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APPENDIX A
Guiding Principles for Funding Methods

APPENDIX A

Guiding Principles for Funding Methods*

In designing or evaluating a state funding method for higher education, the underlying purposes should be clear. Listed below, in no particular order, are 12 guiding principles that identify and clarify several potentially confusing issues of how state funding for colleges and universities is obtained and distributed.

Some principles can counteract each other. For instance, the desire for a simple-to-understand funding process may preclude features that might contribute to greater equity (such as more detailed subcategories to reflect institutional differences). Similarly, a technique that responds to enrollment changes may not provide the desired level of stability. A funding method needs to achieve a reasonable balance among all the principles if it is to be widely accepted.

A funding method for public colleges and universities should:

- **Be based on the state goals for postsecondary education.** A funding method should incorporate and reinforce the broad goals (such as access and quality) of the state's system of colleges and universities. These goals often are expressed through approved master plans, quality expectations and performance standards.

- **Be sensitive to colleges' different missions.** A funding method should recognize that different institutional missions require different per-student funding. Different rates of funding often are attributed to differences in degree levels, program offerings, students' readiness for college and geographic location. The funding model should include different rates when these mission-related costs are significant and can be documented.

- **Provide adequate funding.** Many judge a funding method's performance primarily on whether the funding is adequate. While no method can guarantee adequate funding, it should focus on determining how much funding each institution needs to fulfill its approved mission. Funding rates should not be influenced too much by average funding levels in other states but should reflect state residents' expectations for their colleges and universities.

- **Provide incentives for or reward performance.** A funding method should provide incentives for institutional effectiveness and efficiency. The design at least should prohibit institutions from having unnecessarily high administrative overhead. The incentives offered should be appropriate. For example, a funding method should not emphasize growth at the expense of quality, develop costly programs without documented demand for them or substitute temporary for permanent faculty.

- **Appropriately recognize size-to-cost relationships.** Any funding method for higher education needs to recognize the number of students to be served by each institution. It also should recognize that, because smaller enrollment at smaller institutions prevents an economy of scale, administrative support programs at these colleges and universities require a base level of funding above what might be an acceptable percentage at a larger school.

- **Be responsive to changing demands.** A funding method should respond to changes in the costs encountered by colleges and universities. Such changes include increases or decreases in institutional workloads (such as growing enrollment or new buildings to maintain); expanded missions (such as new authority to offer graduate programs or a new off-campus site); or changes in external conditions (such as inflation, market competition, and health and safety requirements).

- **Provide reasonably stable funding.** Despite the need for a funding method to respond well to changing conditions, it also should ensure a degree of funding stability for colleges and universities. College officials need a reasonable level of stability in order to develop effective plans for serving state needs. A funding method should not permit sudden increases or decreases in funding without giving college administrators adequate time to respond.

- **Be simple to understand**. A funding method should communicate effectively to key participants in the state budget process how changes in institutional characteristics (such as enrollment levels and program offerings) and in budget policies will affect funding. If all participants do not understand the funding method and how it deals with changing conditions, they become frustrated and question the funding process's integrity.

- **Fund colleges and universities equitably.** A funding method should provide equal funding for equal institutions based on size, mission and growth. The funding model also should treat dissimilar situations - such as different missions, sizes and growth rates - differently and fairly.

- **Make provisions for funding special-purpose units.** Beyond recognizing the typical differences in college and university missions, funding methods should provide state funding for some institutions' unique and costly activities. Examples include medical schools, agricultural extension services, research centers and public service centers.

- **Use valid, reliable data.** To accomplish its other objectives, a funding method must rely on data about the numbers and types of students to be served, the competitive market for faculty and staff, and differences in class sizes across fields of instruction and levels of study. Data should measure differences in funding requirements, and third parties should be able to verify the data.

- **Allow administrative flexibility in spending funds.** A funding method should estimate funding requirements in broad categories but should not control budgets. College administrators should have flexibility in allocating funds if they are expected to achieve top performance using available resources.

Finally, a funding method should balance the principles listed above. For example, the desire for simplicity must be weighed against the demand for equity. Similarly, responsiveness to changing conditions must be measured against stability in funding.

APPENDIX B
Survey Of State Universities

APPENDIX B

COUNCIL FOR EDUCATION POLICY RESEARCH AND IMPROVEMENT

EQUITY FUNDING FOR UNIVERSITIES

SURVEY OF STATE UNIVERSITIES

Thank you for your assistance in responding to this survey. Please e-mail your response, by October 10, 2002, to both of the following CEPRI staff:

Nancy McKee at McKee.Nancy@leg.state.fl.us
Bob Cox at Cox.Bob@leg.state.fl.us

Any questions may be directed to Dr. McKee at 850-487-0517 (Suncom 277-0517) or Mr. Cox at 850-487-8708 (Suncom 277-8708).

University:
Name and phone number of person completing this survey:

1. How do you define equity in Educational and General funding?

2. What state policy decisions have been made that assign to universities responsibilities that have a differential cost and should be reflected in an equity calculation by either being included as a variable or removed from consideration?

3. Do you believe there is an equity funding problem among institutions within the state university system?

   ____Yes

   3a. If yes, why is there an equity funding problem? Please provide a detailed description of how and when it was created.

   3b. If yes, what specific changes to current funding policies, procedures, and calculations would avoid this problem in the future? Please provide, on an electronic spreadsheet, any suggested formulas that would improve the equity of enrollment funding or correct past inequities.

   ____No

4. What institutions are your institution's peers (We are attaching for your convenience the list given by your university to the Board of Regents in 1998-99. Please update this list, reflecting those institutions you consider your current peers and those institutions to which you strive to be peers)?

4a. What process was used to determine your peers?

4b. In what ways do you use your list of peers?

5. Do you believe there is an equity funding problem between your own institution and its peers?

____Yes

5a. If yes, on what basis did you determine that an inequity exists?

____No

6. Providing funding to assure equity may not be compatible with providing funding to reward performance. How can the two be reconciled?

7. Should universities be funded for actual enrollment that exceeds the planned enrollment funded by the Legislature?

____Yes

7a. If yes, why should over-enrollment be funded?

7b. If yes, how should over-enrollment be funded?

7c. If yes, what is the purpose of planned enrollment and should it continue to be used for funding purposes?

7d. If yes, should *lower-level* over-enrollment be funded?

7e. If lower-level over-enrollments should be funded, how should the 2 plus 2 system be preserved?

____No

7f. Why should over-enrollment not be funded?

8. Which of the following issues should be reflected as variables in equity calculations?

8a. Age of institution ____Yes ____No
Why or why not?

8b. Branch campuses ____Yes ____No
Why or why not?

8c. Budget reductions ____Yes ____No
Why or why not?

8d. Disciplines ____Yes ____No
Why or why not?

8e. Faculty salaries ____Yes ____No
Why or why not?

8f. Fee Waivers ____Yes ____No
Why or why not?

8g. Differential tuition ____Yes ____No
Why or why not?

8h.Institutional budget flexibility ____Yes ____No
Why or why not?

8i. Level of degrees ____Yes ____No
Why or why not?

8j. Mission ____Yes ____No
Why or why not?

8k. Size of institution ____Yes ____No
Why or why not?

8l. "Special" non-enrollment such as Institutes and Centers ____Yes ____No
Why or why not?

8m. Start-up funding for new programs, such as new law and medical schools ____Yes ____No
Why or why not?

8n. Other:

9. How should the impact of differential tuition on funding be treated in equity considerations?

10. Has your institution done an equity analysis?
    11a. ____Yes (please forward an electronic copy to CEPRI staff at McKee.Nancy@leg.state.fl.us and Cox.Bob@leg.state.fl.us)
    11b. ____No

11. Other comments:

APPENDIX C
Universities Responses To Survey On Equity Funding

Appendix C

UNIVERSITIES RESPONSES TO SURVEY ON EQUITY FUNDING

1. How do you define equity in Educational and General funding?

UF: Equity should be defined as a funding model in which each university receives approximately the same dollars to accomplish its particular mission. So any model that takes only one dollar factor and divides it by only one output measure is, by definition, measuring something, but it is hard to say that it is accurately measuring equity. Just because someone can easily calculate a value for the ratio of "E&G Dollars/FTE" does not mean that value obtained has any meaning other than the result of the ratio. Such a model may be measuring equity in the researcher's mind because the desired results are achieved; but it's just a very simplistic result that has NO buy-in by the other institutions unless it produces a result that means MORE DOLLARS from a fixed pot of education dollars. In the 60's and early 70's each of the four universities received the same dollars per student credit hour at each of the four levels of instruction. But, even then, two universities had to explain to the other two universities that the Legislature provided dollars in the 60's to create Centers of Excellence in the basic physical sciences and engineering and the Legislature also matched NSF dollars for the same areas. These "non-formula" dollars are only a distant memory at two universities but the positions and dollars are in the base of those universities and are being divided by FTE students. Flash forward to the 2002E Legislative appropriation when through no empirical study, the political process added nine million non-enrollment related dollars to the base of four universities. It is also interesting that in the DCU report attempting to divide positions between enrollment and non-enrollment generation, 2 of the 4 schools that received an equity adjustment showed it as an enrollment issue and the other two as an equity issue. So here are four more numbers to keep track of into the future when a CEPRI type organization is given the thankless task of determining if equity exists at the 20 state universities. In the middle 90's the SUS was funded by the Legislature in an amount of $31M to end all further claims of equity. Not to be out done the 97-99 budgets added another $10M to two universities.

No one claims equity when the Legislature decides that a budget reduction is necessary and that research has no value to the state and thus the graduate research institutions take a disproportionate share of the reduction since the algorithm allocated the reduction as a percentage of dollars expended in the research category of the latest expenditure analysis. There was no consideration given to the missions of the schools. There is never a consideration given to the fact that some schools keep two sets of faculty effort reports: one for the Federal Government and one for the IRDF. So how can I, after 33 years of employment thinking about this issue, even consider this question? In fact, it never really needs to be considered if the Legislature funded enrollment growth or loss annually and allocated funds equally to each institution by level and any additional dollars given over and above enrollment growth is just defined as a special allocation of the Legislative process. This would be treating each university equally in those quantitative measures of FTE students and that would be that. But what happens is that reality sets in as the legislative process proceeds and there are less dollars available to fund the formula for enrollment growth than the formula generates so the Legislative staff develops a rationale to change a component of the formula to make the allocation equal to the available dollars. So for those universities that are to receive enrollment growth dollars will receive less than another university that received funds in the previous year so an "inequitable" situation is created comparing year X with year X+1 but an equitable situation exists for all university receiving growth funds in X+1. But the tears will start and the inequity will become

larger and larger as time goes on with each telling of the tragic events with their local legislative delegation.

FSU: Equity in higher education is not defined in Florida statutes. A proposed definition is noted below.

" Similar academic and non-academic programs should be funded similarly, within a certain degree of latitude as may be necessary to account for mission differentiation, priorities and special circumstances and programs. Periodic comparisons, every five years starting in time for the 2004-05 fiscal year, should be made by FBOE to peers institutions in the upper quartile, regarding overall funding, average faculty salaries, tuition, plant operations, graduate student support including waivers and other major university areas. Equity funding is fair funding within available funds, not equal funding per FTE for each institution."

Equity in funding for higher education can be highly complex. Funding formulas can, therefore, be subject to imperfect matches between activities and attempts at costing activities. Interpretation of the funding resulting from the application of formulas can even be subject to unintended misuses and political manipulation. How precise can formulas be given the complexity of university activities?

We need not go far to find an "equity" adjustment. This just happened in the SUS (DCU) in the 2002 legislative session. Four institutions received a total of $9 million dollars. But how the equity amounts were derived, how the funds were allocated, how much understanding and objective or subjective agreement there was as to the cause for "inequity" or the justification for the "equity" adjustment is probably very debatable and somewhat intractable.

As recently as 1998, the SUS had completed a four years of equity funding and adjustments. This multi-year funding issue consumed $30.8 million dollars and was supposed to end further claims of inequity.

During 1997-98 and 1998-99 there was also a $9.6 million adjustment to two institutions. The total adjustment for all these actions is $49.4 million.

The basis for the equity adjustments seems to be ad-hoc SUS inter-institutional comparisons. Why is there so much perceived built-in inequity? Maybe the issue should be re-named and re-examined.

In the accounting world there is a cost-accounting methodology called Standard Cost Accounting in which there is a very precise measure of what something should cost (the input values).

For example, in a manufacturing process, a wood table (the output) may be deemed to require (the input quantities of): exactly ten board feet of oak wood, two pounds of nails, two pints of sealer, one pint of paint, twenty hours of direct labor and sixteen hours of indirect labor.

Also, the price of the materials and labor (the input prices) are pre-determined as were the quantities of materials and labor, in order to arrive at what the table should cost to build—the standard cost of the table.

The point in the above is that the owners of the manufacturing plant/company decide just how much they think a table should cost.

At the end of the process, managers compare actual costs per table with standard costs and compute variances on materials, labor and prices, and on volume (did they not build enough tables to make efficiencies work, for example). All of this information and determinations as to whether variances were positive or negative and how to use the information for analysis and future planning is key to managerial cost accounting and the success or failure of the company—assuming there is a sufficiently strong market for the sale of the tables.

To what extent of detail do we want to try to fund university activities, given university activities are much more complex than tables?

How can we best budget for the cost of and fund the various programs offered by each individual university? How do we keep the allocations for non-enrollment special programs from clouding the true funding per student FTE that is related only to enrollment-based allocations? And how can we have simple formulas without too many controls--subjects that have been a strong preference of the Presidents, at least per 1994-1995 discussions?

Going much beyond the proposed definition, to very detailed prescriptive formulas, could lead to very long calculations and an attempt at a precision in costing that may not be possible or manageable over the long term. But that may be necessary given the never-ending equity claims.

The definition proposed earlier captures a sense of equity. It should be clear that Equity Funding is not equal funding per FTE for each institution. In fact, such a conception would actually foster unintended policy and unanticipated consequences.

FAMU: Each institution receives equal funding by levels, for space, for library resources and for local initiatives.

USF: In the education field, equity refers to the fair distribution of funding, technology, facilities, services, and equal education opportunities, the things that E& G funding supports, for all students regardless of ability, economic or social background. Equitable does not mean equal, and it could be considered equitable to allocate more dollars for particular purposes such as different missions, start-up diseconomies, etc. However, it is important not to let past differences persist through failure to adjust funding levels as time goes on. The funding of all institutions at the same level, or with a differential by mission is necessary in order for there to be basic equity in funding.

FAU: We would define "equity" in E&G funding to mean the allocation of state funds to constituent institutions sufficient to provide for operational or functional parity per unit of input or analysis. This would necessarily entail provision for cost differentials related to geography, labor market variations, commodity prices, and economies of scale due to institutional size, number of locations, full-time/part-time enrollment mix, discipline mix, and level of enrollment among other variables. For example, equity in funding would presume the reasonable expectation that the cost of producing one unit of output/outcome, a full-time equivalent student for example, will vary by institution. Equity funding would presume that it is reasonable to appropriate a variable rate for a unit of work depending on the institution.

UWF: E&G funding represents the base or core operating funds of the universities – funds that support the primary mission of instruction, research, and service. There is a basic infrastructure funding threshold that each institution must have (no matter what the institutional size) in order to operate as a university (administration and support services). All E&G funding beyond the threshold are enhancements-related or size-related. Equity in E&G funding is the provision of equal funding of the threshold for all institutions, and then the addition of FTE funding based on

current enrollment, growth enrollment, performance rewards, other formula-driven activities, and stand-alone activities.

UCF: "Equity" should mean that the same funding model is applied to each institution and should take into account appropriate factors so that the institution receives sufficient funding to conduct its E&G-related functions in an effective manner.

Equity does not mean that institutions receive equal dollars, but rather that a consistent set of principles and funding factors is applied in a uniform and fair way. Equity-based funding includes provisions for adjusting funding levels to move an institution into an equitable position when misalignments occur.

FIU: Equity funding simply means that each public university in Florida should receive funding for its enrollment plan at least equal to the average by student level of all institutions in the state university system.

UNF: Equity in Educational and General funding requires comparability and fairness in funding among the eleven (11) state universities. Any operational definition of equity in this context should reflect institutional use of instructional and research dollars in relationship to the FTE generated by these dollars. Such a definition should also utilize weightings for other variables, including mission and the array of programs offered. When an institution falls below 95% of the funding in a given category of instruction (undergraduate, graduate, professional school) once the weightings are applied, the funding should be adjusted.

Primary among these is institutional mission. For example, to provide the quality of undergraduate education that Florida citizens should expect of their comprehensive universities, these institutions must be allocated more dollars per undergraduate FTE than universities designated as research universities. This is due to a number of factors including a lack of qualified doctoral students to serve as teaching fellows and the national expectation that quality comprehensive institutions will focus on undergraduate education.

A second variable that must be considered is the array and size of programs offered at the institutions. It is inherently more expensive to offer certain disciplines than others based on required faculty-to-student ratios, difference in salaries needed to recruit and retain faculty, and the equipment and technology required within specific disciplines.

Thus, an algorithm used in defining equity in E&G funding should consider the percent of FTE generated by discipline.

At the same time as these variables should be included in any equity funding formula, administrative decisions that lead to inefficient use of resources should not be included. Decisions to use E&G funds to support non-E&G activities or institutional inefficiencies should not support increases in the funding for these institutions as has recently occurred.

While UNF does not have an algorithm in place to account for the above variables and others that are needed, the institution has determined that its Total Full Cost I&R Expenditures per FTE have been below the 95% level for the last several years. In 1996-97, UNF was funded at 82% of the mean for the state system, rose to a height of 86% in 1998-99, and dropped back down to 84% in 2000-01. See responses to Question 3 for more details.

