



**A REVIEW OF THE ACADEMIC
PROGRAM CONTRACTING PROCESS
WITH INDEPENDENT POSTSECONDARY
INSTITUTIONS**

**Report and Recommendations by the
Florida Postsecondary Education Planning Commission**

January 2000

POSTSECONDARY EDUCATION PLANNING COMMISSION

*A Review of the Academic Program Contracting
Process with Independent Postsecondary Institutions*

Prepared in Response to Specific Appropriations 171 through 176
of the 1999 General Appropriations Act
Chapter 99-226, Laws of Florida

January 2000

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In Proviso language accompanying Specific Appropriations 171 through 176 of the General Appropriations Act, the 1999 Legislature directed the Postsecondary Education Planning Commission to:

Review current policies and procedures relating the State Board of Education academic contracts with independent postsecondary institutions authorized pursuant to Section 229.053, F.S., and State Board of Education Rule 61-10.032. The review shall examine issues related to funding, including establishment of a maximum amount per student and the feasibility of establishing a competitive contract process, identification of areas of need, evaluation of program quality and performance and procedures related to both the initial proposal review process and the reevaluation of existing contracts. The Commission shall submit a report and recommendations to the Legislature and State Board of Education by February 1, 2000. (p. 75)

Since authorized by the Legislature in 1975, the State of Florida has contracted with independent colleges and universities for Florida residents to participate at state tuition rates in selected academic programs. In 1981, the Florida Legislature transferred authority from the Board of Regents to the State Board of Education “to contract with (accredited) independent institutions...for the provision of those educational programs and facilities which will meet needs unfulfilled by the state system of postsecondary education” (s. 229.053(2)(o), Florida Statutes). The Postsecondary Education Planning Commission (PEPC) was assigned responsibility to “recommend to the State Board of Education contracts with independent institutions to conduct programs consistent with the state master plan for postsecondary education” (s. 240.147(4), F.S.).

During the current study, input was received from state and institutional representatives, contract administrators, and others involved in the contract process. A review of other states’ practices in funding the independent sector was conducted. A series of public meetings was held at which the issues and options contained in this report were reviewed and discussed.

Based on the analysis and testimony reviewed in the course of this study, the Commission found that contracting with independent institutions for the provision of educational programs, facilities, and services which will meet needs unfulfilled by the state system of public postsecondary education should be retained as a strategic option in Florida. The following recommendations are designed to strengthen and enhance existing procedures related to this approach.

EXECUTIVE SUMMARY

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RECOMMENDATIONS

Based on the analysis and testimony reviewed in the course of this study, the Commission finds that contracting with independent institutions for the provision of educational programs, facilities, and services which will meet needs unfulfilled by the state system of public postsecondary education should be retained as a strategic option in Florida. The following recommendations are designed to strengthen and enhance existing procedures related to this approach.

Need

1. ***Beginning in 2001, the Request for Proposals distributed for academic program contracts should identify a list of priority fields for which postsecondary training is required based on information compiled by the Occupational Forecasting Conference, the Workforce Development Board, and other relevant sources. To assist the state in responding to demand for "horizon" or newly emerging occupations, independent institutions should be allowed to continue to submit proposals for such fields where both need and demand can be documented.***
2. ***The objectives of the Limited Access Competitive Grant Program should be merged with and addressed through the academic program contract process. Support for existing LACG recipients should be phased out over the next three years.***

Efficiency and Effectiveness

3. ***State support through academic program contracts should be limited to upper-division and graduate-level students. Institutions with contracts serving lower-level students should maintain or strengthen articulation agreements with community colleges and state universities and maximize available financial aid resources to maintain access for qualified students at this level. Contract support for lower-level undergraduates should be phased out by 2002-03.***
4. ***Credit hour support for contracts involving undergraduate and graduate level instruction for which tuition is charged shall be based on the annual state funding per FTE by discipline in the State University System provided in the SUS annual cost analysis report (two digit CIP code). Students supported in such programs should continue to be responsible for the in-state portion of their tuition with the balance of any charges covered by internal university funds and other available sources of student assistance other than loans. Other graduate and professional programs for which tuition is not charged shall receive state support per student at a level negotiated by the Department of Education and approved by the Legislature.***

5. *All state supported programs provided by independent postsecondary institutions, including the historically black colleges and universities, should be required to annually submit data on performance measures comparable to those in the public postsecondary sectors, including but not limited to: degrees granted, graduation rates, licensure/certification rates of graduates where applicable, employment in Florida following graduation, and diversity of participants. The Department of Education, in cooperation with participating institutions, should establish standards and monitor performance annually to assure continuous improvement and results comparable to those of similar public programs.*
6. *Institutions with contract programs which have had limited success in enrolling and graduating underrepresented populations should expand their efforts through participation in the state College Reach-Out Program as well as other outreach initiatives.*
7. *State contract support should be limited to students with demonstrated financial need in accordance with a recognized system of need analysis.*
8. *Effective January 2003, the new State Board of Education, or another entity with oversight responsibility for all postsecondary education in Florida, should be responsible for reviewing and awarding state contracts to independent institutions.*
9. *Existing contracts should be reviewed each year and receive a major evaluation involving an external consultant with expertise in the relevant field of study after five years. Subsequent major evaluations should be conducted on an exception basis based on established criteria tied to the performance measures specified in Recommendation 5.*
10. *The K-16 Articulation Unit of the Department of Education should develop a Work Plan identifying the staff and other resources necessary to support oversight of the academic program contracts. The Department of Education should assure that this level of support is provided.*

