provide the state with an untapped and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





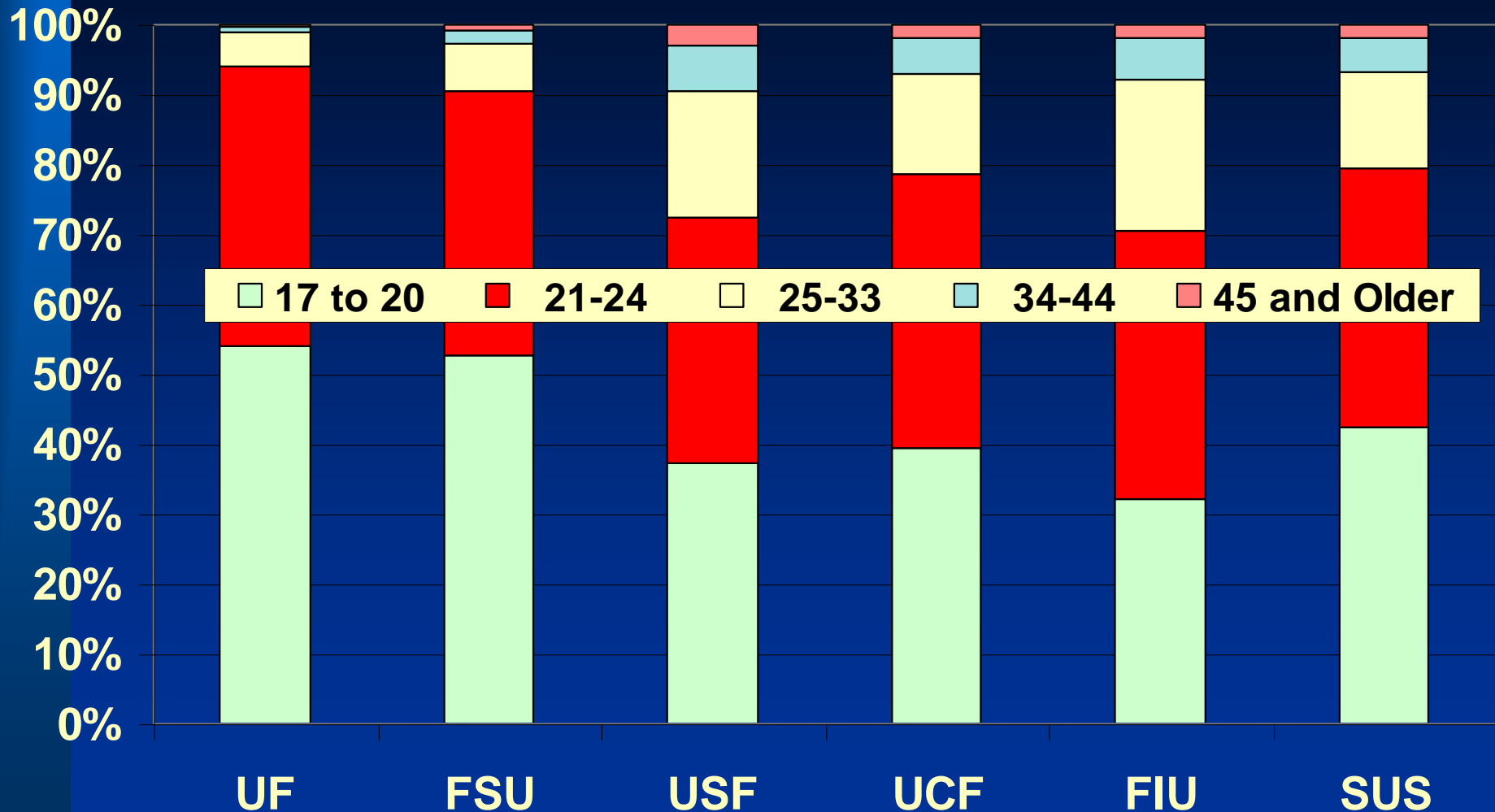
# **Florida Institutional Differences**