FGCU: Equity in funding is not a concept that can be defined by one parameter or formula. Rather, numerous factors must be taken into consideration. A given institution needs funding that considers such basic facts as geographic location and economies of scale. The location of an

institution directly affects the cost of operations, including but not limited to salaries and general operating expense. Furthermore, the size of the institution and its base economies of scale affect the impact that a level of funding have on an institution's ability to operate. A smaller University by design requires larger funding per student FTE to cover administrative and support costs. The logic being that certain base level functions must be in place, regardless if enrollment is 100 students or 10,000 students

Additionally, funding must consider prior year funding events. An institution that has endured enrollment growth funding that has been funded at less than full costs builds overtime a base deficiency in its funding. This process affects even more deeply institutions newer institutions in high growth modes, where potentially larger portions of the budget base are not fully funded.

The best way to encapsulate the above comments is to state that equity funding is a process that funds an institutions based upon mission, economies of scale, geographic location, and regression distribution based on enrollment pattern (FTE) to adjust for institutions that are in growth maintenance vs. institutions in high growth rate pattern.

A simple standard to determine if equity is achieved is to view the purchasing power versus other institutions to 1) meet the mission of the institutions, 2) be able to hire personnel needed, 3) incorporate costs for increase impact on infrastructure, and 4) purchases the equipment, materials, and supplies to support the mission and employee base.

NCF: Equity = Reasonably equivalent FTE funding for educational units sharing comparable missions. (Funding should reflect legitimate cost differentials, which should be based on an objective, systematic assessment of actual program costs.)

2. **What state policy decisions have been made that assign to universities responsibilities that have a differential cost and should be reflected in an equity calculation by either being included as a variable or removed from consideration?**

UF: There are many such as the ones mentioned above in question 1. Other examples are the comprehensive presence for SE Florida corridor that provided recourses that was not tied to enrollment. If one reviews the data recently circulated by the DCU of the FBOE in which their staff attempts to document enrollment related and non-enrollment related positions funded by the Legislature over time, one very quickly begins to see that 15% of the positions were not enrollment related. During the 60s and 70s and 80s three of the schools received a portion of their enrollment based positions as graduate assistant positions at $15000 per FTE; whereas the other SUS schools, claiming no graduate education function, received no graduate assistant positions but received their non-regular faculty positions as faculty adjunct positions at $25000 per FTE. The same number of SCH generated one FTE but one school received $10000 per FTE more that another. Equity issue? Any memory of this inequity exists in the SUS? As time goes on and people retire memories of such models fade especially as the same universities have decided they now have a graduate education function now that the previous model is not used.

FSU: There is along history of factors and variables in formulas--with student level, academic disciplines, and productivity factors as the primary budget formula drivers--plus special non-enrollment allocations, such as the FSU/UF Los Alamos Magnet Lab, FMHI, NSF matching grants, etc.

Historically, the allocation to the universities, in simple terms, has been the sum of enrollment activities and related funding, plus the sum of non-enrollment activities and related funding.

There is no intent by the legislature, when special non-enrollment activities are funded for some institutions, to also provide an equivalent amount to the other institutions.

In 1994-1995, the Chancellor of the SUS and House and Senate staff developed a new formula.

Among other things, disciplines were collapsed down to one. Key features of the resulting new formula[1] were that it would be used for incremental funding and that each university would have, and each university was agreeable to having, different funding factors for the four levels of student, based on actual average costs per level of student FTE, as calculated by the annual Expenditure Analysis[2] for each institution.

Furthermore, since the formula was based on average, aggregated costs, the formula was deemed to be desirable (or "rich") as it included non-enrollment-related- costs as well as enrollment costs. It was also agreed that this feature could be useful in annual legislative deliberations and priorities because legislative staff could fund, or not, some or all components of the formula.

For example, the Legislature could decide in any one-year, not to consider a component of the formula, such as "academic administration", when funding the Enrollment issue. This type of adjustment has in fact been applied by the legislature in numerous years since 1995. Actually, the formula has not been fully funded in most years, by virtue of components being excluded, or using the same dollar factors for all institutions, or pro-rating down to available dollars.

This funding mechanism, by its own features, may be what now fuels a constant effort, every legislative session it seems, to try to recalibrate base appropriations among the institutions. "Equity" seems to be the most effective label to give attention to this effort, yet the formula was intended to generate different factors for each institution for each student level, in recognition that this would provide enrollment monies in the dynamic way that universities manage resources among student levels and programs, and also provide some augmentation to the specials in the base budget.

FAMU: Removal of the Academic Classification System (TIER) and funding Florida A&M University for its land grant status.

USF: There are numerous activities that reflect special mission assignments. These can be removed from consideration in order to isolate funding equity. The most easily identifiable are branch campuses, Type I Institutes & Research Centers, Radio/TV, Museums & Galleries, Phosphate TF (at USF). Specialized programs to accomplish state sponsored missions could be reflected in special allocations, but by fixing the base allocation from a cost history provides less funding for some students than others. Urban students, many of them commuters, non-traditional or employed, at institutions with a mission to serve urban communities, are the ones mainly disadvantaged.

FAU:

- Number of locations (i.e., branches and centers) and mandated service areas (include)
- Size, especially economies and diseconomies of scale (include)
- Location, especially wage and commodity price differentials (include)
- Joint Use Facilities (include)
- Discipline mix and level (can be weighted as in former SUS matrix or in fashion similar to

[1] There is more than one formula used. But the emphasis here is on the main formula-- the Enrollment formula.

[2] Actual costs are then pro-rated to the appropriation to determine the dollar values used in the formula.

weights used by SUNY or Texas A&M System) (include)
- Headcount, not just FTE. Many functions (e.g., advising, public safety) scale to numbers of students, irrespective of their full-time/part-time status (include)
- Age and size of plant—expand PO&M formulas to include geographic cost differences in utilities, labor, and commodities (include)

UWF: The State University System (SUS) has never had threshold or basic infrastructure funding. In the 1960's when several upper-level universities were added to the system, initial funding of the new institutions was based on formulas that included some political motivation. The older universities had long ago established their funding levels based on legislative practices and special recognitions of mission, status, etc. In the early 1990's when the current funding formula was initiated, all of the existing funding was swept into a student-FTE-based formula and the size and shape differences in the SUS began to lose meaning. From that time forth, enrollment growth has been based on institutional average cost per student FTE, continuing the funding difference extrapolations and increasing funding inequities.

UCF: Discipline mix, medical and professional schools, area campuses, distance education, virtual campuses, demand, and demographic considerations are major factors that require focused treatment. A funding model should be used that considers these factors and provides appropriate funding given an institution's special needs.

FIU: There are several that should be removed from consideration in order to isolate funding equity: Type I Institutes & Research Centers, Radio/TV, Museums & Galleries, Phosphate TF (at USF). Also, Plant Operations and Maintenance (PO&M) should be excluded since it is funded under a separate formula based on gross square feet of new space.

UNF: Many complex and interwoven issues and circumstances work together to make up the true answer to this question. State universities with powerful and influential legislative supporters receive "specials" or additional funding not requested or approved through the regular processes. On some occasions, these "specials" were designed to approach equity; on other occasions, they contribute to inequity. And despite system-wide recognition that the actual cost of a lower-level FTE at one institution may be higher or lower than others, the Legislature deviates from the university funding requests in total FTE and allocated per FTE funding which serves to widen the gap for existing inequitable funding.

Additionally, although "mission differentiation" currently does not exist in law or rule, most institutions and legislators inherently accept it. The problem is that the subsequent funding strategies used since 1998 do not adequately support mission differentiation.

University of Florida and Florida State University officials have gone on record in testimony before legislative appropriation committees in support of capping lower-level enrollment at their institutions. However, the only "new" funding dollars available are those associated through enrollment growth requiring all institutions including those that wish to cap enrollment to compete for those limited resources.

The University of North Florida strives to become Florida's premiere comprehensive university with smaller class sizes, highly qualified faculty teaching undergraduate classes, and the provision of enhanced undergraduate research and international opportunities for its students. Accordingly, the actual cost of a lower-level FTE at UNF is higher than at UF or FSU, but for Fiscal Year 2002-03, the Legislature funded lower-level FTE at an across-the-board amount which was lower than that received in the previous four years. Given the higher actual costs at UNF, the

impact of the 2002-03 funding scheme was more prejudicial to UNF than to other institutions from an equitable funding standpoint.

FGCU: Lack of consideration of portions of institution and utilization of technology costs as being an integral part of the mission. It has implications for construction and maintenance of infrastructure and buildings, such as classrooms, housing, and funding formula for library resource allocations.

NCF: Those policies that reflect differences in the missions of academic programs should continue to affect funding formulae. Examples of higher-cost programs include medical training, engineering, lab-based sciences, and honors programs/colleges.

3. Do you believe there is an equity funding problem among institutions within the state university system?

_11___Yes

3a. If yes, why is there an equity funding problem? Please provide a detailed description of how and when it was created.

UF: The issues discussed in 1 & 2 above are certainly factors. In fact when one of the universities that received an equity adjustment in 2002 presented its model to its legislative delegation, UF was indicated as "underfunded" but chose not to support the request since the model was seriously flawed. It lacked, for example, something as simple as the use of FTEs weighted by level in the denominator. One of the universities that eventually received funds was, in fact, shown to be overfunded. So what does the $9M dollar allocation mean? I ran model on my computer until I had to get a more powerful computer to try to understand what parameters were used to select the four and not UF. At the end of the session, legislative staff told me that the model was just a political allocation and I had wasted a lot of my time and effort.

FSU: The current formula, if fully funded, has its merits and we do not consider it inequitable per se.

But since there is at least a perceived equity-funding problem in that certain institutions continue to claim they are receiving less funding than they would calculate, by their own comparisons, to the other institutions, the issue must be addressed.

"Equity" may be the easiest label to use to seek additional funding without incurring additional workload.

It may also be the case that because the current formula has not been used consistently as to which components to fund each year, or as to individual university-generated dollar values for each formula component, and since the base budget is not regenerated every year, there is a certain degree of uncertainty that leads to base comparisons.

This institution did not receive any equity funding this year and has received relatively small portions of previous equity adjustments. Since not all details for these adjustments has been provided, particularly this year's adjustments (no detail), we feel we may have been treated inequitably.

FAMU: Because of legislative influences in providing funding and/or facilities for selected institutions.

USF: The problem appears to be a classic case of incremental budgeting that has not been examined to determine if past differences still match today's circumstances and if the rationale for differences of the past still fit the equity we seek in today's circumstances.

The funding "formula" for new enrollment currently in use is based on prior year expenditures. Institutions that received the largest allocations have the most to spend, which means they will continue to receive larger allocations. The effect of across-the-board budget reductions disproportionally reduces the spending at universities that have received smaller per student allocations and have less flexibility in making reductions. Repeated across-the-board budget cuts have become a regressive "tax" on the underfunded institutions. The better funded institutions have more leeway and ability to absorb the "tax" and avoid the tough tradeoffs of reallocation.

The result is a pattern of funding that continually penalizes those who have always had the lowest allocations. Also, Public Service is not funded and Research is only partially funded in the enrollment funding formula thereby disadvantaging universities who by their mission spend a greater proportion of their budget for these activities.

FAU:

- State policy mandates, which require multiple functions on multiple sites while using a funding model based on a single site institution (e.g., Broward Law)
- Legislative appropriations targeted for single-institution, special issues that remove dollars from the collective funding pool
- Legislative funding decisions to target specific functions for reductions through operative funding formulas, e.g., student services, university support, public service, or research. These arbitrary reductions reduce overall support irrespective of functional need
- Joint use facilities and shared campuses impose additional costs beyond the current funding model because the costs of contracted services and labor are often higher at the joint use partner institution (e.g., library staffing costs, clerical and administrative services)

UWF: As indicated above, a base threshold funding level was never established. The current funding methodology reflects average historical costs per student FTE for each institution. This approach is ok for continuing FTE funding, but is not sufficient for threshold funding or for growth funding.

UCF: In the past, base funding for institutions has been established using unequal funding for various types of FTE. As a consequence, as some institutions change their FTE mix, they are funded inequitably.

The current base FTE rate has been determined separately for each university using past or existing expenditures. As a result, any underfunding is perpetuated. And the situation is exacerbated when institutions in high demand areas provide access in response to the needs of those they serve, a problem, in particular, for fast-growing universities in metropolitan areas. Additionally, these institutions often find themselves with a space inequity because growth outpaces the planned or available funding for capital construction.

FIU: The lack of equity that is present today came about over a long period of time. Age of institution is a factor. We believe that the inequity has occurred primarily due to the fact much of the enrollment growth at several institutions has occurred in recent years, at a time when per FTE funding for new enrollment has been greatly reduced by the legislature. The older, more established universities had substantial growth during a period of relatively substantial funding per FTE student. Intertwined with the issue of age are factors of geography and historical

funding patterns in the state university system. Another element present primarily with the urban or metropolitan institutions is the issue of headcount versus FTE, which impacts workload in student service areas and advising.

UNF: To answer this question, UNF developed a reasonable methodology to assess funding equity among the SUS institutions. First, we recorded the Total Full I&R Expenditures per university from the standard SUS Expenditure Analysis, for the years 1996-97 through 2000-01. We chose the Full I&R Expenditure amount (Column E) because it not only includes direct I&R expenditures, but also the more subtle indirect I&R expenditures (e.g., University Support, Student Services, Academic Advising, Library Resources and Staffing, PO&M, etc.). Furthermore, the I&R subtotal does not include the so-called Stand-Alone Activities (e.g., I&R Centers, Radio and TV Stations, Museums and Galleries, and USF Phosphate Research), which receive special line-item E&G funding, are primarily applicable to a few universities, and do not generate Student FTEs We did not deem these stand-alone expenditures to be comparable across the SUS, and therefore they should be excluded from any equity analysis.

Second, we recorded the Total Annual Fundable Student FTEs for each university from the SUS Fact Books, for the years 1996-97 through 2000-01.

Third, the Total Full I&R Expenditures for each university and year were divided by the Total Annual Fundable Student FTEs for the corresponding university and year, including the Averages for the SUS.

The results of these calculations are displayed in the Appendix, Tables 1A and 1B. These results indicate that UNF's Total Full I&R Expenditures Per Student FTE have been consistently below the SUS Average for all years considered (1996-97 through 2000-01). During this time frame, UNF's Full I&R Expenditures Per FTE have ranged from 82% to 86% of the SUS Average. UCF and FIU were also consistently below the SUS Average during this time, and UF was below average from 1997-98 onward.

To assess the possibility that average salaries by university might also reveal inequities, we also calculated the Average E&G Current Year Salaries by Pay Plan for the entire SUS, based on SUPERS data for September 2002. We "normalized" the E&G Current Year Salaries by dividing by the SUPERS Appointment FTE, so that .5 FTE (and other < 1.0 FTE positions) would not bring the average down artificially. Furthermore, Faculty Administrators were excluded from the Faculty Averages, as these might create considerable (and undesirable) variability.

The results of these calculations are displayed in the Appendix, Tables 2A and 2B. These results indicate that, once again, UNF is consistently below the E&G-funded SUS average for all Pay Plans and for all Faculty ranks. UWF also falls into the consistently below-average category.

The problem has occurred over the years. The answer to Question 2 above details some of the causes of the problem. Other causes include the fact that inefficiency has been rewarded over the years. Institutions, which took seriously the need to conserve expenditures in specific areas, have been given less money during subsequent funding periods. In contrast, institutions that have shown less stewardship in expending state dollars have been rewarded by receiving larger increases in funding in the following years. Simplistic attempts to mitigate against this by using flat-funding for new FTE have failed to consider variables which must be considered in any equitable funding formulae (See the answer to Question 1 above.)

FGCU: The response to question one identifies the primary issues. The factors identified in response to question one need greater representation in the funding methodology.

NCF: There is certainly a perception that there is an equity problem, and this may be virtually the same thing as a real problem. If there in fact is a gross discrepancy among member institutions between funding per student FTE for equivalent programs, then one assumes that a legacy of (originally) higher funding to some institutions over others has simply remained within the system over the years.

3b. If yes, what specific changes to current funding policies, procedures, and calculations would avoid this problem in the future? Please provide, on an electronic spreadsheet, any suggested formulas that would improve the equity of enrollment funding or correct past inequities.

UF:
1) Find out every time the enrollment growth formula changed and adjust the enrollment just as the DJIA is adjusted for a stock split or an addition of a new stock.
2) Find out all negative adjustments and determine if the method used for the allocation was equitable.
3) Correctly adjust for non-enrollment related issues
4) Remember 1) through 3) above compound over time so that the study being completed by the DCU reported above needs to also reflect dollars allocated in addition to positions.

One can collect these values and add a number of variables into the model as the SUS did in mid 90s with a productivity intensity factor based on discipline and level of instruction. This data was derived from actual data provided and intuitive judgment of the SUS staff and Provosts of the system. But as pointed out earlier when missions differ and quality of data differ, the factors in the proposed model could never be described as "coming down from the mountain."

FSU: The current formula, if fully funded, has its merits and we do not consider it inequitable per se. But since there are claims of inequity, the issue must be addressed.

The first step we need to take is to identify how, why and when perceived inequities took place, not just merely divide dollars per FTE. Given the makeup of cumulative funding, which includes special programs at the institutions that received funding for those special programs, raw comparisons are not appropriate.

1. There should be a discussion as to whether the formulas themselves are fair or not, given the 1994-1995 accord. If the formula is not deemed unfair, the formula should be continued, and fully-funded as much as possible given the recent budget reductions that have put us behind in dollars per student FTE.

2. If the formula is fair, but there are questions about the base budget, a discussion must take place as to why the base budget needs to be re-examined. The complexity of university activities may never produce a formula that is perfect. Some degree of imperfection has to be acceptable.