Other Issues

In Proviso language accompanying Specific Appropriations 171 through 176 of the General Appropriations Act, the 1999 Legislature directed the Postsecondary Education Planning Commission to:

Review current policies and procedures relating the State Board of Education academic contracts with independent postsecondary institutions authorized pursuant to Section 229.053, F.S., and State Board of Education Rule 61-10.032. The review shall examine issues related to funding, including establishment of a maximum amount per student and the feasibility of establishing a competitive contract process, identification of areas of need, evaluation of program quality and performance and procedures related to both the initial proposal review process and the reevaluation of existing contracts. The Commission shall submit a report and recommendations to the Legislature and State Board of Education by February 1, 2000. (p. 75)

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The authority for academic program contracts, according to State Board of Education Rule 6A-10.032, Florida Administrative Code:

Is based upon the principles of efficiency, effectiveness, and economy. The State Board may contract for a program or for the use of an existing facility if it can be demonstrated that the state need for the program or facility may be met at lower cost or more effectively through contracting. In all cases, the program or facility obtained through contract must be of equal quality as similar programs and facilities in the state system of postsecondary education.

As envisioned in the 1982 *Master Plan for Florida Postsecondary Education*, statute, and rule, the contracting process is one manifestation of the recognition by the State of Florida that all postsecondary education resources must be utilized to meet the educational needs of a rapidly growing state. Florida’s citizens are able to gain access to needed quality

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programs at competitive costs and at public tuition rates. The independent institutions involved in contracting benefit primarily from an increased pool of students who are better able, with state assistance, to afford to enter the selected contract programs. When the state enters a contract with an established academic program at an independent institution to provide a needed educational opportunity, it takes advantage of the institution's prior investment and avoids duplicative start-up costs. By design, the student may pay no more tuition under a contract than at a comparable public sector program.

In *Challenges and Choices: The Master Plan for Florida Postsecondary Education* (1998), the Commission identified responses to meet the future postsecondary access needs to our state. One response is the increased use of the independent sector. The Plan also recommended including the independent sector in the Education Estimating Conference, conducted pursuant to s. 216.136(4), F.S., in recognition of the important role these institutions play in providing access.

Commission Study Activities

The Commission chairman assigned this study to the Program/Planning Committee, chaired by Mr. George Smith and consisting of Dr. Mary Bennett, Dr. Bob Bryan, Mr. Jim Kirk, and Mrs. Connie Kone.

During the current study, input was received from state and institutional representatives, contract administrators, and others involved in the contract process. A review of other states' practices in funding the independent sector was conducted. A series of public meetings was held at which the issues and options contained in this report were reviewed and discussed. The recommendations resulting from this study are designed to strengthen the academic contracting process in particular as an important component of the overall partnership between the state and the independent sector in assuring access to postsecondary education for all Floridians.

Through a literature review and telephone interviews, Commission staff examined other states' approaches to providing support to the independent sector.

Following are examples of current practices. A more detailed chart is contained in Appendix A.

Arizona Established in 1996 a limited voucher program, for which students who have obtained an associate degree from a community college can submit an application. The voucher is a set amount and can be used to cover all or a portion of the tuition and fees charged at a private, accredited four-year college or university.

California Provides Cal Grants. In 1996-97 California provided \$80 million to assist residents who chose to attend an in-state independent institution.

Colorado Has fellowship programs for students who attend an in-state independent college or university.

Illinois Has two formula based funding programs to private institutions a) grants based on enrollments of undergraduate programs (FY 00 - \$21 million) and b) appropriation grants - Health Education Service Grants for education and training of health professionals. The state also provides matching grants, engineering equipment grants, and Higher Education Cooperation Grants to support interinstitutional programs.

Maryland During FY 98, close to \$32 million was allocated for various independent activities; over 50 percent was used as financial aid for Maryland residents, almost 20 percent went directly to enhance undergraduate education at institutions. The capital grant program for independent institutions provides about \$6 million in matching funds annually.

New York In 1997-98, close to \$17 million was allocated for academic support services and supplementary financial assistance for academically and economically disadvantaged students attending independent institutions in New York state. In 1976, New York also began allocating Bundy money to independent institutions based on the number of degrees awarded. In 1997-98, through this program, \$42.5 million of unrestricted aid (Bundy money) went to independent institutions. In addition, New York pays each approved program of medicine and dentistry offered at non-public institutions a set amount per student enrolled. There are also examples in New York of publicly subsidized colleges or programs within a private institution such as Cornell.

NATIONAL AND STATE OVERVIEW

National Perspective

Oregon The state purchases, although not on a wide scale basis, educational services at nonsectarian colleges for specific academic programs. For example, in some high tech areas, the state might contract with a professor at a private institution to teach a particular course.

Pennsylvania Provides Institutional Assistance Grants similar to New York. A private institution receives \$400 for every one of its students who receive money from the financial aid agency in the state. The state also provides equipment grants. These grants are not open to community colleges, religious organizations, or state owned universities (the old private state teachers colleges). The majority of money goes to independent private schools. Pennsylvania also established the SciTech Scholarships during this year's legislative session. Students going into high tech areas get the scholarship if they agree to stay in the state to work for one year. Open to students attending public and private institutions.

Texas Provides per capita funding to medical schools from Texas Higher Education Coordinating Board, cost sharing support for national Science Foundation Center grants, and grants for underwriting the cost of residency program for general practitioners.