# Portion of University System FTE Enrollment Included in Contract Study

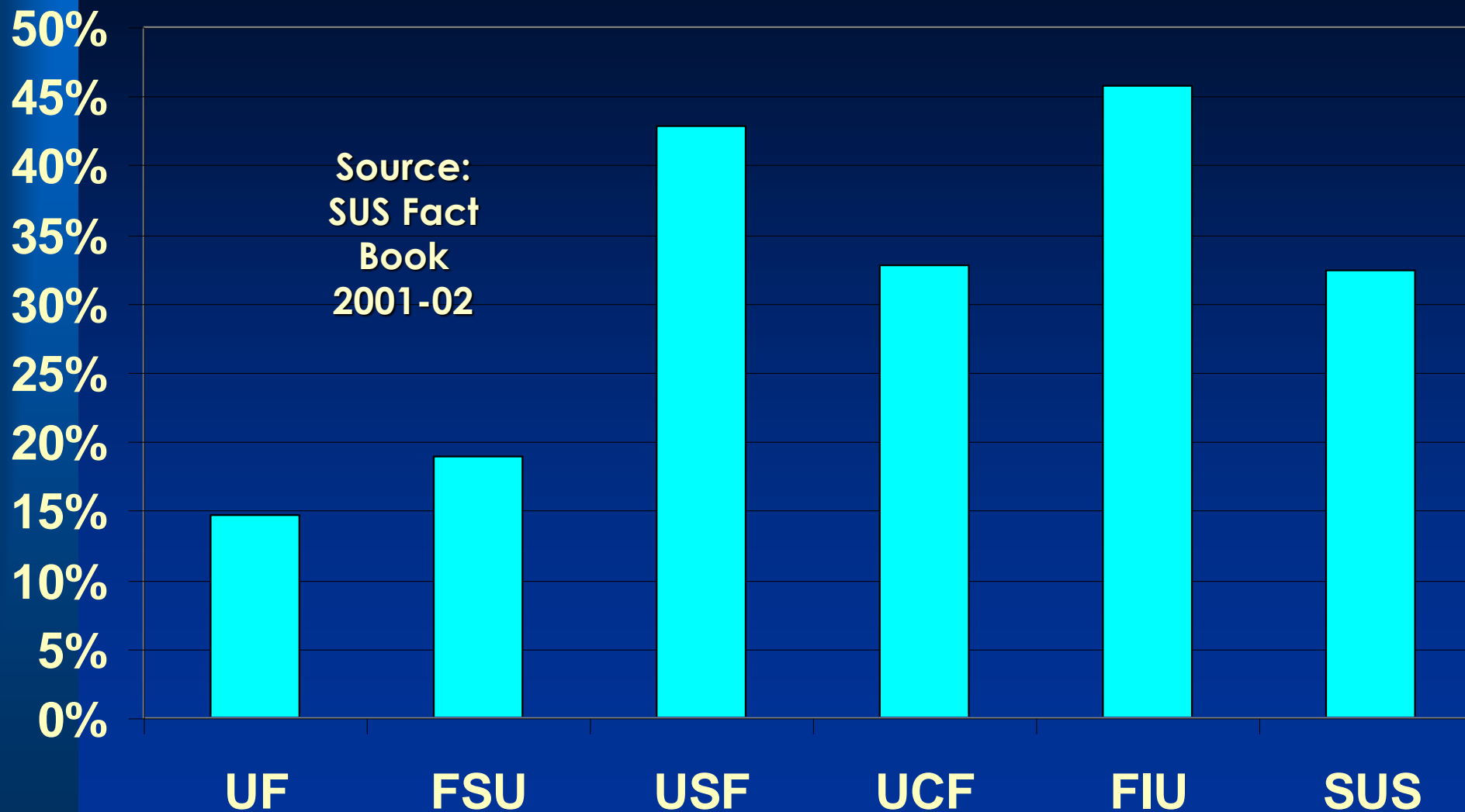


Source:  
SUS Fact  
Book  
2001-02

# Headcount Undergraduate Enrollment