3. If there are perceived problems with the formula and the base budget, a very detailed analysis would be needed.

In order to make an analysis, and it would not be a perfect analysis unless many factors are considered, at minimum two variables should be factored out:

a. Faculty and staff salaries.

Differences in average faculty and staff salaries can be related to mission, age of the institution, and other factors unrelated to equity and should be factored out before comparative funding calculations are made. This is a separate issue.

b. Special non-enrollment related programs funded over the years, including compounding due to annual salary increases, including positions, rate and non-salary components.

To improve the analysis, it would also be necessary to factor out a number of other cost structures:

c. Disciplinary cost differences.

Example: Music faculty spend more hours during the week in the classroom, but with fewer students (such as one-on-one piano classes for one hour with each student) and therefore cannot generate as many hours and student FTE's as a professor in another discipline in a class with 30 students.

It takes more music faculty to generate one annual student FTE, but the current formula does not consider this.

d. Average class size by discipline and level of student.

e. Type of instructor: faculty rank, graduate assistant teaching and adjunct faculty.

f. Graduate student support. The agreed upon funding of graduate student support whereby waivers were provided for graduate students with at least a .25 working stipend has not been funded for several years. This has a large negative impact on institutions with large graduate, PhD programs.

FAMU: Strict adherence to a determined formula for local initiatives.

USF: Funding all institutions and branch campuses at the average or for their mission group will eliminate disparities over time.

FAU:

- Recognize both headcount and fte student enrollment (full-time/part-time mix)
- Recognize geographically-related cost differentials
- Recognize costs incurred in maintaining multiple campuses and sites as had been recommended by earlier task forces (see citation below)
- Recognize costs specific to joint use partnership agreements
- Apply annual cost-of-living adjustments to <u>all</u> funding categories
- Recognize differential costs by level and discipline (or at least a simplified version using grouped disciplines by cost (high, medium, low) by level (LL, UL, Grad1, Grad 2)
- Recognize diseconomies/economies of scale and scope
- See accompanying electronic spreadsheet for general suggestions

UWF: (1) A threshold funding level should be established to reflect the actual base costs of individual institutions. (2) Funding of current student FTE levels should be adjusted to reflect actual costs (above the base threshold). (3) Funding for student growth should reflect enhanced FTE funding for smaller institutions that have growth capacity but have no start-up funding sources with which to expand program offerings and outreach activities. (4) Institutions should

be rewarded with special funding for good performance. (5) Separate formula models should be developed for other formula-driven activities (PO&M, Library Resources, etc.). (6) Separate continuing allocations should be developed for stand-alone activities (Institutes and Centers, Museums, Radio and TV, etc.).

UCF: The funding model needs to be responsive to the mission and environmental factors for each institution. It must recognize the mix of disciplines, age, and size of the institution, location, demographics, branch campuses and centers, modes of delivery, and projected needs due to growth.

FIU: First, the equity problem would need to be rectified via a supplemental allocation, or series of allocations, to the institutions funded below the average. Over the years the inequity has developed, and the policy of funding universities at their own expenditure level for incremental enrollment has actually served to widen the equity gap, especially for those institutions which have experienced substantial enrollment growth in recent years. A new formula needs to be developed for funding incremental enrollment growth in the university system once the equity problem has been dealt with.

UNF: UNF would welcome the opportunity to produce such formulae on a timeframe that would allow in-depth studies of the appropriate factors. These funding formulae would generate allocations for undergraduate, graduate, and professional school funding that begin with an average funding for credit hours generated at the particular level under question. This average FTE cost would be multiplied by the institutional student FTE to be generated at that level. This amount would then be adjusted by weights corresponding to the percent of FTE that is to be generated within particular programs at the institutional level and assumed FTE cost for these individual disciplines, a weighting that corresponds to the cost of instruction at the level under question and reflects the mission of the institution, and a weighting for a local cost of living index.

FGCU: Historically, universities funding is predicated upon previous expenditure patterns. Given that expenditure patterns are based upon funding available to a given institution, this practice only serves to reinforce and exacerbate any equity funding issues.

Specific changes at the policy level need to occur to account for above. It is premature at this time to provide formulas until there is consensus on the topics brought up by this survey

NCF: 1. Identify a set of common programs with shared features across state institutions (based on mission and curricula.)
2. Calculate an average cost per FTE for common programs.
3. Overall expenditure analysis formulae should reflect the common programs' differential costs.

4. **What institutions are your institution's peers (We are attaching for your convenience the list given by your university to the Board of Regents in 1998-99. Please update this list, reflecting those institutions you consider your current peers and those institutions to which you strive to be peers)?**

   4a. What process was used to determine your peers?

UF: In review of The Top American Research Universities, 2001 edition produced by The Center, the 13 public research universities that had more top 5 and 10 measures than UF were selected. Two schools, Georgia Tech and UC-San Francisco were deleted since they were considered specialized schools. UNC-Chapel Hill was not included since it had the same number

of top ten factors as UF. Although the selection criterion was not AAU membership, all of the schools above are AAU universities.

FSU: We could choose to pick all the ACC schools, or all public Research I schools. Choosing peers is not an exact science.

We have two types of peers within the 12 listed. Two are called aspirational peers because they more clearly seem to rank higher in terms of overall funding, average faculty salaries, student test scores and reputation (opinion based surveys). The basic methodology for choosing peers (with DCU assistance) was to pick institutions closest to FSU in terms of the number of degrees awarded by discipline and level of degree.

FAMU: The primary factors considered in determining the peers were the graduation rate at the bachelor's level, the SAT scores of entering freshmen and external research funding. Secondary factors considered were library holdings, enrollment, number of schools and colleges, degrees offered and tuition.

USF: As part of our strategic planning process colleges and departments identified peer institutions. Peers are aspirational and a function of academic program development. USF selected institutions whose overall profile best matched on the following characteristics: headcount enrollment, percent of part-time students, number of graduate degrees granted, percent of graduate students, graduation rates, research and development dollars, were Research 1 or Research 2 institutions, size of endowment, and annual giving. In all but two cases, our peers all had medical schools as well. The institutions were also located in metropolitan settings.

Our aspirational peers were selected using the same criteria but all three of the aspiration peers were AAU institutions and all three had achieved Research I status in the Carnegie Classification system (now Research Extensive).

FAU: FAU's peer institutions were selected on the basis of geography (urban), program mix, aspirations (to become research-intensive institutions), student clientele (similar full-time/part-time mix).

UWF: We specified characteristics desired, such as public, size, type, etc., and asked the National Council on Higher Education Management Systems (NCHEMS) to search its databases and provide a list of peer and aspiration institutions for UWF. We tweaked this list to reflect specific characteristics and relationships to arrive at the list of peer institutions that we now use. We are in the process of refining the list.

UCF: We are currently conducting an analysis to identify a more appropriate set of peer institutions for UCF. In particular, UCF is extensively involved in a benchmarking effort to identify comparable institutions that are the "best in class." The current list of peers is not adequate for this purpose. We are examining institutional characteristics (size, location . . .) that characterize a metropolitan research university and then identifying institutions similar to UCF using a statistical approach called cluster analysis. We initially identified about 80 universities throughout the United States that could be characterized as having a metropolitan mission. We eliminated smaller schools and those that did not have a research focus. We added several additional schools after completing the phase I analysis and modified some of the institutional variables; we are conducting the second phase of the analysis at this time. When it is complete, we will have identified a set of universities that have a comparable metropolitan research mission. A subset of those schools will look most like UCF and they will be our initial peers.

The next step is to examine the performance of these comparable institutions (and possibly some additional schools) to determine "best-in-class" schools for benchmarking purposes.

We are also engaged in program-level benchmarking for program improvement purposes. In this instance, the individual program peers will be different from the university peers. The benchmarking effort is focused on identifying the best-in-class program to determine how an individual program can be improved.

FIU: An analysis of the public research-extensive and intensive institutions was completed to identify peer benchmark universities, which included discussion among the Board of Trustees, the Executive Council and Academic Administration. The following criteria were used:

Total Enrollment
Percentage of Graduate Enrollment
Percentage of Part-Time Enrollment
Number of Degrees Conferred
Total Revenue
State Appropriations
Contract and Grant Expenditures

UNF: The University of North Florida selected its peers using a number of variables: institutional mission and size, programs offered by each of the institutions, and location of the institutions. Aspirational peers were selected using similar variables, but reflect UNF's goals for the development of its curriculum, its quality, its national reputation, and its size. These institutions represent a set of quality comprehensive universities that would serve the citizens of Florida well.

FGCU: Peers were determined through a process of national data resources; input from university administration and faculty leadership and discussion with University Board of Trustees at June 2002 meeting. The attempt were to compare Florida Gulf Coast Universities to institutions for which we share common traits and/or instiution we may strive to emulate.

NCF:

- Data that identify overlapping applications among students
- Comparable "public liberal arts" colleges
- List of comparable institutions used for fundraising purposes by the New College Foundation.
- Similar national ratings (e.g., Kiplingers, Barron's, Princeton Review etc.)

4b. In what ways do you use your list of peers?

UF:
(1)The university uses them to compare faculty and graduate assistant salaries and benefits. (2)They are used for the comparison of tuition: undergraduate, graduate, and professional. Our goal is to be in the top 25 public research institutions using The Center criteria and we have achieved that goal. Now we would like to move up the list and be in the top 5. The two top schools have 6 of 9 measures in the top 5 and 9 of the 9 in the top 10.

FSU: As with any other comparisons, peer comparisons are used only as a general tool for monitoring how we are doing. It is still important to remember that all institutions are different and it is not our goal to match our peers in all aspects (in some cases, we could not afford to), but to help us determine where we may be significantly out of line, up or down, with a measure we are tracking, such as tuition rates or graduation rates, and to try to determine if we can improve or if there are natural or other barriers that could explain differences.

FAMU: For comparative purposes to help determine University progress and future growth and development.

USF: USF uses the peer and aspirational peer list for comparison of progress and relative standing in areas such as:

- retention and graduation rates
- endowment and annual giving
- contract and grant awards
- number of degrees granted
- qualifications of entering FTIC

We also used the peer institutions extensively in the development of our Strategic Plan. The Strategic Plan includes accountability measures for several action items. Where these actions lend themselves to measurement in a meaningful way, we collect peer data to use as benchmarks. We also utilize data from our aspirational peers to help us set reasonable goals in the Strategic Plan.
In using the peer data for the past four years, we have learned that no single institution can be used as a comparison base for all measures. We exceed our current peers on some measures and fall short of them on others. Likewise, we exceed our aspirational peers on some and fall short on others. Therefore, we have selected reasonably across our peer group and aspirational peer group to select benchmarks and goals that make sense.

FAU: FAU has used these peer institutions primarily to compare student-related inputs (i.e., admissions characteristics) and outcomes (e.g., graduation and retention rates, research funding, etc.). We have developed some funding-related measures, such as comparisons of faculty salaries, which provide a proxy measure of funding support (i.e., higher average salaries by rank tend to indicate higher levels of overall funding support).

UWF: We develop benchmark studies each year to give us comparative information for management purposes. The benchmark studies include several ingredients related to enrollment, E&G expenditures, other revenues including private funding, library information, and faculty data.

UCF: To answer questions such as: Are we the nation's leading metropolitan research university? What changes do we need to make to become the leading metropolitan research university? What is the reputation of the university and its programs? Do we have comparable resources (funding, faculty, space, etc.) to complete our mission?

FIU: We use the peers for comparison to ourselves with respect to:

Quality of Student
Program Breadth
Performance/Productivity Measures
Funding Level
Expenditures per FTE Student
Tuition Levels
Faculty Salary Rates
Contract and Grant Competitiveness
Degrees Conferred
Student Mix, Full-time vs. Part-time, Gender, Race, and Level (Lower, Upper, Graduate).

UNF: The University of North Florida uses its peer institutions in examining its curricular offerings, its faculty and staff pay, and benchmarks of its own regional and national reputation.

FGCU: Given that the list has just been developed, and is still requiring final approval, no activities have yet taken place in regards to the above list.

NCF:

- Targeting appropriate applicant pool
- Determining future curricular initiatives
- Maintaining an active dialogue with other public liberal arts institutions about educational enrichment
- Designing admissions materials
- Developing fundraising goals and methods
- Targeting faculty salary ranges

5. Do you believe there is an equity funding problem between your own institution and its peers?

9 Yes

5a. If yes, on what basis did you determine that an inequity exists?

UF:
(1) The University in its recently adopted Strategic Plan states:

"Current faculty salaries at UF rank in the bottom quartile among AAU Public Universities and only at the mid-range of these salaries when adjusted for the cost-of-living. UF's fringe benefit package also ranks just below the mid-range for AAU public universities. The University has a terrific group of faculty, but our hiring needs are such that we must offer nationally competitive salaries and support packages if we hope to continue to recruit and retain the best new faculty in the nation."

(2) In terms of tuition, our Strategic Plan States :

"For the University of Florida to become a great university and to become less dependent on state funding, it must have some control over its tuition and fees. The University of Florida currently has the lowest tuition and fees among all 63 members of the Association of American Universities. For all public universities, the State of Florida University System currently ranks 49th in tuition in the United States. Low tuition is, in fact, a deterrent to building great universities or in meeting the needs of the state. By substantially limiting revenue to universities, it also limits opportunities for students.

It is revealing that there are no great universities in the United States with very low tuition. The great public research universities in this nation generate three and four times as much revenue in tuition dollars than does the University of Florida. Even the Florida Council of 100, an organization representing the top business leaders in Florida, acknowledges that tuition is too low in the state and has adversely affected the advancement of higher education. The Council proposes that tuition be increased so students assume fifty percent of the cost of instruction."

FSU: If FSU is expected to be in the top tier of public institutions, there are some comparisons that can be considered to be alarming, depending on the viewpoint of the analyst.

a. Faculty Salaries. If we wanted to see how efficiently we have been able to hire good faculty as opposed to hiring at competitive market rates AND subsequently maintaining competitive market rates, we would have to discuss why FSU has one of the lowest average faculty salaries of all the 57 public Research I institutions: 51 for Professors, 51 for Associate Professors and 45 for Assistant Professors. See Attachment II. The attachment includes 1999-2000 AAU data as published in the Chronicle of Higher Education and can be updated.

b. Number of faculty per student FTE. We are low in this statistic. In the current U.S. News rankings, FSU ranked 129 of 249 in Faculty Resources. The calculations are made using IPEDS data. This specific detail is obtainable only upon request by each institution from U.S. News.

c. Tuition and appropriations per student FTE for the top 50 publics. See Attachment III as a sample. The calculations are made using IPEDS data and can be updated.

In 1997 U.S News ranked FSU as the "Best Value". In the current U.S. News rankings, FSU ranked 206 of 249 in Financial Resources. This specific detail is obtainable only upon request by each institution from U.S. News.

d. Our departments also make their own comparisons to their versions of departmental peers/aspirational peers. Samples could be provided upon request.

e. Faculty salary compression has been an issue for many years. In order to hire at competitive salaries, we make special efforts to hire new faculty at the assistant level at OSU plus 10%, but we are not able to maintain competitive salaries for continuing faculty. At times, new assistant salaries surpass the salaries of faculty who have been with us much longer and may be at a higher rank.

USF: The peer data suggest there is an equity issue between USF and our peers. The most noticeable difference is in headcount enrollment. USF's enrollment is larger than any other peer or aspirational peer institution and produces far more degrees than all but one of our peers (latest year data available from The Center). The latest data we have for E&G dollars per SCH is far lower than most of our peers.

STATE UNIVERSITY SYSTEM

2002-03 Dollars per FTE
Excludes HSC

	Lower	Upper	Grad I	Grad II
UF	$4,877	$7,827	$13,585	$17,706
FSU	$5,055	$7,846	$13,264	$20,240
USF	$5,024	$7,574	$11,367	$15,584
UCF	$5,137	$7,596	$13,225	$25,903
FIU	$4,553	$6,867	$10,341	$16,102
FAMU	$5,123	$9,116	$15,574	$19,881
FAU	$5,767	$7,982	$11,429	$19,657
UWF	$5,188	$8,718	$11,898	$17,407

UNF	$5,163	$8,067	$11,196	$14,528
FGCU	$5,631	$9,288	$12,568	$3,387
NCF	$10,133	$10,830		

Source: SUS Allocation Document 2002-03 E&G, ex HSC, May 25, 2002

FAU: As noted above, FAU faculty salaries lag behind those at peer institutions. Analysis and calculations performed at the request of our Board of Trustees reveal that FAU faculty salaries by rank average $5000 below those at our peer institutions. Bringing FAU average salaries to the median of the peer group would require over $4m. (Similarly, raising salaries to the level of FIU would require more than $2.5m; to UCF would require more than $3.5m.)

UCF: In our proposed performance-based funding model, UCF used FIU, USF, and FAU as peers within the state. When we examined E&G expenditures per student (with the professional schools factored out so that the institutions are comparable), UCF's expenditures per graduate are much lower than our in-state peers (as well as the SUS as a whole). We have made similar comparisons with schools outside the state and UCF's expenditures per student are generally lower. We believe it is much more meaningful to compare UCF with schools inside the state because universities in other states are subject to a different set of funding policies, state budgets, enrollment patterns, definitions of FTE, etc., that make E&G equity comparisons questionable. It would, however, be appropriate to examine the faculty salaries at state-funded institutions to determine whether Florida's salaries are on a par with peer institutions.

FIU: There are many barriers to dealing with comparability among institutions from different states, which makes it difficult to conduct the same quality of equity analysis that is done for institutions within the SUS. Our conclusion is based on individual factors which stand out when comparing institutional profiles, such as faculty salaries.