The Florida Perspective

The 1971 Legislature codified its support of the role and oversight of private postsecondary education institutions in the state in Chapter 246, F.S. Section 246.011(1), F.S., provides that:

Provisions for Oversight of Non-public Postsecondary Education

The Legislature encourages privately supported higher education and intends to aid in protecting the health, education, and welfare of persons who receive educational services and degrees from non-public colleges in this state; to aid in protecting employers and others who depend upon people whose educational credentials are from non-public colleges in this state; and to aid in protecting nonpublic colleges that currently operate or intend to begin operating in this state.

Two categories of non-public postsecondary institutions are defined by whether the institution confers a degree or a technical certificate or diploma.

The State Board of Independent Colleges and Universities (SBICU), governed by sections 246.011-246.151, F.S., establishes guidelines and provides oversight for nonpublic colleges and universities offering postsecondary degrees. The Board licenses or oversees 104 nonpublic institutions with an enrollment of approximately 129,370 students (fall 1998 headcount). Currently all institutions participating in academic contracting are regionally accredited and exempt from licensure.

Proprietary or private career-vocational schools are institutions that offer vocational certificates or diplomas. These institutions are subject to the rules of the State Board of Nonpublic Career Education (SBNCE). In 1997-98, 456 schools were licensed with a headcount enrollment of 72,344 students and completions of 38,396. These institutions, while providing a valuable role in meeting the State's workforce development needs, do not presently receive direct state support.

Contracts with Private Colleges The 1975 Legislature authorized the Board of Regents to enter into contracts with private colleges and universities for Florida residents to attend these institutions at the State's tuition rates. In 1981, the Legislature transferred the contracting authority from the Board of Regents to the State Board of Education: "to contract with accredited private institutions... for the provision of those educational programs and facilities which will meet needs unfulfilled by the state system of postsecondary education." In 1981, s. 240.15, F.S., established the Postsecondary Education Planning Commission (PEPC). Also created was s. 240.147(4), F.S., requiring PEPC to recommend to the State Board of Education contracts with private institutions to conduct programs consistent with the state master plan for postsecondary education.

Forms of State Support for Independent Institutions

Florida Resident Access Grant The 1979 Legislature established a tuition voucher program to assist Florida residents attending as full-time students a private, nonprofit, SACS-accredited institution in the state. The program is named the William L. Boyd IV, Florida Resident Access Grant Program and provides a grant to every qualified student regardless of need. This program recognizes that nonprofit institutions "eligible to participate in FRAG are an integral part of the higher education system in this state and that a significant number of state residents choose this form of higher education."

Library Improvement Program In 1990, s. 240.518, F.S., created the Library Improvement Program for the one public and three private historically black colleges and universities in the state. The purpose of the program is to: increase each library's holding by 500 to 1000 books per year, increase library usage by faculty and students and enhance the professional growth of librarians by providing inservice training.

Access Grants In 1990, the Legislature authorized, but did not fund, access grants for community college graduates to make use of excess capacity in the private sector for any upper-level degree program (s. 240.6055, F.S.). Eligible students are full-time community college students who meet certain qualifications. This grant program has never been funded by the Legislature. In addition, a **Limited Access Competitive Grant** was created in 1995 (s. 240.6045, F. S.) to provide

enrollment opportunities for qualified applicants in selected limited access degree programs. This program has been fully funded by the Legislature since 1995.

Florida Master Plan for Postsecondary Education In January 1998, PEPC completed its five-year master plan, *Challenges and Choices: The Master Plan for Florida Postsecondary Education*. Four priority areas served as the basis for the plan: Access, Interdependence - A Seamless System, Outcomes, and Funding. The 1998 Master Plan reaffirms the Commission's position that: "all postsecondary education resources must be utilized to meet the needs of a rapidly growing state" and that, through funding agreements with non-public institutions, "Florida citizens are able to gain access to needed quality programs at competitive costs and at public tuition rates." The Commission calls for "increased utilization of private schools, colleges, and universities to improve access to a degree" and "continued investment of state support through programs such as the Florida Resident Access Grant (FRAG) to maximize the contribution of private postsecondary education to Floridians."

Academic contracting can promote partnerships between the State and independent institutions in achieving the following desired outcomes:

POLICY ISSUES AND OPTIONS

- ◇ More college graduates
- ◇ More Florida resident college graduates
- ◇ More graduates in particular fields
- ◇ Job placement (creating skilled employees to enhance particular industries)
- ◇ More graduates remaining in state
- ◇ Greater equality of opportunity for low-income/minority/women students
- ◇ Maintenance of a strong independent postsecondary sector.

At the outset, two specific policy questions were identified for this review.

- ◇ Need - Do academic program contracts meet needs unfulfilled by the state system of postsecondary education?
- ◇ Efficiency and Effectiveness - Is the practice of contracting with independent institutions for academic programs efficient, effective, and economical?

Following are a series of policy options related to the desired outcomes of contracting and these two specific questions, with the advantages and disadvantages of each option noted. In addition, other issues identified in the course of this study are discussed.

Option: Tie future contract requests for proposals (RFPs) to state or regional targeted job lists

Need

One objective of investing public funds into academic program contracts is that the state will benefit from the outcomes. A crucial element of this is ensuring that graduates of programs funded through the contracts will remain in the state of Florida, thus contributing to the state economy. Reviewing state and regional targeted job lists can ensure that there will be a proper demand for the supply of students graduating from academic contract programs. A similar method is used for the Workforce Development Capitalization Grants, as the Occupational Forecasting Conference targeted job list and programs approved by the Jobs and Education Partnership are used as criteria for reviewing applications. Currently, the Postsecondary Education Planning Commission reviews graduate placement and workforce demand as part of both the annual and five-year contract review process.