by Age

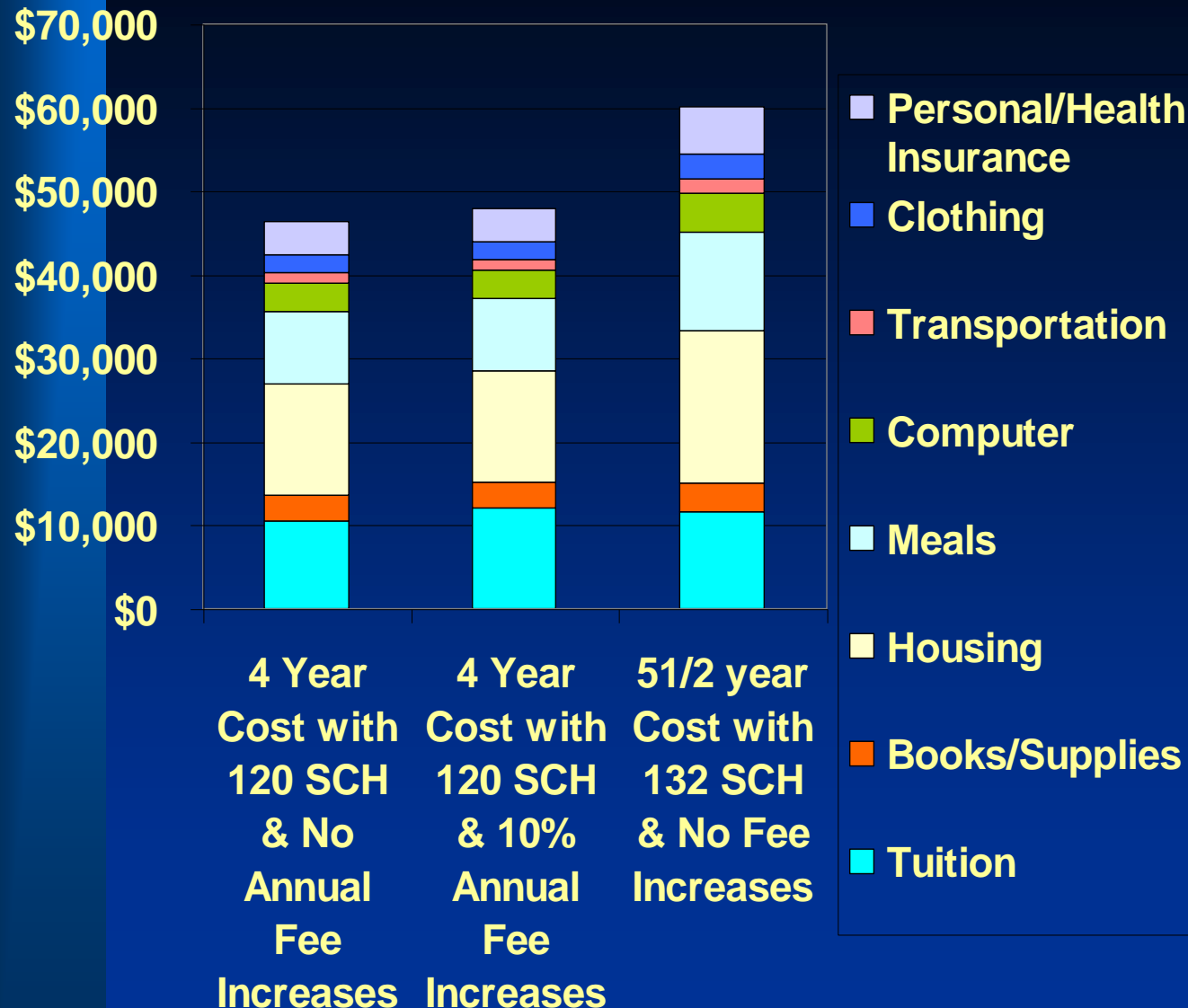


# Percentage of Undergraduate Headcount Enrollment That is Part Time





# 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**