UNF: By using IPEDS data and the FTE formula used in the U.S. News and World Report rankings, UNF calculates that its E&G expenditures (as defined in the IPEDS Finance Survey) per Student FTE (as estimated from the IPEDS Fall Enrollment Survey headcounts) are at 89% of the average for our peer institutions. See Appendix, Table 3, for details of these IPEDS Peer comparisons.

FGCU: This question cannot be answered quantitatively given the lack of comparitive analysis and date exchange at this time. However, given matters previously referenced in this survey, it is a belief that such inequities to exist.

NCF: Results of a recent (December, 2001) study undertaken at New College's request by MGT of America indicating a wide gap between total resources per student FTE here and at the institutions in the comparative group.

2 No

FAMU: (No)

UWF: (No) Using only "funding per FTE student" as the equity measure, it appears that there may not be an equity funding concern among peer institutions. However, UWF's peer institutions include public and private institutions, all outside Florida, and all with different organizational and funding structures. Therefore, a much more detailed analysis needs to be conducted before making an accurate response to this question.

6. **Providing funding to assure equity may not be compatible with providing funding to reward performance. How can the two be reconciled?**

UF: It is difficult to understand this question since neither concept, equity or reward performance, has been defined. But the University has recommended to the FBOE that it be allowed to use the nine center measures as performance measures in addition to several commonly proposed factors by the Legislature like four and six-year graduation rates, two and four-year AA graduation rates, etc. Since we strive to compete with our peers and not the other SUS institutions, most of our measures are those used by major research institutions in the United States. In nearly every measure proposed by the Legislature, UF leads the SUS.

FSU: New monies for performance should be provided for universities to have a source of funds to help them achieve higher goals. Funds should be used to encourage and assist improvement within specified category of universities, not to make our universities competitive among each other.

Goals should be realistic, not idealistic. Amounts provided should be relatively small in relation to the base budget, such as 1% of the base budget.

FAMU: Each institution should receive base FTE funding. Performance funding would then be based on a predetermined set of performance standards.

USF: There is no problem. These are separate issues and the only problem is the availability of funds. Performance funding should be applied after campuses have been funded equitably. Equity should rest in the base allocation and provide budgetary stability. This stability can be damaged in performance budgeting schemes. Incentives beyond that could follow policy goals and can include process (e.g. fund additional nursing students) or performance (e.g. increasing retention or number of graduates) goals.

FAU: Returning to our original definition of funding equity, the concept implies supplying sufficient resources to the institution to enable it to carry out its work. The determination of what is sufficient should factor in the variables cited earlier, such as geographic location, size, number of campuses, discipline mix, enrollment mix, etc. Thus, funding equity must deal with funding for expected work. Performance, in contrast, relates to outcomes and should be measured only after controlling for inputs. If equity does not exist with respect to inputs, then expectations for performance ought to be scaled accordingly. Rewards for performance, then, should be assessed based on attainment of goals in context, not in absolute, winner-take-all contests.

If equity does not exist with respect to inputs (equity funding), then performance reviews and comparisons will suffer from the proverbial comparison of "apples to oranges." If all institutions have an equal opportunity (i.e., equity input funding) to earn rewards for performance, then notions of equity and performance can be reconciled. By analogy, consider the advantage to a runner in lane 1 over lane 8 racing around an oval without the benefit of a staggered start. Without the staggered start to equalize the distance traveled, such a race would clearly give an advantage to the runner starting in lane 1, although each runner started by toeing the same mark. Equal opportunity, thus, comes from adjusting the start (equity funding) to ensure equal competition.

UWF: Funding for equity and funding for performance should be considered separately. A basic equity model needs to be developed and implemented, then special allocations, such as

performance funding, should be added to the basic funding model to display full funding. This would result in a six-level funding model:

1. Threshold Funding (to establish basic infrastructure)
2. Current Enrollment Funding (to continue current enrollment)
3. Enrollment Growth Funding (to encourage or discourage growth)
4. Performance-Based Funding (for enhancements – rewards for performing well rather than punishment for not performing well)
5. Other formula-driven activities (PO&M, Library Resources, etc.)
6. Stand-Alone activities (I&R Centers, Radio and TV, Museums, etc.)

UCF: An equity-based funding model should provide the basis for establishing the base funding for each of the universities. It should provide adequate funding for the university to deliver a quality education and meet the needs of Florida citizens, given the array of programs and activities that exist to meet the university's particular mission.

Funding to reward performance should provide additional financial resources above the base level to acknowledge superior performance. This funding may be non-recurring or recurring to support the maintenance of new initiatives. In the latter case, the level of performance funding should be comparable to the equity funding associated with the new initiative.

If performance-based funding results in a reduction of base funds because of a university's poor performance, then it is incompatible with equity funding if the mission and activity level of the university remain the same. Reducing funding below a level needed to sustain program quality can only perpetuate poor performance.

FIU: This question brings to light a point that should not be overlooked. Performance funding should be implemented only AFTER the playing field has been leveled. A university's performance is clearly not solely determined by funding per FTE, but funding per FTE does influence an institution's ability to perform at the highest level.

UNF: Equity funding and performance funding are two different but compatible concepts. The purpose of equity funding is to provide each university a base level of funding that ameliorates past inequities, while performance funding recognizes a University's achievements in meeting accountability standards, performance measures, etc. In reconciling the two, the state must first establish an equity-funding plan, which erases past inequities and then allocates the necessary funding to provide each University its equity-funding base. Once the base budget is established, including any equity funding, implementation of a performance funding model is appropriate to recognize a University's achievements in meeting state approved accountability goals, performance measures, etc.

FGCU: These are two separate issues and perhaps should not be reconciled. The purpose of funding to reward performance is to allow enhancements of current functions of assumption of new initiatives based upon a proven track record. That concept is different than funding an institution its base funding for performing a core mission at a satisfactory level.

By measuring and allocating performance budgets versus base separately, it should be possible to be able offer comparable funding, while yet maintaining a separate source of funds for performance.

NCF: Introduce performance measures that, in due course, reinforce a given institution's request for equity. Specific performance measures should be mission-based, and assessed at the program level.

7. Should universities be funded for actual enrollment that exceeds the planned enrollment funded by the Legislature?

8 Yes

7a. If yes, why should over-enrollment be funded?

UF: Actual enrollment should always be funded, because there are factors that can affect enrollment that are either planned for by the University or are beyond the control of the University. Let's look at three examples.

(1) Example one is the implementation of the "Universal Tracking" plan in the mid 90s at UF. It increased undergraduate enrollment because more students stayed at UF because critical tracking courses were guaranteed and thus the graduation and retention rate, both 4 and 6 year, increased to the highest in the SUS. This is a "good" result and yes the State should pay for it.
(2) The second example is the show rate (percentage of accepted FTICs that actually enroll) of entering FTICs is less than predictable regardless of the model used. This year the show rate increased above any model used by the university. One can only speculate that it had to do with travel out of state and the 9/11 tragedy. A one percent change in the show rate increases the enrollment rate by 62 headcount and42 FTE produced at the undergraduate level.
(3) A third example is an increase of SCH taken per undergraduate student. This is solely a determinate of the students and we, as a university, can only report the results. An increase of .25 SCH per undergraduate for both the fall and spring semester will produce an FTE increase of over 400 FTEs for the 33,000 undergraduates.

One final issue is that the Legislature sets the number of FTEs it will fund during the Legislative session based on (1) funds available and (2) a recommendation in the past by the DCU and the DCU, in the view of some universities, fails to recognize the actual enrollment growth predicted by the universities. The DCU has in fact looked at 2 to 3 year old projections from the universities and have refused to adjust those projections based on specific academic plans of the universities. If the Legislature fails to fund underenrollment, over time the memory of the "overenrollment" will fail and it will become a very vocal equity issue. In fact for 2002-03 enrollment growth, the Legislature did not fully fund the formula. They reduced departmental research (46%) and used system values for non-I&R components. In 2001-02 they used system values for non-I&R components. This created an inequity from the 2000-01 year in which each university was funded at their costs for non-I&R. The underfunding of research in 2002-03 created inequities from previous years.

FAMU: Universities should be funded for over enrollment when they can accommodate it and if it is in support of their mission.

USF: The problem here is not should over-enrollment be funded, but should the state use funded enrollment to cap institutions trying to address growing demand and real community needs within the bounds of their mission (7c)? If the answer is no, and enrollment targets are appropriately set, institutions need not have over-enrollment problems.

The SUS enrollment plan has systematically failed to recognize the real and legitimate enrollment demand in the State and at specific institutions, nor has it recognized State policies to increase access and degree production.

FAU: Because "over-enrollment" indicates that the institution is doing its job of providing higher education opportunities and is responding to student demand.

UWF: Over-enrollment (over currently-funded enrollment) should be funded for those institutions that have the capacity and the need to grow to accomplish their individual missions. Larger institutions and others that have reached a pre-determined capacity level should not be considered for over-enrollment funding. Institutions that have the capacity and are encouraging growth should be eligible to receive over-enrollment funding.

UCF: Over-enrollment is the amount by which the actual FTE enrollment exceeds the planned and, therefore, funded enrollment, A key criterion for considering funding for over-enrollment is maintaining the quality of program delivery, as well as the quality of the incoming students. For universities in a growth mode, the approved enrollment level for a subsequent year may often be less than the actual enrollment in the previous year. Yet, a university that provides increasing access while improving the quality of students and programs is truly serving Florida's best interests. When a university provides this access without appropriate increases in funding, such access can be sustained only for a short period of time. Base funding for institutions should reflect their actual enrollment. Consideration should also be given to enrollment increases resulting from quality improvements that produce better student retention. Increasing retention by 5% on a base of 30,000 students produces an increased enrollment of 1,500.

UNF: (See response to #7 b)

FGCU: Enrollment at the state universities is a reflection of the demand for higher education in the state of Florida. To the extent that reasonable standards and practices are in place in regards to admissions, there is no logic that supports limiting access to the University system by Floridians in search of a degree.

7b. If yes, how should over-enrollment be funded?

UF: It should be funded as is any other enrollment growth.

FAMU: A reserve should be held for enrollment over planned growth. The Reserve should be allocated when it is demonstrated that the growth will be sustained.

USF: If the enrollment is consistent with the campus mission, the following year based on the enrollment growth formula.

FAU: Enrollment targets in the year immediately following the base year should be adjusted upward to account for the prior years actual and the projected increment for the new year.

UWF: Enrollment funding should be set aside at the Board of Education level until enrollments are determined, then allocated to those institutions that are eligible to receive over-enrollment funding and demonstrate growth. The allocation of over-enrollment funding should be accomplished during the year of enrollment growth so that funding matches enrollment. This is contrasted by the current approach where over-enrollment is funded in subsequent years. In the case of UWF's dynamic enrollment growth over the last three years, it took more than one year for funding to catch up with actual enrollments.

UCF: Over-enrollment with sustained quality should be part of the regular funding model. In one sense, over-enrollment with sustained quality represents a higher performance level, and that performance should be recognized with equitable funding.

UNF: The University of North Florida supports a system-wide enrollment plan that is developed collaboratively, taking into account the approved university strategic and accountability plans and mission differentiation. To protect the integrity of the plan and allow for other variables (such as a sudden increase in show rate, etc.), the universities should have approved margins, like the corridor, by which universities would receive full funding for over-enrollment within the margin. Approved over-enrollment margins should be based on mission and operate on a sliding scale so that state funding decreases with the increasing number of students exceeding the plan (or consistent over-enrollment over years results in decreased funding levels).

FGCU: The current practice of basing funding of a an approved enrollment plan is appropriate. To the extent possible, full funding for excess enrollment should be made available, up to a predetermined maximum. Having a maximum will limit any desires to enroll beyond the means of the institution for the purpose of acquiring additional funds. Under this type of methodology, additional enrollment is accounted for while hopefully maintaining quality.

Additionally, funds should be allocated to the board of education that may provide additional mid-year funds to institutions realizing higher than anticipated growth. By having these funds available, the board of education will have the flexibility to place funding in high growth institutions, and bring fiscal relief during the year the growth is realized, and not just the year after. based on enrollment growth for summer and fall (preliminary) and historical patterns between those semesters and spring so that personnel can be hired to meet increased demand from higher enrollments. This would release the pressure of the additional enrollment six months earlier than current practice.

7c. If yes, what is the purpose of planned enrollment and should it continue to be used for funding purposes?

UF: Planned enrollment is a goal for the year that the Legislature believes it has funded. It sets the minimum goal that each university must meet or lose enrollment funds.

FAMU: Planned enrollment should continue to be used for funding purposes. Enrollment over planned should be looked at each year for adjustment during the current year and adjusting the base for the following year.

USF: The current system of enrollment planning and caps forces institutions to make a choice between sticking with the cap and not perform their mission to their fullest ability (and also limiting access and choice) or to go over the cap and suffer the costs without funding. Planned enrollment should be driven by mission, not by historic allocations.

FAU: Planned enrollment should be defined as projected enrollment and should be used to inform the legislature of potential future demands on state resources.

UWF: As indicated in #6, above, funding should be established at different FTE values for current (recurring) enrollment and for growth enrollment. Planned enrollment should be the current or recurring enrollment based on pre-determined levels for each institution.

UCF: It is important to have projections of enrollment for planning purposes so that funding can be allocated to the universities at the beginning of the fiscal year (before they know what their

actual enrollment is). It is important for universities to develop realistic projection models to estimate enrollment. For universities in a steady-state, enrollment growth is not an issue—rather enrollment mix is an issue. Universities in a growth mode need to address growth, along with the discipline and level mix. Except for universities in a steady-state, planned enrollment should not be used as a restriction on enrollment (as it may currently be viewed) if the state is really interested in access and seamless articulation. Should, for example, a qualified student living and working in Orlando be forced to seek admission at another state institution because UCF has exceeded its "allowable" enrollment? Should a place-bound student be denied access? Should an institution that admits such a student be penalized (rather than compensated) for providing that student with access to higher education? If Florida takes seriously the goal of increasing baccalaureate degree production, it must be recognized that policies of the past rewarded institutions that slightly underenrolled.

UNF: (See response to #7 b)

FGCU: Planned enrollment serves to provide a baseline in terms of funding and the expectations of an institutions enrollment activities.

7d. If yes, should lower-level over-enrollment be funded?

UF: Lower division enrollment is not coursework taken by lower division students but lower division course work taken by all levels of students. See 7a above for further discussion of other issues effecting lower division enrollment.

FAMU: Lower level over enrollment should be funded.

FAU: Lower level enrollment (FTE) includes all 1000 and 2000 level course enrollments irrespective of the level of the students who enrolled in those courses. Frequently, these LL FTE are generated by junior and senior level students. To arbitrarily limit funding for these FTE would seriously damage any effort to maintain cross-institutional funding equity, which has to start with dollars coming in for work being performed.

UWF: Yes, lower-level over-enrollment should be funded, based on previous statements.

UCF: Yes, so long as quality is sustained or enhanced. Universities have a mission to provide access to excellence. Not funding lower-level over-enrollments of highly qualified students may have the effect of restricting lower-level admissions, thereby restricting access beyond that associated with quality. In particular, so long as community college transfer students are being reasonably accommodated, there should be no restrictions on funding lower-level over-enrollment.

UNF: (See response to #7 b)

FGCU: Yes.

7e. If lower-level over-enrollments should be funded, how should the 2 plus 2 system be preserved?

UF: I cannot answer the question since the university has, since the advent of universal tracking, required freshmen to declare a major their first year and be advised by their chosen college. They remain in the chosen major or college until they (1) graduate or (2) transfer to

another major because of the inability to meet the college's tracking requirements or just wishes to pursue another major. The function of UT is to graduate a student in a major of his choice in which he can successfully complete all the degree requirements. Prior to UT FTICs were not admitted to a college until their junior year and 33% of them left the university. This process has not reduced the number of AA transfers and, in fact they have increased.

There are many universities within the SUS that will continue to maximize their enrollment by admitting as many AA transfers as possible so there will always be seats for 2+2 AA transfers.

FAMU: Support for funding lower level over enrollments is intended to emphasize the need to expand access where it can be accommodated.

USF: We have not seen the evidence that the funding caps help preserve the 2+2 system? Are acceptance rates low and qualified students not being admitted to the universities? If not, perhaps it is cost and convenience rather than the funding caps that maintain the 2+2 system.

FAU: Each institution should serve those students who are qualified, who can benefit from attendance, and who want to attend a given institution. Students will be better served when they are not arbitrarily restricted from enrolling in a particular institution once they have met reasonable standards for admission, which may vary by institution. To date, most policy research suggests that qualified students who enroll initially in four-year institutions are more likely to graduate than those who begin their college studies at a two-year institution.

UWF: Community Colleges have demonstrated their niche in providing access to students who desire AA or AS degree offerings throughout Florida. The over-enrollment funding for universities at the lower-level will provide greater access options to students who otherwise might attend private or out-of-state universities. The key consideration should be continued expansion of access.

UCF: Preservation of the 2 plus 2 system depends on maintaining or improving the quality of community college education. Community colleges offer distinct advantages with respect to cost and convenience. However, they may not provide as much of a community experience as a university does, particularly for residential students. Further, some studies have found that rates of attainment of the baccalaureate are higher among students who begin their studies in universities. That said, the quality of the community college education and adequacy of the preparation for the student's transfer to a university is critical. The use of articulation agreements and better communication between the university and the community colleges is paramount. It is important that the equity-funding model recognize the importance of these relationships.

UNF: If lower-level over-enrollment is funded only in a very limited and specific manner, the 2 plus 2 system should not be jeopardized. However, this question assumes that capping enrollment at state universities automatically increases enrollment at community colleges. We are unaware that the state universities and community colleges compete for the same students at the lower level. Additionally, if access is of grave concern to officials and policy makers in this state, one would assume that increasing the space in any of the institutions would be welcome, rather than raising turf battles.