Advantages

- Graduates of the programs are more likely to stay in the state if there is a demand for individuals in their occupation.
- The state economy benefits from increased graduates staying in state to work.
- Industry for high demand fields is more attracted to Florida if they can be assured of an employment supply.
- When job needs change, academic contract programs could be phased out quickly as targeted jobs are removed from the list and new ones replace them.

Disadvantages

- ◆ There is no guarantee that graduates will stay in state to work, especially if they came from outside of Florida to enter the program. However, since residency is required for state support, the impact of out-of-state students on placement should be minimal.

Option: Merge contracting with the Limited Access Competitive Grant

The Limited Access Competitive Grant, created by the Legislature in 1995, is available to students who enroll in an eligible limited access program at an eligible private college or university. In 1997, the Legislature revised the language relating to the grant program stating that applicants shall be Florida residents, either community college graduates or state university system students, who are “qualified for admission to a selected independent college or university.” Previous language limited participation to students who were unable to obtain admission to a state university limited access program. Program eligibility is based on high priority employment fields identified by the State Board of Education. To determine high priority employment, the Occupational Forecasting Conference uses the following criteria: growth rates and average annual openings, entry wages, and placement rate of graduates. PEPC, in turn, determines eligible programs by limited access status, applicants denied, state critical shortage area, and independent sector availability. The award amount equals 50 percent of the state’s cost per academic year to fund an undergraduate student’s public postsecondary education. For the 1998-99 school year, 234 awards were given totaling \$388,618. Two programs, nursing and occupational therapy, were funded for the 1999-00 academic year. Tying Academic Program Contracts and

Limited Access Grants together would be especially beneficial if the academic contract RFPs were tied to state or regional targeted job lists.

Advantages

- Reduced overlap, i.e., there are three nursing academic program contracts and nursing is also one of the limited access approved programs.
- Tying state or regional targeted job lists to the RFP for the academic program contracts would maximize the link with the state's economic development strategy.

Disadvantages

- ◆ None Evident

Option: Limit state support to upper-division/graduate level instruction and/or to courses in major field of study

The current academic contracts are primarily for upper-division/graduate level courses. This ensures that students who enter a program of study that is an academic program contract and change majors in their freshman or sophomore year will not receive funding. This also ensures that money goes to fund only those courses that are not available in the public sector or local community colleges. There are, however, some current contracts that do fund lower level courses, such as Florida Institute of Technology's Bachelor's in Science Education contract. This is due to the fact that students enter this program as freshmen as opposed to juniors. This ensures that students can receive 810 hours of clinical experience spread throughout the entire four years.

Advantages

- Money would not fund students who change majors early on while taking prerequisite courses.
- Money would not pay for lower level courses that are offered at public universities or community colleges.

Disadvantages

- ◆ Students in programs that begin in the freshman or sophomore year would have to pay for their first two years of courses until reaching the third year of their program.

Efficiency and Effectiveness**Option: Modify calculation of state funding**

When the responsibility for recommending contracts with independent institutions was transferred from the Board of Regents to the Postsecondary Education Planning Commission in 1981, the decision was made to base funding on the difference in tuition between comparable public and independent programs. Previously the contracts were funded on a full-cost basis. At the time, the shift was revenue neutral and supported based on the fact that tuition changes were readily documented. This approach merits reconsideration given the fact that the gap in public and independent tuition has steadily grown. A second and related factor to be considered is growth in the practice of tuition discounting or unfunded scholarships, which a growing number of postsecondary institutions employ. Essentially, a portion of tuition revenue is forgone in the form of reduced charges to students as an incentive to enroll. In public institutions, full or partial tuition waivers perform a similar function. Information provided by the Independent Colleges and Universities of Florida indicates that among regionally accredited four-year independent institutions, these unpublished discount rates range from one percent to 45 percent and average somewhere between 20 and 30 percent. It should be noted that this is a widespread practice and not unique to Florida. However, in view of this practice, alternatives to basing all of the undergraduate contracts and several graduate level contracts on the full public/independent tuition differential merit consideration including:

- ◇ Calculate difference in tuition of public and private sector using an average tuition in the independent sector.
- ◇ Base funding on total or a percentage of cost for comparable program in the public sector. If there is more than one public program, use an average or the highest cost for comparison. In addition, include a factor for infrastructure costs (plant operation and maintenance).
- ◇ Base funding on total or a percentage of legislative appropriation per student credit hour by level of instruction (lower and upper division undergraduate, graduate) which has been included in the General Appropriations Act the past two years. Again, a factor reflecting public infrastructure costs could be included.
- ◇ Negotiate funding each year based on consideration of all of the information listed above as well as student and labor market demand, program length, and expected student course load.

Advantages

- All options would address the potential impact of discounting on the state cost of contracting to some degree. Note: The effect of these approaches on the cost to the state and the impact on the number of credit hours supported are reflected in Tables 1 and 2, Appendix B.