FGCU: The funding of lower level enrollment should not effect the 2 + 2 system. Given the growth of the numbers of graduating high school students, the increase in AS to BS articulations, workforce demand for employees to obtain higher degrees, the student base appears to be broad and deep.

7. **Should universities be funded for actual enrollment that exceeds the planned enrollment funded by the Legislature?** *(cont.)*

3 No

FSU: No.

FIU: No! However, they should be allowed to continue to retain the student fee revenue associated with that enrollment in order to meet the instructional needs of those students.

NCF: No.

7f. Why should over-enrollment not be funded?

FSU: Enrollment management and planning is very important. Universities need a commitment to the 5-year plan for student recruitment decisions in November for the following year, and to be able to count on the enrollment and dollars generated by the plan in order to hire new faculty and other resources need to accommodate additional students.

Yes, we would all prefer to be funded when over-enrolled but, heretofore, the agreement has always been very explicit. In order to protect the institutions in years when enrollment may drop during a year or two as compared to the Plan, universities are accustomed not to expect extra funding during the year if they enroll more students than in the funded Plan (except where an institution was under-enrolled and its resources were re-distributed to over-enrolled institutions according to the previous 2% Proviso).

This operational principle, the 5% Corridor, has been in statutes for many years. It allows for a 5% Corridor for two consecutive years. Over enrollment is addressed in the plan for the subsequent year.

In the last few years, however, as pressure on enrollment management increased for various reasons, there has been a one-year 2% corridor in Proviso to supersede the 5% statute. In 2002-03 the Proviso was deleted.

The mechanics needed to "fund over-enrollment" during the fiscal year is not clear. It seems we would have to agree to an LBR issue to generate a university reserve that would not be distributed until after the year begins and, given that the first fall counts of students are not available until the SDCF is submitted in October, the funds would be of limited use late for Fall purposes, at least for hiring new permanent faculty.

If a reserve were set on the front end, what would that do to the credibility of the LBR Enrollment Issue and the 5-year enrollment plan? Would not the 5-year enrollment plan tend to deteriorate if universities get the message that it is permissible to over-enroll? How much over-enrollment would be tolerated?

FIU: The institutions should be managed responsibly. In addition, the over-enrollment may have a negative impact on quality education if it goes to the extreme. The over-enrollment in the base year would be used to adjust future enrollment plans. An additional caveat is that those institutions who do not meet their enrollment plan at a given level would not be allowed additional enrollment growth at that level. Enrollment growth, within reason, would be authorized for those who met or exceeded their funded enrollment plan at that level.

NCF: Funding over-enrollment would drain resources from those institutions that have been more successful in targeting and managing enrollment objectives.

8. Which of the following issues should be reflected as variables in equity calculations?

8a. Age of institution 9 Yes 2 No

Why or why not?

UF: (Yes) PO&M costs and infrastructure costs

FSU: (Yes) Reasonable consideration--but primarily related to Plant operations, renovations and construction.

FAMU: (Yes)

USF: (Yes) If age were to be included, the older institutions have a mature base and should need less state assistance. Younger institutions are still developing and perhaps have not yet achieved an economy of scale.

FAU: (Yes) Because newer institutions often lack the infrastructure to carry out their missions and require special funding to put it in place.

UWF: (Yes) Younger universities have not been provided base infrastructure funding. Older institutions developed such funding over many years and that base funding was folded (grandfathered) into the current funding formula.

UCF: (Yes) There are a number of age-related issues that should be considered. The age of an institution may be correlated with its facility maintenance requirements. Newer institutions may have significant costs associated with growing student populations. Start-up funding associated with newer institutions is addressed in 8m. Another important age-related issue is the need to replace building systems (e.g., HVAC) at some point in a building's life.

FIU: (No) Age of institution has been cited as one of the factors contributing to the funding inequity, and to include it as a variable would only serve to minimize its impact.

UNF: (No) Age of institution is insignificant. Age of buildings is not. Buildings and their maintenance costs vary by type, age, location, etc.

FGCU: (Yes) Younger institutions with increasing growth mode have a per FTE need for admisitrative costs that is higher than larger sized institutions. This is a direct result of the economies of scale that larger enrollments offer.

NCF: (Yes) A younger institution or newer academic programs and initiatives within institutions may be dealing with building necessary administrative infrastructure and other costs associated with coming up to full speed. Alternatively, older institutions must maintain aging facilities infrastructures.

8b. Branch campuses 9 Yes 2 No

Why or why not?

UF: (No) Technology should be able to reduce to these differences

FSU: (Yes) Reasonable consideration--if branches require duplication of some costs, such as some administrative or travel costs.

FAMU: (Yes)

USF: (Yes) These institutions have additional non-instructional costs that reduce the amount of the state appropriation that can be devoted to instruction. Specifically in the case of USF, in addition to the higher non-instructional cost, some of the additional costs are due to legislative mandates for the administrative structure and funding levels of our branches.

FAU: (yes) Because multiple campuses require a degree of redundancy in functions in order to achieve their missions. This includes instruction as well as support functions. For an institution like FAU, any notion of equitable funding must take into account the mission of the distributed university, whose job it is to promote student access throughout a large geographic area. A funding model should address the necessary overlap and duplication that results from fulfilling the multi-campus mission.

UWF: (Yes) Funding for true branch campuses must reflect base infrastructure considerations, such as administration, libraries, support services, etc.

UCF: (Yes) Branch campuses and centers provide greater access, but usually at greater cost. Section sizes typically are smaller resulting in reduced revenue. In addition, there are other costs associated with delivering classes at a branch campus or center, including faculty costs travel and stipends and lost faculty productivity due to time spent in travel.

FIU: (Yes) The existence of branch campuses is a relevant and important variable. Care should be taken to only include "true" branch campuses, and not a myriad of various instructional sites.

UNF: (No) Branch campuses are funded differently and at a much higher rate since a separate administrative structure has to be maintained. We do not have enough information to provide more details.

FGCU: (Yes) A branch campus upon inception is quite similar to a new, stand alone institution in that some costs must be absorbed rather than provided by the main campus. Funding must consider this issue.

NCF: (Yes) Without some special considerations, branch campuses inevitably experience a certain amount of benign neglect while programs on the main campus lobby for attention. In addition, the effects of economies of scale may adversely impact smaller campuses or programs.

8c. Budget reductions __6__Yes __6__No

Why or why not?

UF: (Yes) See reduction above based on research in 1 above and C&I in 8l below.

FSU: (No) Generally, university (state) cuts are assigned based on the proportionate total size of the E&G budget or lower priority issues as determined by the DCU or the Legislature and this is a reasonable approach, although, yes, we would all prefer for reductions to be restored. Budget reductions devalue the factors in the formula.

FAMU: (No)

USF: (No) In a system with equal funding and equal budget reductions this should not be

necessary.

FAU: (Yes and No) This question is difficult to answer in the absence of a scenario that describes the situation more precisely. In general, we see budget reductions taken across-the-board for all institutions, and equity funding coming into play when funds are appropriated and allocated. The latter would take into account the differential, deleterious effects of the former.

UWF: (Yes) Budget increases and reductions should be allocated in the same equitable manner. However, infrastructure funding and growth funding should be exempt from budget reductions. Budget reductions should be limited to impact current, continuing enrollment funding.

UCF: (No) Equity means that adequate funding is provided for a university to offer its programs. An equity-based funding model is capable of addressing all contingencies associated with a budget reduction. If a budget reduction is selective, one or more programs may be reduced or eliminated at a particular university. In this case the discipline mix is changed and the equity-based model applies to the remainder of the university. If the reduction is permanent, programs will be eliminated and the equity-based model applies to the remainder. If it is temporary, the equity-based model will identify the necessary funding level for operating the programs when funding is restored. Therefore, the model does not need to incorporate budget reductions as a factor.

FIU: (Yes) Budget reductions should be included since they impact institutions differentially, depending on the institution's relative level of funding.

UNF: (No) There was no equity consideration when the reduction amounts were determined for each university. In addition, each university determined where their reductions were taken. Thus, programs are affected differently at each university.

FGCU: (Yes) Budget reductions perpetuate inequity; especially in smaller instiutions, which must make reductions in core areas of operations. Smaller institutions have less flexible spending choices in which to make adjustments.

NCF: (Yes) Budget reductions of the same proportion or magnitude can unfairly harm the smaller members of the system because smaller institutions have less budgetary flexibility – they lack the multiple sources of revenue of larger institutions (e.g., contracts & grants; auxiliaries) -- and have a more difficult time protecting academic programs.

8d. Disciplines 9 Yes 2 No

Why or why not?

UF: (No) There is no historical basis that universities can accurately predict enrollment growth by discipline. It is tough enough to predict enrollment by level (see 7a above) and overenrollment within the SUS in the past few years. Since at the undergraduate level students are not admitted by discipline, it is impossible to accurately predict enrollment growth by discipline and thus, a allocation model will create a monitoring issue to determine the meeting of planned enrollment by the university.

FSU: (Yes) Yes, if formulas must change to be that precise. As noted earlier a Music faculty, for example, cannot generate but one-half or so of the credit hours compared to faculty in non one-to-one instruction. This applies to the Visual Arts discipline. And if one discipline calculation is granted, there will probably be cases made for differentiation among other disciplines as there used to be.

Years ago the formulas included a matrix of some 24 disciplines, 4 levels of students and an implied average class size for credit hour factors per instructional position, etc. Later the formula was changed to 4 discipline groups in favor of less detail. Most recently, since 1994-1995, the formula is really all disciplines combined. The future of this depends on how much detail the universities, FBOE and the Legislature would want to incorporate in new formulas.

FAMU: (Yes)

USF: (Yes) Under the best of circumstances the state would differentially fund by discipline. Other states have tried and failed to do this. The complexity of such a system and the availability of resources may make such discipline formulas impractical but mission could be used as a factor.

FAU: (Yes) Because some disciplines are much more costly to teach. (Refer to response to Q2.)

UWF: (No) Discipline weightings were included in the previous funding formulas and were folded into the current FTE-based formula. Therefore, additional consideration of discipline funding should not be considered.

UCF: (Yes) Disciplines reflect the unique character of each university. Some are more expensive to support than others. The mix of disciplines and degree levels (see 8i.), along with the enrollment levels in those programs, are the key factors that must be included in an equity-based model.

FIU: (Yes) Discipline mix is an important variable as is the level of student. Different programs of study simply have different costs, depending on the intensity of instruction.

UNF: (Yes) Professional programs cost more and should be adjusted to reflect fairness.

FGCU: (Yes) If a particular degree plan is part of the approved activities of an institution, than each discipline needs funding predicated on what it takes to recruit and retain the proper faculty, develop facilities, and basic operational needs. In particular business and health professions are more costly; not only for salaries but also equipment, material, clinics, accreditation, etc..

NCF: (Yes) Inevitably, some disciplines or programs are more expensive than others. Institutions should not be penalized for providing academic or research programs that are intrinsically more expensive to operate.

8e. Faculty salaries 6 Yes 5 No

Why or why not?

UF: (No) One can easily demonstrate both locally and nationally that there is a relationship between faculty salaries and the discipline of the faculty member - law school faculty, for example, earn more on average than history faculty. That is probably true systemwide. Another contribution to the level of faculty salaries is the marketplace in which a university has to compete for new faculty hires. This marketplace is determined by the university's mission and its strategic plan. For example, if you are competing with other AAU universities for a new faculty member, your cost will be higher than if your area of search is only the southeastern states. Only a complex model based on the university's mission and national supply and demand data of the marketplace of the university "shops in" can even approach an adequate model.

In the past, the SUS has used a discipline-based faculty salary model to provide "salary equity" within the SUS. The model was biased in that, if a particularly large university decided to

significantly enhance the faculty salaries in Business, based on its strategic plan, its salary average would be increased considerably for Business than at the other SUS schools, who may not have chosen to enhance their faculty in Business. The universities receiving dollars to increase their Business faculty could then use the enhanced dollars they received for being under the Business average to increase their faculty priorities in their discipline priorities; and thus, each university would continue to have a salary deficit in business and thus continue to receive enhancement dollars. There were NO factors to represent mission and age of the institution. It became, in opinion of this university, a pure transfer function of faculty salary dollars from the older research institutions to the newer comprehensive and regional universities.
Factor of your market

FSU: (No) Faculty salaries should be separate issue based on market competition, ranks and mission differentiation.

FAMU: (Yes)

USF: (No) Institutions should not be penalized for the salary differences created by the history of state funding at different levels.

FAU: (Yes) Because differential faculty salaries often reflect funding inequities among similar institutions. Attention should also be given to support staff salaries, especially as they are affected by geographic cost differentials and differentials between partners in joint use arrangements.

UWF: (No) Salaries should be determined by the institutions, not considered as an equity funding issue.

UCF: (Yes) Faculty salaries are closely linked to disciplines, and it is important to include those differences in determining equity-based funding. However, it is also important to isolate the effects of performance-based increases in faculty salaries so that the salary cost is representative of the market.

FIU: (No) Faculty salaries drive a large percentage of direct instructional costs, and therefore play a role in determining equity. Faculty salaries should not be isolated as a variable if it means that a funding difference could be justified or explained away by citing this variable.

UNF: (Yes) Higher salaries for faculty do not indicate better quality, higher efficiency and greater productivity. Smaller and more poorly funded institutions cannot afford to compete with their peers for quality faculty due to lack of adequate funding.

FGCU: (Yes) In order to attract outstanding faculty and diversity salaries for disciplines need to be accounted for when recruiting and retaining faculty. Salaries need to be competitive not only among the institutions, but with current business employment opportunities that have be offered to get and retain quality faculty.

NCF: (Yes) The marketplace often creates differential levels of faculty salaries, according to discipline or area. In order to maintain programs, institutions need to respond to market influences.

8f. Fee Waivers __6_Yes __5_No

Why or why not?

UF: (No) For the last few years there has been no GR allocated to replace the increased need for

graduate waivers. The DCU allocated increased waiver authority to each university and it was paid for from the tuition increase dollars that the Legislature had intended to be used for program growth.

FSU: (Yes) The .25 working student FTE to waivers formula has been discontinued and funding has not been made up by other means. Universities must compete for graduate students. Matriculation and Out-of-State Waivers is a significant portion of recruitment. Without this program, universities are less competitive or must fund waivers on their own. This is critical for PhD programs for these programs take at least five years to complete versus two years for Masters programs.

FAMU: (Yes)

USF: (No) This should be an institutional responsibility and decision if there is equal funding.

FAU: (Yes) Because fee waivers represent a resource that varies among institutions and should be considered part of any funding calculation.

UWF: (No) Fee waivers should be determined by the institutions, not considered as an equity funding issue.

UCF: (Yes) Student tuition and fee waivers are an inducement to certain students. This inducement is usually offered to highly qualified students, both undergraduate and graduate, who are needed to enhance the quality of a program and support its extensive research efforts. In as much as this inducement is necessary to support particular disciplines, it should be included in an equity-based funding model.

Employee tuition and fee waivers represent an employee benefit that makes employment at the university attractive and helps to build employee allegiance. This important benefit helps to retain good employees, improves their knowledge and ability to contribute to the university, and prevents the loss of productivity and the cost of replacing them. As an employee benefit, fee waivers should be included in an equity-based funding model.

FIU: (No) We see no justification for citing fee waivers as a variable.

UNF: (Yes) Some institutions incur more waivers than others due to their geographic location and certain economic factors.

FGCU: (Yes) Fee waivers allow for recruiting potential graduate assistants as well as supporting diversity at a given institution. Their use is critical in developing quality graduate programs, and as such need to be funded in a manner that supports the mission of the institution.

NCF: (No) Now that the Boards of Trustees have the authority to set fee waivers, budgetary planning and decision making related to fee waivers should occur at the local level.

8g. Differential tuition 2 Yes 9 No

Why or why not?

UF: (No) See 9 below

FSU: (No) This depends on how tuition resources are used. It could be counter-productive to include.

If one institution raises tuition and another one does not, and there is an annual equity comparison that includes the tuition resources, the equity model would generate a General Revenue equity adjustment for the institution that did not raise tuition. That institution could then maintain lower tuition but receive the same total level of resources. Is that equitable or not?

FAMU: (No)

USF: (No) This should be an institutional responsibility and decision if there is equal funding.

FAU: (No) Because institutions and their students should be rewarded for digging deeper to acquire additional resources that often turn marginally acceptable levels of funding into funding sufficient to produce higher quality results.

UWF: (No) Tuition is the responsibility of the institutional Boards of Trustees, and should not be considered as an equity funding issue.

UCF: (No) An equity-based funding model should provide adequate funding to deliver approved programs at a particular level. If a university chooses to use a differential tuition to increase revenues to supplement or enhance a program offering, that is the university's individual decision and should not affect equity-related decisions.

FIU: (Yes) Differential tuition is a mechanism to attain increased funding per student by increasing student fee revenue per student. If an institution decides to use tuition to increase their funding, it should not be held against them when determining statewide equity.

UNF: (No) Institutions have total control and flexibility.

FGCU: (Yes) Differential tuition is one way to address individual institutional objectives. Such tuition needs to be normalized when considering funding..

NCF: (No) The local Boards of Trustees should set tuition levels based upon budgetary planning that takes into account equitable state funding levels.

8h. Institutional budget flexibility 3 Yes 8 No

Why or why not?

UF: (No) It allows a university to move enrollment dollars to ADSS and say enrollment under funded even though the enrollment growth was funded fully by the Legislature.

FSU: (No) No. Institutions operate in a very dynamic environment and there should be similar opportunities for funding without penalties for the use of flexibility in the expenditure of resources among programs from year to year.