Disadvantages

- ◆ Using average tuition, or any of the other options, could result in a significant reduction in state support per student. However, this could possibly be partially offset by allowing undergraduate participants to qualify for the Florida Resident Access Grant and by allowing more students to participate in the contract.
- ◆ Several contracts are not tuition based and/or do not have a comparable program in the public sector and would require another approach. Even when similar programs do exist, cost data for the public programs are not readily available
- ◆ The legislative appropriation figure applies only to growth enrollment and not the base.
- ◆ Allowing contracts to be negotiated annually without some basis for anticipating a particular level of support would be both time consuming and potentially disruptive to institutions as well as students.

Option: Allow other institutions to bid on serving identified need

Throughout its involvement in contracting, the Commission has annually circulated requests for proposals (RFPs) but generally has not specified areas of need, with the exception of including (since 1996) a listing of the program areas identified in connection with the Limited Access Competitive Grant Program. A copy of the latest RFP circulated by the Commission is attached. Allowing other institutions to bid on providing a program would require either advance notification or a two-step process involving receipt and review of a proposal to determine need and then circulation to allow other institutions to respond. Since the current process already notifies neighboring public institutions to see if they can meet the identified need, the bidding concept would primarily be applicable to independent institutions.

Advantages

- Potential savings as a result of competition.
- While the annual appropriation process would continue, annual reviews of contracts awarded in this manner could be replaced by longer term reviews (every five years) or by exception based on a limited number of performance indicators.

Disadvantages

- ◆ Lengthen the overall process and delay response time.
- ◆ Limited number of comparable programs in the independent sector.
- ◆ Need for safeguards against underbidding without ability to deliver program of comparable quality.

Option: Base portion of state funding on performance

Although the number, placement and race/ethnicity and gender of contract supported graduates is monitored each year, this information does not have a direct impact on the level of funding provided. Indirectly, performance is taken into account in both the preparation of annual budget recommendations and in the program review currently conducted every five years.

While the details would have to be carefully addressed by state and institutional representatives, the approach could be anything from providing a specified amount of state funds per graduate, in-state placement, or other desired result, to allocating a relatively small (5%) share of the overall funding based on performance that meets or exceeds state/institutional goals.

Advantages

- Clearer focus on desired outcomes and greater accountability.
- Direct link between level of funding and performance.

Disadvantages

- ◆ Potential for disruptive funding shifts.
- ◆ Greater administrative oversight.

- ◆ Difficulty in continuing to improve performance.

Option: Impose a requirement for service in Florida following graduation

The rationale for this requirement would be that if Florida is to invest in the education of these students, then the state should receive some benefit in return in the form of in-state employment in the field. However, students who graduate from state institutions generally do not face such a requirement in spite of receiving a state subsidy equal to approximately 75 percent of the cost of their education.

Advantages

- Direct tie between state funding and a desired result. This could also be addressed on an institutional basis through performance funding.

Disadvantages

- ◆ Potential for penalizing students if labor market demand declines.
- ◆ Increased administrative requirements.
- ◆ Inconsistent policy between public and independent sectors.

Option: Limit the amount of time for which an individual student may receive support

Currently, the contracts specify the number of credit hours for which an individual student may receive state support, but there is no limitation on the length of time in years a student may be assisted.

Advantages

- Increased productivity. This could be addressed through performance funding component.
- Incentive to complete in a timely manner.

Disadvantages

- ◆ Time limits would vary depending on type and length of program.
- ◆ Additional administrative oversight.

Option: Provide state support exclusively to students with financial need or who represent under-served populations

The objective here would be to focus limited state dollars on those areas with potential for greatest impact.

Advantages

- Emphasis on assuring access could be addressed through performance funding component.
- Increase minority participation and produce greater numbers of minority graduates in high demand fields.

Disadvantages

- ◆ No guarantee that this policy will produce more or better graduates.

Other Issues

In the course of this review, several additional issues were identified and are discussed below.

State support for the historically black colleges and health related programs at the University of Miami and Nova Southeastern University.

These programs initially received state funding outside of the contract process in which the Commission is involved. However, through proviso in the General Appropriations Act, the Commission has become increasingly involved in reviewing most of these programs with the exception of the University of Miami's First Accredited Medical School appropriation. At present, students in the optometry, osteopathy, and pharmacy programs at Nova Southeastern are the only ones who receive a partial tuition reduction. In contrast, Nova Southeastern students in the speech and language pathology contract program recommended by the Commission receive the full tuition differential.

Should the new State Board of Education have oversight for the contract programs?

In January 2003, a seven-member board appointed by the Governor will replace the existing elected State Board of Education. A Blue Ribbon Task Force has been appointed by the Commissioner of Education to address the role of the new State Board. Although the Board of Regents administered the contracting process for five years and established two contracts, the potential conflict for an individual sector to have this

responsibility is apparent. If contracting continues, oversight by an entity not tied to a particular sector would appear to be the most appropriate course of action.

How often should existing contracts be reviewed?

Currently, contract programs are reviewed each year, with a major evaluation involving an external consultant recognized for expertise in the field of study every five years. Many of the existing contracts have been through two or more five-year reviews. A possible cost-efficient approach might be to continue the annual reviews but after at least one five-year evaluation, to conduct further major evaluations on an exception basis, perhaps triggered by a significant decline in the performance measures discussed earlier.

Should contracting include undergraduate, graduate, and professional programs? Should it support research as well as instruction?

Current law 229.053(2)(a), F.S., authorizes the State Board of Education:

To contract with independent institutions...for the provision of those educational programs and facilities that will meet needs unfulfilled by the state system of public postsecondary education.