FAMU: (Yes)

USF: (No) This should be an institutional responsibility and decision if there is equal funding.

FAU: (No) No, only because flexibility seems irrelevant to issues of equity or sufficiency. Flexibility suggests that institutions should be entrusted to manage resources efficiently and effectively, so it deals with usage, not acquisition of resources.

UWF: (No) Institutions should have complete budget flexibility. Budget flexibility at the institutional level has no relationship to equity funding.

UCF: (No) As with differential tuition, if a university chooses to use other resources (e.g., royalties on an endowment) to supplement or enhance a program offering, that is the university's individual decision and should not affect equity-related decisions.

FIU: (No) It is difficult to make this determination because of the difficulty in arriving at a common definition of budget flexibility. It should be excluded if to include it means that a university would be penalized for efficiency.

UNF: (No) Dollar figures are not tied to or associated with budget flexibility. Budget flexibility only allows universities to allocate resources in accordance with their own mission, goals and priorities.

FGCU: (Yes) Smaller institutions have less flexibility as there is a set infrastructure that is a larger portion of the budget than a larger institution

NCF: (Yes) See # 8c

8i. Level of degrees 11 Yes 0 No

Why or why not?

UF: (Yes) Of course.

FSU: (Yes) This is a difference in programs and in class type. The size of classes in graduate programs is much smaller than in undergraduate programs. For example, a lecture class of 30 in undergraduate programs is reasonable as compared to 15 or less for a graduate discussion class. Graduate student support (including waivers) is critical to graduate and research institutions.

FAMU: (Yes)

USF: (Yes) This should be a function of mission.

FAU: (Yes) Because the cost of instruction increases as the level increases. This ought to be recognized in any equity calculation.

UWF: (Yes) The levels of degree programs are important indicators of instructional costs. The differences in costs by level should be continued in the equity funding model.

UCF: (Yes) As indicated in 8d, degree levels along with discipline mix are critical determinants in characterizing a university's operations. The level of degree must be considered in an equity-based funding model.

FIU: (Yes) Level of degrees and level of student are important variables.

UNF: (Yes) Costs differ by university at each level.

FGCU: (Yes) Doctoral programs are more expensive as well as types of schools, such as medical and law schools. If the program is approved, it must be funded accordingly.

NCF: (Yes) Graduate programs often are more expensive.

8j. Mission 10 Yes 1 No

Why or why not?

UF: (Yes) Graduate research schools have different missions and different faculty assignment

patterns (more research per faculty FTE than at non-research universities.)

FSU: (Yes) There are different expectations according to mission, and related differences in program costs, such as in the pro-portion of faculty effort towards Research versus Instruction, and the need for graduate assistants. Competitive markets are different for faculty and programs.

FAMU: (Yes)

USF: (Yes) This reflects the state's intentions for the university.

FAU: (Yes) Because the mission reflects current and planned program mix, number of locations, and factors cited above.

UWF: (No) Institutional mission should be determined by the institution and funds should be allocated within the institution based on the institutional mission.

UCF: (Yes) Consideration of mission is crucial. However, disciplines, degree levels, extent of research activities, branch campuses, and institution size effectively characterize a university's mission. There may be no need to consider mission separately, unless doing so provides information on which to base funding decisions. As a single aggregate measure, mission will probably not provide the level of discrimination needed in a model.

FIU: (Yes) Mission should be considered a variable to a point, but mission should not be expanded for an institution with the sole purpose of explaining away differences in funding.

UNF: (Yes) The institutional mission should be considered as well as state accountability goals and mandates.

FGCU: (Yes) The mission is at the core of the expectations of an insitution. Mission driven differences must be realized in order for the system as a whole to succeed.

NCF: (Yes) An institution's mission and aspirations (e.g., top-tier Ph.D. programs in the sciences) can be altogether appropriate, yet also more costly than that of a sister institution with a different mission (e.g., only Master's level work in the sciences).

8k. Size of institution 6 Yes 5 No

Why or why not?

UF: (No) Maybe in ADSS and student services (SS) where the President's salary is spread over more student FTEs and faculty FTEs, but some ADSS and SS are functions are linear to the size of population served.

FSU: (Yes) Possible economies or reverse economies of scale issues may be applicable when there are major differences in institutional size.

FAMU: (No)

USF: (No) Institutional size is a local decision. The State should only be responsible for diseconomies of scale it creates.

FAU: (Yes) To acknowledge economies and diseconomies of scale.

UWF: (No) As indicated earlier in this survey response, when the equity formula includes consideration for base threshold funding, continuing enrollment funding, growth funding, and

performance funding, other size factors of the institution should not be considered.

UCF: (Yes) Consideration of size is probably most important for small institutions. The operating cost can generally be considered to include fixed costs (e.g., the fundamental cost of being in operation) and variable costs associated with the level of operations and numbers of students. Fixed cost will vary by institution, but it is important to recognize that cost is NOT a linear relationship starting at zero and increasing at the same rate for each additional student (e.g., cost per FTE).

FIU: (No) A possible exception may be in the extremes, ie, a start-up institution that has not reached its critical mass of enrollment would logically appear to be over-funded.

UNF: (Yes) Smaller institutions would require an administrative structure that would address the same concerns and needs required of the larger institutions. Thus, economies of scale are difficult to achieve and the cost for educating each student would be much higher than that of the larger institutions.

FGCU: (Yes) In accordance with the reasons previously cited

NCF: (Yes) Larger institutions naturally have more ways to institute economies of scale. Smaller institutions can offer distinctive and unique programs that require support, despite the absence of economies of scale.

8l. "Special" non-enrollment such as Institutes and Centers 4 Yes 7 No

Why or why not?

UF: (Yes) Yes very important. UF hosts the FCLA and it is the largest Type 1 center and is larger than all other Type 1 centers at the other SUS schools. It is a systemwide service function that serves all SUS schools and, also through technology, the population of the State, nation, and world. Another example is C&I in the IFAS budget where all State sponsored agricultural research is specifically funded by the Legislature. An equity situation almost became an issue in the budget reduction sessions in 2001 that was going to use C&I as the model to reduce university budgets, but most of the C&I dollars are at one university and thus one university would have taken almost all the budget cut.

FSU: (No) Unless the Legislature intended to provide additional, equivalent funding to each institution that did not receive a special non-enrollment related activity/program in any one year, the costs related to these activities should be factored out in equity calculations.

FAMU: (No)

USF: (No) These can be funded through targeted incentives or categorical programs, rather than as part of the base funding, specifically State sponsored Type I Institutes and Centers, as well as Museums & Galleries, Radio & T.V. and Plant Operations and Maintenance.

FAU: (Yes) Because, although an important part of the university mission, these entities generally do not lend themselves to an assessment of fair funding to produce a desired quantity of work. An equity funding model would address institutes and centers by controlling for them in order to take their funding out of the equation. We have answered "yes" to ensure that they are considered in an equity model. This should not imply that their dollars should be included in such a model.

UWF: (No) Specially funded activities, such as institutes, centers, radio stations, museums, etc.,

should be funded as separate issues, not FTE driven or involved in equity funding considerations.

UCF: (No) Institutes and centers are typically supported by separate funding.

FIU: (Yes) Type I Institutes and Centers only, as well as Museums & Galleries, Radio & T.V. and Plant Operations and Maintenance.

UNF: (No) These are primarily unique service activities/programs that do not directly impact instructional activities. These programs may be located at one university; however, they may serve the entire state.

FGCU: (Yes) In accordance with the reasons previously cited

NCF: (No) Institutes and Centers should independently support their distinctive missions.

8m. Start-up funding for new programs, such as new law and medical schools 8 Yes 2 No

Why or why not?

UF: (Yes) Start up costs should be enrollment generated based on final anticipated enrollment

FSU: (No) These costs should be factored out as they serve a special purpose. In the case of start-up student FTE funding, the funding is subsequently withdrawn within a specified period of time by which actual FTE's should have been generated. Years ago FSU benefited from the three-year rollout for the Film program and the funds advanced were returned.

FAMU: (Yes)

USF: (Did not check Yes or No) If the State sponsors such programs they should be funded for their mission and discipline, but through targeted incentive funding would be preferable.

FAU: (Yes) Because of their base infrastructure costs that don't produce immediate results or other quantifiable measure of work.

UWF: (Yes) Start-up funding is necessary for all new programs. Therefore, start-up funding should be equitable, either available for all new programs or not available for all new programs.

UCF: (No) Start-up funding should be provided separately. When the new program is in operation and stable, funding should be provided through an equity-based approach relevant for the particular entity. Start-up funding should cover operations until the program is stable.

FIU: (Yes) If the equity study is attempting to zero in on funding per FTE student, these start-up programs would add substantial dollar funding with no FTE students. Once the enrollment meets a critical mass, the program dollars should count in the equity analysis.

UNF: (Yes) This is basically seed money to get programs off the ground until they can support themselves from tuition and fees generated by enrollment. Such funding is generally "rolled-out" after a few years.

FGCU: (Yes) In accordance with the reasons previously cited

NCF: (Yes) Start-up periods are always costly; if a new program is warranted, it should receive sufficient start-up funding to succeed.

8n. Other:

FAU: Location—urban concentration v. traditional campus. Institutions operating in core urban locations without traditional campus services incur extraordinary costs for utilities, security, maintenance and other campus support services. FAU's downtown Ft. Lauderdale Campus, for example, is subject to many cost pressures stemming from its location such as higher loads on utilities, need for high-cost parking solutions, maintenance and utility costs, etc. On a more traditional campus, these functions are shared among many campus users, making them much more efficient to operate. Urban locations usually provide a program mix that differs from the general collegiate mix, with high-cost professional programs usually predominating.

UCF: Modes of course delivery have a considerable effect on the cost of operation. In particular, the use of web-based courses may reduce or increase the cost. Delivery of courses at branch campuses clearly costs more per SCH than comparable offerings on the main campus.

Existing facilities also affect the cost of delivery. The lack of large lecture halls or lack of technology may require more expensive alternatives. Even though the investment in instructional facilities is not an E&G expense, the existing infrastructure does affect the delivery cost and should be included in a model.

The role of student development services and administrative support services needs to be fully recognized in an equity-based funding model. Student development services directly support students in obtaining access to programs, courses and other important development opportunities that enhance the educational experience. Similarly, administrative services are key enablers that allow the students and faculty to function in an educational setting.

Location and demographic factors are important considerations in determining relevant costs of operations. These factors incorporate student demand, student mix (e.g., full-time vs. part-time), expected community interactions, and market effects on the cost of operations (e.g., salaries, maintenance, and support costs).

UNF: The cost for plant operation and maintenance (PO&M) varies among universities for a host of reasons including geographic location, economic factors, urban/rural setting, demographics, utility costs, labor market, etc.

Higher costs may be associated with inefficiencies and waste. The current funding formula for PO&M penalizes efficiency and productivity.

12. How should the impact of differential tuition on funding be treated in equity considerations?

UF: The existing SUS expenditure analysis needs to be adjusted to reflect only 1) General Revenue or 2) General Revenue and Lottery. Therefore, one would convert the existing enrollment growth process to not take student fees into consideration. Increasing tuition should NOT decrease GR and that is what would occur if the existing DCU funding model continues. The first number generated after the total dollar need is the student fees (SF) generated based on history and GR is determined as the difference of the two numbers. As a university increased SF faster than the rest of the SUS, its GR allocation for enrollment growth would decrease by the difference. UF has developed a process to adjust the current expenditure model to produce dollars/FTE without a SF component.

FSU: See response to question 8 g.

FAMU: Differential tuition should be excluded from consideration in equity funding.

USF: If differential tuition is by program, graduate, undergraduate, professional, there should be no problem.

FAU: Going back to question 1, because equity should stress equal support for equal work. Differential tuition should be a local option to provide an extra measure of support when "equity" support still doesn't suffice.

Differential tuition should be controlled for in the analysis of equity funding (i.e., state funding) in such a way that it doesn't discriminate against institutions whose students contribute an additional margin for program support.

UWF: Tuition is the responsibility of the local Board of Trustees and should not be considered in equity funding considerations.

UCF: As indicated in 8g, an equity-based funding model should provide adequate funding to deliver approved programs at a particular level. If a university chooses to use a differential tuition to increase revenues to supplement or enhance a program offering, that is the university's individual decision and should not affect equity-related decisions. In determining base costs, it is likely that there will be discipline differentials. An equity-based funding model will apply those differentials for enrollment and level. If a university chooses to use a discipline-based differential tuition, it should not affect base-level funding.

FIU: Differential tuition is a mechanism to attain increased funding per student by increasing student fee revenue per student. If an institution decides to use tuition to increase their funding, it should not be held against them when determining statewide equity.

UNF: There should be no relationship between the amount of differential tuition an institution chooses to charge and the amount of state funding that the institution receives. There has never been an allowance or deduction for this in past years. In fact, the universities have been authorized to utilize this only twice. Differential tuition gives the universities a chance to increase funding that the state does not provide. Decisions are made locally based on local needs and market factors and it has been a very seldom used and limited authority. As a matter of public policy, the State of Florida should not decrease its support of education differentially or equally across-the-board because universities utilize a legislatively-approved vehicle to raise tuition. Baseline E&G funding should be provided to institutions on an equity basis. Any decisions on differential tuition reflect internal institutional prerogatives.

FGCU: Differential tuition should be factored out in order to establish baseline funding.

NCF: Differential tuition rates should not affect equity considerations. The local Boards of Trustees should incorporate enrollment management considerations (admissions recruitment, retention) into the overall budgetary decision-making process that results in setting tuition rates.

10. Has your institution done an equity analysis?

10a. _5__Yes (please forward an electronic copy to CEPRI staff at McKee.Nancy@leg.state.fl.us and Cox.Bob@leg.state.fl.us)

UF: (Yes) The university has started a dialog among the SUS Provost on the development of the model. Included is a page of the basic principles and an example of UF.

FSU: (Yes) A dated comparison among our sister institutions (Attachment I) is provided only as an example that equity is in the eye of the beholder but, without the current information needed to factor out average salaries, special appropriations (only positions are factored out in the sample), disciplinary differences and other factors mentioned above, the comparison is provided just as an illustration that there can be different results according to who makes a comparison using which factors.

DCU has a survey out and due back to them by Oct 15. It will have the number positions appropriated for non-enrollment activities to the best that records can show. It will not have the rate associated with the positions, or the salary dollars, or the non-salary dollars needed for a complete analysis. But at least when that information becomes available it could be used to do partial analyses.

UCF: UCF has not conducted a recent equity analysis using the factors addressed in this survey response. A number of years ago, we did conduct an analysis that led to the development of the "Blackwell Plan" that addressed equity funding considerations. A copy of that model is provided for reference.

As indicated above, we have used "E&G expenditures per graduate" as a suggested performance-based funding measure. We would be happy to provide that if you are interested.

Internally, we use an allocation model that incorporates many of factors recommended above. A copy of a description of that process is also provided for reference. It may be useful in developing a comparable approach to apply to universities to address the equity dimension of funding.

FIU: (Yes)

NCF: (Yes)

10b. __6__ No

FAMU: (No)

USF: (No)

FAU: (No)

UWF: (No) Analysis of annual expenditure analyses indicates that the newer institutions (FAU, FIU, UNF, and UWF) that started out as upper-level institutions continue to spend a higher percentage of their funding for base-line infrastructure than the other, more established universities.

UNF: (No) The University of North Florida has not conducted a formal equity study except for the preliminary analysis provided under Questions 3 and 5. UNF would be willing to take leadership in developing a comprehensive, formal equity study.

FGCU: (No)

11. Other comments:

FSU: Unlike other activities in state government, higher education funding can be more intricate and complex given universities are not homogeneous as to mission, history of special allocations (going back to the beginning) and cost structures. Maintaining the detailed records to factor our what needs to be factored out to make equity comparisons can be very time-consuming and somewhat intractable.

Claims of inequity have not always been accompanied with specific instances or events to support an infraction. If we are to do this algebraically, it behooves us to spend the necessary time to develop a fair set of guiding principles with attendant, agreed-upon calculations.

FAMU: We would like to participate in further discussions of equity funding issues.

UWF: UWF will be pleased to participate in further discussions or studies of these very important equity funding issues as we work together to improve education and education access for citizens of Florida.

UCF: We are interested in the equity-based funding issue and have several very competent staff members who are available to work with you in examining this issue further if you desire.

FIU: Funding equity has been and continues to be a critical issue for Florida International University. Our goal is not to try to assign responsibility for the historical and political causes of the existing inequity, but rather to rectify the situation by providing additional funding to those who are funded below the system average. We have never proposed and do not support the notion that funding be taken away from institutions above the average to give to those below. We simply seek a level playing field.

I think it is important to note that there was considerable confusion regarding question #8, inasmuch as it was not totally clear what the implications are in terms of whether a variable should be reflected in the equity study or not. It is possible for one person to answer "yes" to say that a variable is important and should be included, whereas another person could answer "no" regarding the same variable because they feel that it would skew the results and should be recognized but held out of the equity study. It seems that both responses would argue that these "should be reflected as variables in equity calculations." Because of this, the "why or why not" explanation should be examined carefully beyond the simple yes or no responses.

FGCU: It might have been more helpful and productive if this were divided into two surveys. A lot of the responses depend on a consensus of the group on questions 1-3. The rest of the questions could be better responded to in a different format if there was that consensus on the terminology, policies and understanding of the main issues of concern.

APPENDIX D
Sources of Data

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Sources of Data

Higher Education provides a rich array of data to state and federal governments, which can provide insight into university equity issues. These data as well as some existing systems for classifying universities into comparable groupings are discussed in this section.

The State University System of Florida Expenditure Analysis

For almost 30 years, the State University System of Florida has been conducting an expenditure analysis based on procedures and definitions developed by the National Center on Higher Education Management Systems (NCHEMS) in Boulder Colorado. The analysis produces a report of expenditures in standardized activity categories rather than a report of expenditures by the various offices and departments of the university that is displayed in traditional accounting documents. The major activity categories are listed in table D-1. In addition to the categories listed under "Instruction" and "Other Academic Areas", academic department expenditures are further classified by discipline.

In conducting the analysis, the expenditures from each university account are distributed to one or more of these activities based on the functions they support. Expenditures by academic departments and other units that fund faculty are reported by discipline and activity based on reports that are made each term on how each member of the faculty spent their time. While the expenditure analysis does not show the optimum amount that each university would like to be able to spend, it does reflect the choices that each institution makes within the limits of available resources.

The Integrated Postsecondary Education Data System (IPEDS)

IPEDS is the core postsecondary education data collection program of the National Center for Education Statistics (NCES). It is a single, comprehensive system that encompasses all identified institutions whose primary purpose is to provide postsecondary education.

IPEDS consists of institution-level data that can be used to describe trends in postsecondary education at the institution, state and/or national levels. For example, researchers can use IPEDS to analyze information on 1) enrollments of students, undergraduate, first-time freshmen, graduate and first-professional students by race/ethnicity and gender; 2) institutional revenue and expenditure patterns by source of income and type of expense; 3) salaries of full-time instructional faculty by academic rank and tenure status; 4) completions (awards) by type of program, level of award, race/ethnicity, and gender: 5) characteristics of postsecondary institutions, including tuition, room and board charges, calendar systems, etc.; 6) status of postsecondary vocational education programs; and 7) other issues of interest. IPEDS data includes the following:

- Completions Data
- Faculty Salaries Data
- Fall Enrollment Data
- Fall Staff Data
- Finance Data
- Institutional Characteristics Data
- State Higher Education Profiles (SHEP)

IPEDS data are useful for examinations of the "big picture" issues related to university funding that are conducted here. However, funding decisions for individual universities require a detailed analysis such as consideration of special funding (for example, the agricultural extension service, National High Magnetic Laboratory, etc) and of major funding initiatives that have only been partially implemented (for example, the development new universities such as FGCU and New College, and the new medical school at FSU).

Definitions of Academic Disciplines

The IPEDS data report enrollment and degree conferrals by field of study as defined in NCES's Classification of Instructional Programs (CIP). The CIP organizes instructional programs into three levels of aggregation (the two-, four-, and six-digit series under the CIP coding scheme).

SREB-State Data Exchange

The SREB-State Data Exchange is a program to share education data among the statewide public higher education governing and coordinating boards in the South. Dating back to 1969-70, this program annually collects, compiles, and publishes current year statistics on post secondary education in the SREB region. The program includes most of the data collected through the IPEDS program plus additional data and seeks to improve comparability and usefulness of data through annual reviews and oversight activities by state representatives.

SREB Institutional Categories

For over 30 years, the SREB-State Data Exchange has supported comparisons between states and institutions. The SREB system for categorizing postsecondary education institutions is designed for use in making statistical comparisons among states and is based on a number of factors relevant to determining resource requirements. Differences in institutional size (numbers of degrees), role (types of degrees), breadth of program offerings (number of program areas in which degrees are granted), and

comprehensiveness (distribution of degrees across program areas) are the factors upon which institutions are classified.

Institutions are assigned to categories for a report year using the previous academic year's data on program completions. To keep the statistical comparison groups relatively stable over time and to assure that institutions change categories only when their measures on a criterion are relatively stable, institutions change categories when they meet the criterion for another category for the third consecutive time.

The other widely used classification system was developed in the early 1970s by the Carnegie Commission on Higher Education to serve its policy research needs. The system is now maintained by the Carnegie Foundation for the Advancement of Teaching. The foundation began a process of major overhaul in 2000, which is due to be completed in 2005. A controversial, interim step was to remove research grant activity as a method of differentiating institutions and to collapse differentiation based on doctoral degree productivity. Until additional measures are added and the complete system is released, the system provides little insight into the differentiation of Florida Universities. Table D-2 compares the SREB and the interim and 1994 Carnegie classification systems.

Table D-1: State University System Expenditure Analysis 2000-01
1 of 2

COST ACTIVITIES	UF	FSU	FAMU	USF	FAU
INSTRUCTION					
LOWER	32,476,983	29,315,123	14,575,641	21,022,694	14,054,468
UPPER	65,984,219	54,822,702	23,682,221	50,944,137	36,001,684
GRAD I	55,642,828	34,511,488	10,961,492	24,488,439	12,939,981
GRAD II	30,761,251	21,828,846	1,194,179	7,608,235	3,146,653
SUB TOTAL INST.	184,865,281	140,478,159	50,413,533	104,063,505	66,142,786
OTHER ACADEMIC AREAS					
ACAD ADVISING	14,306,879	8,805,874	7,440,411	6,726,762	2,495,775
ACAD ADMINISTRATION	33,114,753	20,237,886	14,316,083	21,413,327	15,884,316
PUBLIC SERVICE	4,491,596	3,883,447	1,663,343	4,919,762	778,381
RESEARCH	41,899,314	45,797,518	5,838,553	41,057,812	11,657,457
TOTAL I&R EXPEND	93,812,542	78,724,725	29,258,390	74,117,663	30,815,929
ENROLLMENT-RELATED ACTIVITIES					
LIBRARY RESOURCES	10,172,615	9,392,806	3,246,060	5,627,005	4,003,272
LIBRARY STAFFING	12,824,211	5,912,610	2,993,625	5,598,936	6,454,568
UNIVERSITY SUPPORT	28,216,962	32,776,479	14,728,205	26,106,051	18,224,160
FINANCIAL AID	5,270,621	14,515,072	6,165,827	2,699,769	4,531,885
STUDENT SERVICES	17,040,452	14,754,913	7,472,599	20,297,281	9,329,193
OTHER FORMULA ACTIVITIES					
PO&M	36,196,329	37,083,768	14,861,909	30,651,945	11,851,802
STAND-ALONE ACTIVITIES					
I&R CENTERS	10,014,065	1,535,609	297,657	1,814,901	587,935
RADIO & TV	1,894,482	2,194,431	0	958,278	0
MUSEUMS & GALLERIES	7,127,960	3,366,452	160,700	0	0
PHOSPHATE RESEARCH	0	0	0	5,846,683	0
TOTAL EXPENDITURES	407,435,520	340,735,024	129,598,505	277,782,017	151,941,530
FULL EXPENDITURES PER STUDENT FTE					
LOWER	5,921.20	7,461.20	9,552.80	6,916.00	8,218.00
UPPER	9,366.80	10,704.40	15,398.00	10,162.80	11,798.00
GRADUATE I	14,755.52	16,839.36	26,816.96	13,644.80	15,678.72
GRADUATE II	24,088.00	26,089.92	26,263.36	19,294.08	24,263.04
FTE					
LOWER	11,393	8,719	3,865	6,709	3,732
UPPER	12,624	9,849	3,573	9,861	6,220
GRADUATE I	5,666	3,177	799	2,802	1,402
GRADUATE II	1,766	1,174	93	568	200

Table D-1: State University System Expenditure Analysis 2000-01
2 of 2

COST ACTIVITIES	UWF	UCF	FIU	UNF	FGCU	ALL
INSTRUCTION						
LOWER	5,399,239	24,045,557	17,739,883	10,003,162	2,647,312	171,280,062
UPPER	15,594,453	54,749,051	40,595,237	19,740,256	8,071,694	370,185,654
GRAD I	5,269,962	22,791,373	19,078,696	6,226,374	3,620,144	195,530,777
GRAD II	1,172,921	6,950,612	4,553,586	410,743	0	77,627,026
SUB TOTAL INST.	27,436,575	108,536,593	81,967,402	36,380,535	14,339,150	814,623,519
OTHER ACADEMIC AREAS						
ACAD ADVISING	1,842,367	4,741,465	5,844,535	902,071	605,066	53,711,205
ACAD ADMINISTRATION	4,374,013	17,529,320	18,360,545	4,225,258	3,297,207	152,752,708
PUBLIC SERVICE	576,711	1,974,830	2,318,575	1,083,808	1,044,308	22,734,761
RESEARCH	2,029,545	29,480,635	24,776,497	4,179,019	1,297,409	208,013,759
TOTAL I&R EXPEND	8,822,636	53,726,250	51,300,152	10,390,156	6,243,990	437,212,433
ENROLLMENT-RELATED ACTIVITIES						
LIBRARY RESOURCES	1,436,284	5,174,668	5,734,792	1,832,612	1,297,959	47,918,073
LIBRARY STAFFING	2,012,248	5,755,971	6,660,781	2,449,552	1,268,624	51,931,126
UNIVERSITY SUPPORT	9,879,591	24,027,412	30,861,234	13,232,093	5,718,732	203,770,919
FINANCIAL AID	499,989	4,955,568	6,200,877	1,378,333	547,629	46,765,570
STUDENT SERVICES	4,238,593	8,636,022	10,568,713	4,661,845	2,961,494	99,961,105
OTHER FORMULA ACTIVITIES						
PO&M	7,689,512	13,037,748	19,647,322	7,638,291	3,212,449	181,871,075
STAND-ALONE ACTIVITIES						
I&R CENTERS	560,016	3,250,347	1,250,973	614,719	191,015	20,117,237
RADIO & TV	354,981	0	0	0	143,120	5,545,292
MUSEUMS & GALLERIES	0	0	1,812,220	0	0	12,467,332
PHOSPHATE RESEARCH	0	0	0	0	0	5,846,683
TOTAL EXPENDITURES	62,930,425	227,100,579	216,004,466	78,578,136	35,924,162	1,928,030,364
FULL EXPENDITURES PER STUDENT FTE						
LOWER	7,971.60	5,766.40	6,272.40	7,431.20	10,437.20	6,935.60
UPPER	12,264.40	8,586.00	8,798.00	10,259.60	17,995.60	10,272.80
GRADUATE I	16,528.64	14,200.32	12,580.80	12,306.88	22,180.16	15,188.48
GRADUATE II	18,389.44	23,038.72	20,318.40	16,164.48	-	23,486.72
FTE						
LOWER	1,568	7,598	6,588	2,806	696	53,675
UPPER	2,619	10,678	9,508	3,645	951	69,528
GRADUATE I	582	2,277	2,548	840	299	20,393
GRADUATE II	119	390	344	38	-	4,693

Table D-2: Comparison of University Classification Systems				
SREB		**1994 Carnegie**	**2000 Carnegie**	
Four-Year 1 - at least 100 doctorates per year among at least 10 CIP categories (2-digit classification) with no more than 50 percent in any one category.	UF, FSU, USF	Research Universities I - 50 or more doctorates per year, and $40-million or more per year in federal support	Doctoral/Research Universities I 50 or more doctorates per year across at least 15 disciplines	UF, FSU, USF, FIU
Four-Year 2 - at least 30 doctorates per year among at least 5 CIP categories (2-digit classification).	FAU, UCF, FIU	Research Universities II - 50 or more doctorates per year, and $15.5-million to $40-million or more per year in federal support	Doctoral/Research Universities II - 10 or more doctorates per year across at least 3 disciplines, or 20 or more doctorates per year over all	FAU, UCF
Four-Year 3 - at least 100 graduate degrees distributed among at least 10 CIP categories (2-digit classification).	FAMU, UWF, UNF	Doctoral Universities I 40 or more doctorates per year across at least 5 disciplines	[included in other categories]	
Four-Year 4 - at least 30 graduate degrees distributed among at least 5 CIP categories (2-digit classification).		Doctoral Universities II 10 or more doctorates per year across at least 3 disciplines, or 20 or more doctorates per year over all	[included in other categories]	
Four-Year 5 Institutions awarding at least 30 graduate degrees.	FGCU	Masters's (comprehensive) Colleges and Universities I baccalaureate programs and 40 or more master's degrees annually across three or more disciplines.	Masters's (comprehensive) Colleges and Universities I baccalaureate programs and 40 or more master's degrees annually across three or more disciplines.	FAMU, UWF, UNF, FGCU

Selection of Peers Through Factor Analysis

In addition to the above comparisons by classification group, factor analysis was used to select approximately 10 peer institutions per university for comparisons of revenue per FTE. Factor analysis identifies underlying variables called "factors" that explain the pattern of correlation within a set of variables. The factor analysis developed "factor scores" for each university for each of the variables. Each of the Florida universities' factor scores was compared to the factor scores of the other universities within the comparison group to calculate "distance scores." A distance score is the difference between the factor scores. The distance scores were then summed and squared; then the institutions were ranked from low to high based on the square of their summed distance scores. The lower the distance score, the more nearly alike are the two institutions being compared.

The following variables were used in factor analysis to select the peer institutions:

a. Whether the institution is a Land Grant institution
b. Number of full-time undergraduate students
c. Number of part-time undergraduate students
d. Number of full-time graduate students
e. Number of part-time graduate students
f. Number of total students
g. Number of total FTE students
h. Total degrees awarded in:
   (1)Agriculture related - CIPs 01, 02 and 03
   (2)Science related - CIPs 26, 40 and 51
   (3)Engineering related - CIPs 11, 14, 15 and 27
   (4)Education - CIP 13
   (5)Fine and Applied Arts - CIP 50
   (6)Business and Management - CIP 52
i. Number of Faculty employees
j. Number of Professional employees
k. Number of Technical-Paraprofessional employees
l. Total Contract and Grants expenditures
m. Total Associate degrees awarded
n. Total Baccalaureate degrees awarded
o. Total Masters degrees awarded
p. Total Doctoral degrees awarded
q. Total 1st Professional degrees awarded
r. Total degrees awarded

To expand the number of institutions under consideration used for factor analysis, two classification categories were selected within each classification system for each university. Table D-3 displays the classification categories used for each institution.

Table D-3 Classification Categories Used for Factor Analysis			
University	**1994 Carnegie**	**2000 Carnegie**	**SREB**
UF	Research I and II	Doctoral/Research - Intensive and Extensive	Categories 1 and 2
FSU	Research I and II	Doctoral/Research - Intensive and Extensive	Categories 1 and 2
FAMU	Masters I and II	Masters I and II	Categories 3 and 4
USF	Research I and II	Doctoral/Research - Intensive and Extensive	Categories 1 and 2
FAU	Doctoral I and II	Doctoral/Research - Intensive and Extensive	Categories 1 and 2
UWF	Masters I and II	Masters I and II	Categories 3 and 4
UCF	Doctoral I and II	Doctoral/Research - Intensive and Extensive	Categories 1 and 2
FIU	Doctoral I and II	Doctoral/Research - Intensive and Extensive	Categories 1 and 2
UNF	Masters I and II	Masters I and II	Categories 3 and 4
FGCU	Masters I and II	Masters I and II	Category 5
NCF	N/A	N/A	N/A

Tables D-4 and D-5 display the results of factor analysis, using the variables and the classification categories listed above, to determine the average revenue per student FTE for each of the classification systems. While the variation from one peer group to another for an individual university is not as wide as that seen when all institutions of the respective classification group were used, there is still an indication that whether an institution's funding can be considered "equitable" is largely dependent on the institutions to which it is compared.

Table D-4 Revenue per Student, by Peer Group					
		Group From Which Peers Were Selected			
University	FL Univ. Revenue	1994 Carnegie	2000 Carnegie	SREB	Self Selected
UF	$15,858	$15,419	$16,248	$15,631	$17,639
FSU	$11,409	$12,431	$13,680	$11,246	$13,849
FAMU	$11,498	$10,877	$10,638	$11,185	$11,045
USF	$13,436	$13,892	$12,535	$11,363	$15,430
FAU	$11,180	$9,983	$10,694	$11,309	$11,447
UWF	$10,945	$10,766	$8,923	$10,353	$10,000
UCF	$8,713	$10,258	$10,221	$10,888	$10,737
FIU	$10,207	$9,870	$10,766	$10,972	$14,237
UNF	$9,083	$8,309	$8,294	$8,701	$10,103
FGCU	$15,150	$10,230	$9,713	$9,218	$9,805
NCF	N/A	N/A	N/A	N/A	$10,978

Table D-5 Florida University Revenue per Student as Percent of Peers, by Peer Group					
		Group From Which Peers Were Selected			
University	FL Univ. Revenue	1994 Carnegie	2000 Carnegie	SREB	Self Selected
UF	100.00%	102.85%	97.60%	101.46%	89.91%
FSU	100.00%	91.78%	83.40%	101.46%	82.38%
FAMU	100.00%	105.71%	108.09%	102.81%	104.10%
USF	100.00%	96.72%	107.19%	118.24%	87.08%
FAU	100.00%	111.99%	104.54%	98.86%	97.67%
UWF	100.00%	101.66%	122.65%	105.71%	109.45%
UCF	100.00%	84.94%	85.25%	80.02%	81.15%
FIU	100.00%	103.42%	94.81%	93.02%	71.70%
UNF	100.00%	109.43%	109.63%	104.51%	90.00%
FGCU	100.00%	148.10%	155.98%	164.36%	154.52%
NCF	N/A	N/A	N/A	N/A	N/A

APPENDIX E
2002 Peer Institutions as Submitted by Universities

Appendix E

2002 Peer Institutions as Submitted by Universities[1]

Peer Institutions	UF	FSU	FAMU	USF	FAU	UWF	UCF[1]	FIU	UNF	FGCU	NCF
Arizona State University		x						x			
Boise State University						*					
Butler University (IN)										x	
California State University-San Marcos										x	
Carleton College											x
Cleveland State University			x				x		*		
College of William and Mary						*					
Colorado College											x
Davidson College											x
Elon University (NC)										x	
Eckerd College											x
Evergreen State College											x
Fitchburg State College						x					
Florida Atlantic University							x				
Florida International University							x				
George Mason University			x		x	x	x		*		
Georgia Southern University						*					
Georgia State University					x		x	x			
Grinnell College											x
Hampshire College											x
Howard University			x								
Indiana University-Bloomington		x									
Indiana Univ. Purdue University-Indianapolis					x		x		*		
Jackson State University			x								
James Madison University						*					
Kean University-New Jersey									x		
Kent State University							x				
Marshall State University						*					
Mary Washington College											x
Murray State University						x				x	
North Carolina Agricultural & Tech Univ.			x								
Northeastern University							x				
Northern Arizona University			x								
Northern Kentucky University									x		
Oakland University-Michigan									x		
Oberlin College											x
Ohio State University-Columbus	x										
Old Dominion University			x				x				
Pomona College											x
Portland State					x		x				
Reed College											x
Rhode Island College						x					

*Indicates an institution to which the submitting institution aspires.
(1) UCF has indicated this is a preliminary list; it's in the process of being updated.