As long as a need can be documented, it is not clear what would be gained by limiting contracting to a particular aspect of postsecondary education. However, it must be noted that the contracts that are not based on a tuition differential do not directly support students. Funds may be used for administrative overhead, equipment, and other resource purchases, faculty and other institutional costs. In these cases, how can the public benefit for this investment of state funds be clearly demonstrated?

Should the contacting process be extended to technical training institutions?

In *Challenges and Choices the 1998 Master Plan for Postsecondary Education*, this issue was addressed:

The Commission has supported the expansion of these funding strategies to include technical training offered by licensed independent schools, institutes, and colleges. Contracting for spaces in high wage, high demand fields in which program graduates are subject to external validation or licensure represents a potentially cost-effective component of Florida's workforce development strategy.

Appendix C lists the programs currently offered by licensed independent institutions which potentially could be considered for such support if a documented need was demonstrated.

As is presently the case, each proposal would have to be considered on its own merit taking into consideration need and program quality as well as any other factor identified by the Commission.

Administrative Support

While the Commission has been responsible for reviewing the need for new academic program contracts and evaluating existing contract programs since 1981, the Department of Education has handled day-to-day administration of the process at the state level. At present one individual in the K-16 Articulation Unit of the Department is responsible on a part-time basis for overseeing the contracts. In recent years, this oversight responsibility has been expanded both by growth in the number and size of the academic contracts reviewed and recommended by the Commission as well as by the transfer from the Board of Regents of several health related state supported programs at Nova Southeastern University and the University of Miami. Given these conditions, the current level of staffing assigned to contracting is insufficient, meriting attention by the Department.

Based on the analysis and testimony reviewed in the course of this study, the Commission found that contracting with independent institutions for the provision of educational programs, facilities, and services which will meet needs unfulfilled by the state system of public postsecondary education should be retained as a strategic option in Florida. The following recommendations are designed to strengthen and enhance existing procedures related to this approach.

RECOMMENDATIONS

- 1. Beginning in 2001, the Request for Proposals distributed for academic program contracts should identify a list of priority fields for which postsecondary training is required based on information compiled by the Occupational Forecasting Conference, the Workforce Development Board, and other relevant sources. To assist the state in responding to demand for “horizon” or newly emerging occupations, independent institutions should be allowed to continue to submit proposals for such fields where both need and demand can be documented.***
- 2. The objectives of the Limited Access Competitive Grant Program should be merged with and addressed through the academic program contract process. Support for existing LACG recipients should be phased out over the next three years.***
- 3. State support through academic program contracts should be limited to upper-division and graduate-level students. Institutions with contracts serving lower-level students should maintain or strengthen articulation agreements with community colleges and state universities and maximize available financial aid resources to maintain access for qualified students at this level. Contract support for lower-level undergraduates should be phased out by 2002-03.***
- 4. Credit hour support for contracts involving undergraduate and graduate level instruction for which tuition is charged shall be based on the annual state funding per FTE by discipline in the State University System provided in the SUS annual cost analysis report (two digit CIP code). Students supported in such programs should continue to be responsible for the in-state portion of their tuition with the balance of any charges covered by internal university funds and other available sources of student assistance other than loans. Other graduate and professional programs for which tuition is not charged shall receive state support per student at a level negotiated by the Department of Education and approved by the Legislature.***
- 5. All state supported programs provided by independent postsecondary institutions, including the historically black colleges and universities, should be required to annually submit data on performance measures comparable to those in the public***

Need

Efficiency and Effectiveness

postsecondary sectors, including but not limited to: degrees granted, graduation rates, licensure/certification rates of graduates where applicable, employment in Florida following graduation, and diversity of participants. The Department of Education, in cooperation with participating institutions, should establish standards and monitor performance annually to assure continuous improvement and results comparable to those of similar public programs.

- 6. Institutions with contract programs which have had limited success in enrolling and graduating underrepresented populations should expand their efforts through participation in the state College Reach-Out Program as well as other outreach initiatives.*
- 7. State contract support should be limited to students with demonstrated financial need in accordance with a recognized system of need analysis.*
- 8. Effective January 2003, the new State Board of Education, or another entity with oversight responsibility for all postsecondary education in Florida, should be responsible for reviewing and awarding state contracts to independent institutions.*

Other Issues

- 9. Existing contracts should be reviewed each year and receive a major evaluation involving an external consultant with expertise in the relevant field of study after five years. Subsequent major evaluations should be conducted on an exception basis based on established criteria tied to the performance measures specified in Recommendation 5.*
- 10. The K-16 Articulation Unit of the Department of Education should develop a Work Plan identifying the staff and other resources necessary to support oversight of the academic program contracts. The Department of Education should assure that this level of support is provided.*

APPENDIX A

**PUBLIC FUNDING TO PRIVATE HIGHER EDUCATION
INSTITUTIONS BY STATE**

PUBLIC FUNDING TO PRIVATE HIGHER EDUCATION INSTITUTIONS BY STATE

Notes:

- 1) If the respondents answered specifically “none” to a category, it was inserted; otherwise there was no response either positively or negatively to the category.
- 2) Source – Direct response from individuals in higher education via various business officer’s list-servs, university and community college system of Nevada, November , 1999.
- 3) If the state is not listed, no response was received from that State to the inquiry.