Appendix E

2002 Peer Institutions as Submitted by Universities[1]

Peer Institutions	UF	FSU	FAMU	USF	FAU	UWF	UCF[1]	FIU	UNF	FGCU	NCF
Rollins College											x
San Diego State University					x		x				
Southern Illinois University-Edwardsville									x		
State University of West Georgia						x					
St. Mary's College (Maryland)											x
SUNY Albany							x				
SUNY Buffalo				*							
Temple University				x				x			
Tennessee State University			x								
Texas A&M University	x										
Texas Southern University			x								
University of Akron Main Campus					x						
University of Alabama at Birmingham				x							
University of Alabama-Huntsville						x					
University of Arizona				*							
University of Arkansas-Little Rock						x			x		
University of California at Santa Barbara		*									
University of California-Berkeley	x										
University of California-Irvine								x			
University of California-Los Angeles	x										
University of California-San Diego	x										
University of Central Florida								x			
University of Cincinnati				x				x			
University of Colorado at Boulder		x									
University of Colorado-Colorado Springs						x					
University of Delaware								x			
University of Florida								x			
University of Florida - Honors College											x
University of Georgia		x									
University of Houston-University Park				x	*			x			
University of Illinois at Chicago				x	*			x			
University of Illinois At Urbana	x										
University of Kansas Main Campus		x									
University of Louisville				x			x				
University of Maryland-College Park		x									
University of Massachusetts Amherst		x									
University of Massachusetts-Boston									x		
University of Memphis					x						
University of Michigan-Ann Arbor	x										
University of Minnesota Twin Cities	x										
University of Missouri at St. Louis							x				
University of Nebraska at Lincoln		x									

*Indicates an institution to which the submitting institution aspires.
(1) UCF has indicated this is a preliminary list; it's in the process of being updated.

Appendix E

2002 Peer Institutions as Submitted by Universities[1]

Peer Institutions	UF	FSU	FAMU	USF	FAU	UWF	UCF[1]	FIU	UNF	FGCU	NCF
University of Nebraska-Omaha									x		
University of Nevada at Las Vegas							x				
University of New Orleans					x				*		
Univeristy of North Carolina-Ashville										x	x
University of North Carolina at Chapel Hill		*									
University of North Carolina-Charlotte							x		x		
University of North Carolina-Wilmington						x				x	
University of North Texas							x				
University of Pittsburgh				*							
University of Richmond						*					
University of South Carolina				x							
University of South Florida							x	x			
University of Tampa										x	
University of Tennessee-Knoxville		x									
University of Texas at Arlington			x		x		x				
University of Texas at Austin	x	x									
University of Texas-El Paso									x		
University of Toledo					x						
University of Virginia	x										
University of Washington-Seattle	x										
Univeristy of West Florida										x	
University of Wisconsin-LaCrosse										x	
University of Wisconsin-Madison	x										
University of Wisconsin-Milwaukee				x	*		x	x			
Valdosta State University						x					
Virginia Commonwealth University				x	*		x				
Wayne State University				x			x	x			
Western Michigan University							x				
William Paterson University						x					
Winthrop University (SC)										x	
Wright State University							x				

*Indicates an institution to which the submitting institution aspires.
(1) UCF has indicated this is a preliminary list; it's in the process of being updated.

APPENDIX F
State University System of Florida
Fee Waiver Summary of 2000-01

Appendix F-1

STATE UNIVERSITY SYSTEM OF FLORIDA
FEE WAIVER SUMMARY 2000-01

	TOTAL		UF[1]		FSU	
	NO.	AMOUNT	NO.	AMOUNT	NO.	AMOUNT
OUT-OF-STATE						
ATHLETICS	1,234	$3,342,623	143	$295,986	387	$1,035,168
DRAMA	46	$28,766	0	$0	40	$23,766
EXCHANGE STUDENT	214	$720,000	25	$76,993	0	$0
FELLOWSHIP	367	$1,440,361	232	$925,653	65	$263,589
FINE ARTS	147	$324,861	0	$0	52	$101,965
FOREIGN STUDENT	689	$1,026,245	44	$114,325	69	$115,875
GRADUATE ASSISTANT	8,301	$24,336,984	3,285	$8,356,844	2,373	$8,825,618
HONORS	2,592	$6,451,408	313	$1,008,303	584	$1,875,880
MUSIC	230	$590,766	16	$56,370	153	$401,791
OTHER	967	$1,900,038	190	$271,534	0	$0
STATE FUNDABLE CREDIT HOURS						
ADOPTEE	2	$1,292	0	$0	0	$0
FELLOWSHIP MATR. FEE WAIVER	755	$998,058	498	$683,596	0	$0
FLA PUB SCH PSYCH INT	120	$112,236	30	$29,135	10	$7,948
FOSTER CARE	18	$14,288	2	$644	1	$917
GRAD. ASST. MATR. WAIVER	22,012	$22,955,700	7,832	$7,808,614	5,874	$7,456,397
HIGH SCHOOL STUDENT	2,798	$1,442,641	32	$21,869	77	$29,365
NATIONAL GUARD	700	$351,777	85	$41,840	128	$79,916
SPECIAL RISK	12	$9,939	4	$3,110	3	$2,853
TEACHER INTERN CERT	1,433	$880,096	162	$108,015	29	$24,251
NON-STATE FUNDABLE CREDIT HOURS						
EMPLOYEE NON-SUS	5,705	$3,211,056	177	$82,470	1,469	$807,713
OTHER NON FUND PROG[3]	3,223	$9,022,022	3,178	$8,820,539	0	$0
RECIPROCAL PROGRAMS	340	$1,576,907	162	$709,957	0	$0
SENIOR CITIZEN	2,011	$779,911	0	$0	0	$0
SPEC PROG & SPON INST	1,881	$3,025,519	169	$235,441	0	$0
SUS EMPLOYEE	5,784	$3,216,263	692	$320,147	855	$512,857
LINKAGE TUITION EXEMPTION						
LINKAGE TUITION EXEMP	781	$1,947,639	90	$239,748	106	$255,106
TOTAL	62,362	$89,707,396	17,361	$30,211,133	12,275	$21,820,975

[1] excludes IFAS and UF-HSC

[2] excludes USF-HSC

[3] For UF this includes fundable credit hours paid for by a third party.
SOURCE: Student Data Course File Edit Reports - Summer 00; Fall 00; Spring 01

Appendix F-1

STATE UNIVERSITY SYSTEM OF FLORIDA
FEE WAIVER SUMMARY 2000-01

	FAMU		USF[2]	
	NO.	AMOUNT	NO.	AMOUNT
OUT-OF-STATE				
ATHLETICS	49	$137,366	48	$162,356
DRAMA	6	$5,000	0	$0
EXCHANGE STUDENT	0	$0	59	$256,744
FELLOWSHIP	0	$0	70	$251,119
FINE ARTS	0	$0	60	$130,986
FOREIGN STUDENT	0	$0	0	$0
GRADUATE ASSISTANT	104	$272,880	1,226	$3,560,702
HONORS	754	$1,922,285	541	$1,017,574
MUSIC	43	$82,493	0	$0
OTHER	0	$0	0	$0
STATE FUNDABLE CREDIT HOURS				
ADOPTEE	0	$0	1	$1,037
FELLOWSHIP MATR. FEE WAIVER	0	$0	257	$314,462
FLA PUB SCH PSYCH INT	4	$5,626	20	$18,347
FOSTER CARE	0	$0	3	$2,522
GRAD. ASST. MATR. WAIVER	379	$487,078	3,909	$3,669,892
HIGH SCHOOL STUDENT	66	$23,310	101	$77,278
NATIONAL GUARD	109	$59,679	121	$51,241
SPECIAL RISK	0	$0	0	$0
TEACHER INTERN CERT	23	$16,248	529	$295,372
NON-STATE FUNDABLE CREDIT HOURS				
EMPLOYEE NON-SUS	296	$203,213	874	$493,717
OTHER NON FUND PROG[3]	0	$0	0	$0
RECIPROCAL PROGRAMS	0	$0	29	$200,040
SENIOR CITIZEN	2	$920	657	$227,467
SPEC PROG & SPON INST	107	$24,294	141	$271,112
SUS EMPLOYEE	790	$436,440	725	$402,886
LINKAGE TUITION EXEMPTION				
LINKAGE TUITION EXEMP	6	$12,793	64	$149,001
TOTAL	2,738	$3,689,625	9,435	$11,553,855

Appendix F - 2

2000-01 Graduate Fee Waivers Expended per Headcount in E&G

by Type of Universities

	Graduate Headcount	Graduate Asst Fee Waivers	Grad Fee Waivers per Graduate Student
		Type I	
UF	10,692	$16,165,458	$1,512
FSU	6,087	$16,282,015	$2,675
USF	5,014	$7,230,594	$1,442
Total Type 1	21,793	$39,678,067	$1,821
		Type 2	
FAU	2,597	$2,158,371	$831
UCF	4,301	$1,970,347	$458
FIU	4,006	$2,252,684	$562
Total Type 2	10,904	$6,381,402	$585
		Type 3	
FAMU	1,157	$759,958	$657
UWF	1,293	$293,807	$227
UNF	1,510	$102,477	$68
Total Type 3	3,960	$1,156,242	$292
		Type 5	
FGCU	404	$76,973	$191

Appendix F-3

Appropriated Versus Expended Fee Waivers per Headcount in 2000-2001

Univ. by Type	Total Appropriated E&G Fee Waivers			Total Expended E&G Fee Waivers		
	Total Headcount	Total Fee Waivers	Fee Waivers per Headcount	Total Headcount	Total Fee Waivers	Fee Waivers per Headcount
Type 1						
UF	44,480	$16,426,598	$369	44,480	$30,211,133	$679
FSU	33,587	$9,050,481	$269	33,587	$21,820,975	$650
USF	33,924	$5,004,135	$148	33,924	$11,553,855	$341
Total Type 1	111,991	$30,481,214	$272	111,991	$63,585,963	$568
Type 2						
FAU	20,944	$2,811,412	$134	20,944	$5,024,634	$240
UCF	33,453	$3,591,453	$107	33,453	$5,296,542	$158
FIU	30,725	$3,002,665	$98	30,725	$7,622,821	$248
Total Type 2	85,122	$9,405,530	$110	85,122	$17,943,997	$211
Type 3						
FAMU	11,723	$2,682,536	$229	11,723	$3,689,625	$315
UWF	8,218	$700,126	$85	8,218	$1,951,748	$237
UNF	12,417	$780,156	$63	12,417	$1,852,907	$149
Total Type 3	32,358	$4,162,818	$129	32,358	$7,494,280	$232
Type 5						
FGCU Type 5	3,496	$359,132	$103	3,496	$683,156	$195

Appendix F-4

Appropriated Versus Expended Fee Waivers per FTE in 2000-2001

Universities, by SREB Type	Total Appropriated E&G Fee Waivers			Total Expended E&G Fee Waivers		
	Total FTE	Total Fee Waivers	Fee Waivers per FTE	Total FTE	Total Fee Waivers	Fee Waivers per FTE
Type 1						
UF	31,450	$16,426,598	$522	31,450	$30,211,133	$961
FSU	23,300	$9,050,481	$388	23,300	$21,820,975	$937
USF	19,941	$5,004,135	$251	19,941	$11,553,855	$579
Total Type 1	74,691	$30,481,214	$408	74,691	$63,585,963	$851
Type 2						
FAU	11,555	$2,811,412	$243	11,555	$5,024,634	$435
UCF	20,943	$3,591,453	$171	20,943	$5,296,542	$253
FIU	18,987	$3,002,665	$158	18,987	$7,622,821	$401
Total Type 2	51,485	$9,405,530	$183	51,485	$17,943,997	$349
Type 3						
FAMU	7,948	$2,682,536	$338	7,948	$3,689,625	$464
UWF	4,888	$700,126	$143	4,888	$1,951,748	$399
UNF	7,330	$780,156	$106	7,330	$1,852,907	$253
Total Type 3	20,166	$4,162,818	$206	20,166	$7,494,280	$372
Type 5						
FGCU	1,946	$359,132	$185	1,946	$683,156	$351

APPENDIX G
Branch Campuses

Appendix G: Branch Campuses

NOTE: FTE data are from the Student Data Course file maintained by DOE; data are electronically submitted to DOE by the universities. Operating Budget data are from the "State Universities Branches and Centers Operating Budgets, 2002-2003," approved by FBOE in October 2002. This document contains actual expenditures for FY 2001-02.

Branch/Center	Lower Level	Upper Level	Graduate I	Graduate II	2001-02 Total FTE	2001-02 Actual Expenditures
Branch - Type I						
FIU: N. Miami	1,024.4	2,178.8	512.1	18.2	3,733.5	$27,577,906
Branch - Type II						
USF: St. Pete	296.8	1,135.5	231	25.5	1,688.8	$18,022,990
FAU: Davie	8.8	2,070.8	246.7	21.3	2,347.6	Not separately identifiable
Branch - Type III						
FSU: Panama City	0.6	322.2	115	2.7	440.5	$5,574,786
USF: Sarasota	4.3	508.9	90.5	0	603.7	$6,845,725
USF: Lakeland	5.3	236.6	64.2	13.4	319.5	$4,293,693
FAU: N. Palm Beach	116.5	577.3	113.1	3.6	810.5	Not separately identifiable
UWF: Ft. Walton Beach	2.4	314.6	132.9	36.4	486.3	$5,068,455
UCF: Daytona	12.8	689.5	212.5	15.6	930.4	$5,959,304
UCF: Brevard	4.4	523.9	138.1	7.2	673.6	$4,838,983
Center						
FAU: Treasure Coast	0	208.5	51.8	4.3	264.6	Not separately identifiable
FAU: Downtown Tower	0	59.8	211.2	22.5	293.5	Not separately identifiable
UCF: South Orlando	2.5	49.3	6.9	0.4	59.1	$197,246
UCF: Downtown Academic Center	Not identified in Student Data Course File					$491,112
UCF: Lake	Not identified in Student Data Course File					$432,574
FIU: Davie	1.0	57.5	41.3	0	99.8	Not separately identifiable
FIU: Downtown Tower	0	3.3	97.8	26.7	127.8	Not separately identifiable
Instructional Site						
USF: Pasco-Hernando	Not identified in Student Data Course File					$302,308

APPENDIX H
Part-Time Enrollment

Appendix H

Part-Time Enrollment

Part-time Enrollment as Percent of Total Enrollment

University	1998-99 Total Headcount	1998-99 Part-time	1998-99 Part-time as % of Total	2000-01 Total Headcount	2000-01 Part-time	2000-01 Part-time as % of Total
UF	41,652	5,694	14%	44,480	6,324	14%
FSU	30,389	5,277	17%	33,587	5,786	17%
FAMU	11,324	1,548	14%	11,723	1,518	13%
USF	31,555	14,160	45%	33,924	14,349	42%
FAU	19,153	10,033	52%	20,944	10,899	52%
UWF	7,790	3,262	42%	8,218	3,348	41%
UCF	30,009	11,500	38%	33,453	11,173	33%
FIU	30,096	15,177	50%	30,725	14,074	46%
UNF	11,360	5,136	45%	12,417	5,292	43%
FGCU	2,893	1,556	54%	3,496	1,809	52%
Total	216,221	73,343	34%	232,967	74,572	32%

APPENDIX I

Appendix I

In material presented to the Council in meetings, FIU raised the concern that use of out-of-state fee revenue to fund enrollment growth also causes an equity issue in the funding of some state universities in comparison to the funding of the Florida Resident Access Grant (FRAG) provided to resident students who attend private universities.

Seven of nine SUS universities receive less General Revenue for each lower division FTE than the FRAG allocation given to the private institutions for each undergraduate student who is a Florida resident. The 2002-2003 FRAG allocation was $2,686 per student.

This concern is based on a calculation that removes the portion of the cost of funding resident student enrollment that is paid from the profit from non-resident student fees. This issue is discussed in the section supporting Recommendation 17.

More to the point is the difference in function between enrollment growth funding and FRAG. Section 1009.89(1), F.S. states that:

> *it is the intent of the Legislature that the William L. Boyd, IV, Florida Resident Access Grant Program … be considered … a tuition assistance program for its citizens.*

The Florida Resident Access Grant benefits resident students by reducing the fee they are charged when they attend a private university. That is, it replaces a portion of the fee that would be charged to state residents with state funding. The amount collected by the private university is not affected by the level of funding in FRAG, just its source (state vs. the student). The program is not intended to increase funding to the private university. A better analogy for FRAG would be student financial aid programs or fee waivers provided to students attending public institutions.

Recommendation

There is no basis for inequity because the programs serve very different purposes. Enrollment funding for state universities increases resources to institutions, while FRAG reduces costs to resident students and makes no change to the resources available to institutions.