State	Financial Aid to Students Attending Private Institution	Public “Start-up” Funds for Private Institutions	Tax Breaks for Private Institutions	Other State Funding to Private Institutions
Alabama	Alabama provides financial aid to students attending private institutions (Alabama Student Grant Program). Total for FY2000 - \$6.0 mil.			Direct appropriations go to the following private institutions: Miles College (\$369K); Marion Institute (\$343K); Talladega College (\$473K) and Tuskegee U (\$5.0 mil.).
Arkansas	The only state aid for private institutions is through specific scholarship programs - the dollars follow the students.	None	None	None
Connecticut	Provides aid to private colleges through Connecticut Independent Student Grant Program (funds are provided base on enrollment) (no requirement that the funds go to students based on need).			<ol style="list-style-type: none"> 1) Department of Economic development – provides research funds to private institutions and business partners. 2) State can contract with private institutions for various programs.
Florida	<ol style="list-style-type: none"> 1) Grant to all Florida residents attending a private institution (Florida Resident Access Grant) 2) Various scholarships to private institutions through some public higher education institutions 			<ol style="list-style-type: none"> 1) Need-based and merit-based aid for private institutions (through lottery) 2) Contracts are given to private institutions 3) Direct appropriations are also given to private institutions
Georgia	HOPE scholarships (approx. \$3,000) per student for attending private institution (Note – pays 100% of public education)			
Hawaii	None	None	None	None
Illinois	1) Students attending private, non-profit, degree-granting institutions are eligible for financial aid	None	None	1) Two formula based funding programs to private institutions – a) grants based on enrollments in undergraduate programs (FY00 - \$21 mil.) and b) appropriation grants - Health Education Service

	2) Monetary Award Program (MAP) provides tuition and fees up to \$4,530 per student			Grants – education and training of health professionals 2) State support – matching grants, engineering equipment grants, and Higher Education Cooperation Grants to support inter-institutional programs
Indiana	Financial aid to students attending private institutions		Sales tax relief on purchase	1) Individuals and corporations may claim a state income tax credit ranging from \$100 to \$1000 or 50 percent (whichever is less) of a gift to a college 2) Indiana Education Facilities Authority acts as Bond Bank for College Debt
Kansas		City of Topeka funded Washburn University when it started		Some funds for various reasons to private institutions
Kentucky	Financial aid is provided to students attending private institutions.	None	None	None
Louisiana				Louisiana provides funding to private institutions for educating Louisiana residents. The funds are distributed on a formula similar to that of the public institutions. The amount totaled \$4.0 million last year.
Massachusetts	Despite prohibition of public funds to private institutions, financial aid does go to individuals attending private schools.	In 1984, the state did provide funds for the start of Tufts Veterinary School.		The Commonwealth's constitution prohibits state funding of private institutions. Despite above, some contracts for services are given to private institutions.
Minnesota	1) State grants received for resident students (the state's primary student financial aid program is funded at \$100+ million annually) 2) Workstudy funds for residents			1) Tax-exempt loan guarantees for any student enrolled in a Minnesota college 2) Private - Mayo Medical School (Roch.) receives approx. \$1.5 million annually
Montana	None	None	None	None
Nebraska	State Student Incentive Grants (SSIG)	None	Tax Exempt Bonds	None
New Jersey	1) Financial aid for NJ students attending private institutions (need-based and merit-based) 2) Tuition aid grants also available			1) \$20 Mil. General aid program - in the form of grants 2) Public backed capital programs 3) Some appropriations and grants to private institutions based on need
New Mexico	Financial aid to students attending private institutions – payments are made directly to the individual	None	None	State law prohibits public funds to flow directly to private institutions
New York	Tuition Assistance Program (TAP) to all			1) NYS provides funds to all private institutions based on degrees

	NYS residents attending an institution of higher education			awarded in previous year (\$1,500 – bacc./\$950 – master/\$4,550 Ph.D.) Note – only funded at 34% currently 2) Some funding to private institutions for sports facilities – under “economic development”
North Carolina	Legislative Tuition Grant – aid to students attending a private institution (\$1,750/FTE regardless of need; \$1,050 based on need)			1) Various private institutions receive state support (Wake and Duke) 2) Various other support to privates – appropriations, tax breaks, regulatory breaks)
North Dakota	Limited State Scholarship and grant funding to students attending private institutions	None	None	None
Ohio	1) Financial Aid for students attending private institutions – Ohio Instructional Grant (max, grant = \$4,644) 2) Need based grants of \$1,000 available to all Ohio residents	None	1) Same tax relief as other non-profits 2) Tax-exempt borrowing	1) Case Western & Univ. of Dayton receive state money for a variety of programs 2) Various research grants 3) Ohio’s premier library system (OhioLINK) includes two research institutions 4) Except for OhioLINK – no general funding for private institutions
Oklahoma	The state provides financial aid in the form of scholarships to students attending private institutions.	None	None	None
Pennsylvania	1) Yes – on a need basis 2) An “institutional assistance grant” follows each student receiving aid to the private institution	None	1) Pennsylvania tax-exempt bonds 2) Normal tax relief for all non-profits	1) Some institutional assistance in the form of grants 2) Some direct appropriations for special programs
South Carolina	1) Provides financial aid to students attending private institutions (avg. \$2,300/student – total \$19.0 mil.) 2) Also make available \$54.0 mil. For need and merit based scholarships. The Tuition Grants Commission and the Commission on Higher Education administer the programs.			
South Dakota	None	None	None	None
Texas	1) Student financial aid support: 2) Undergraduates Texas Equalization Grants (needs basis)			1) Per capita funding to medical schools from Texas Higher Education Cood. Board 2) Eligibility for the competitive Advanced Technology Program (grant program - \$40 mil. Since inception – no overhead) 3) Cost sharing support for NSF Center Grants 4) Grants for underwriting the cost of residency program for general practitioners
Rhode Island	The state provides financial aid to	None	None	None

	students attending private institutions.			
Vermont	Financial Aid to students attending private institutions both in-state and out-of-state (approx. \$5,000)	Maybe special grant from State Department of Education	Limited tax relief for all non-profits	
Virginia	Tuition Assistance Grant (TAG) provides up to \$2,700 per student to attend a private institution	None		Support for the Virginia Women's Institute for Leadership Program at Mary Baldwin College (private)
Washington	Provides financial aid through its state-funded programs.			
West Virginia	Financial Aid goes directly to students attending private institutions through the West Virginia Higher Ed. Grant Program (private institution students receive approx. \$2.5 mil. Out of a possible \$16.0 mil. For the program).			
Wyoming	None	None	Private Post-secondary institutions are tax-exempt	None

APPENDIX B

**TABLE 1: OPTIONS FOR FUNDING ACADEMIC
CONTRACT PROGRAM CONTRACTS**

**TABLE 2: IMPACT OF SELECTED OPTIONS ON
TUITION DIFFERENTIAL CONTRACT
PROGRAMS**

**Table 1
Options for Funding Academic Program Contracts**

<u>Program</u>	<u>Level</u>	<u>Contract Cost Per Student 1999-00</u>	<u>Contract Cost Per Credit Hour 1999-00</u>	<u>Hours Per Student</u>	<u>Comparable SUS Cost Per Credit Hour 1997-98</u>	<u>Per Credit Hour Gap in State University System and Private Sector Tuition*</u>	<u>SUS Appropriation Per Credit Hour 1999-00 **</u>	<u>SUS Appropriation Including Plant Operation and Maintenance Cost ***</u>
Barry University								
Nursing - Accelerated Program	BS	\$ 23,046	\$ 365	63.14	\$ 258	\$ 318	\$ 186	\$ 214
Social Work	MS	7,472	310	24.10	567	310	357	393
FIT								
Math & Science Education	BS	14,380	458	31.40	320	318	148	176
Engineering	BS	13,817	461	29.97	365	318	148	176
Bethune Cookman****								
Specific Learning Disabilities	BS	N/A	265		N/A	318	186	214
Nova Southeastern								
Speech/Language Pathology	MS	N/A	480		N/A	480	357	393
Osteopathy	PhD	8,275	N/A		N/A	N/A	357	393
Pharmacy	PhD	8,000	N/A		N/A	N/A	357	393
Optometry	PhD	2,592	N/A		N/A	N/A	357	393
University of Miami								
Industrial Engineering	BS	19,254	745	25.84	365	318	186	214
Music Engineering	BS	19,256	745	25.85	N/A	318	186	214
Architectural Engineering	BS	19,256	745	25.85	408	318	186	214
Nursing BS	BS	19,276	745	25.87	258	318	186	214
Motion Pictures	BS	19,256	745	25.85	359	318	186	214
Biomedical Engineering	MS	12,783	675	18.94	1,275	675	357	393
Biomedical Sciences	PhD	32,000	N/A		1,275	N/A	357	393
Marine & Atmospheric Sciences	PhD	30,746	3,546	8.67	1,275	N/A	357	393
Nursing MS	MS	12,830	675	19.01	420	675	357	393

* 1998-99 sector average undergraduate tuition and actual graduate tuition figures for Florida independent non-profit baccalaureate institutions.

** Assumes 40 credit hours for undergraduate FTE and 32 credit hours for graduate FTE. Based on appropriations of \$9,415 (upper level undergraduate) and \$15,219 (graduate) less matriculation fees per credit hour (\$49.33 - undergraduate and \$118.68 - graduate).

*** Includes plant operation and maintenance costs of \$1120 per FTE based on 1997-98 State University System expenditures.

****Based on 2000-2001 Commission Recommendation of \$81,374 for the program.

Table 2
Impact of Selected Options on
Tuition Differential Contract Programs

<u>Program</u>	<u>1999-2000 Funding Level</u>	<u>FL Resident Program Enrollment</u>	<u>Total Credit Hours*</u>	<u>Number of Credit Hours Supported</u>	<u>% of Total</u>	<u>Number of Hours Supported Based On:</u>			<u>% of Total</u>
						<u>SUS Cost Analysis</u>	<u>% of Total</u>	<u>SUS Appropriation Plus Plant Operation and Maintenance</u>	
FIT									
BS Engineering	\$ 401,346	325	13,000	871	7%	1,100	8%	2,280	18%
BS Science Education	86,787	11	440	189	43%	271	62%	493	112%
University of Miami									
BS Industrial Engineering	246,446	29	1,160	331	29%	675	58%	1,152	99%
BS Architectural Engineering	223,365	35	1,400	331	24%	547	39%	1,044	75%
MS Biomedical Engineering	168,735	51	1,632	366	22%	132	8%	429	26%
BS Nursing	595,640	55	2,200	800	36%	2,309	105%	2,783	127%
MS Nursing	401,589	63	2,016	595	30%	956	47%	1,022	51%
BS Motion Pictures	335,047	347	13,880	450	3%	933	7%	1,566	11%
BS Music Engineering	335,047	20	800	450	56%	NA	NA	1,566	196%
Barry University									
BS Nursing	189,989	49	1,960	521	27%	736	38%	888	45%
MSW Social Work	193,734	363	11,616	625	5%	342	3%	493	4%
Bethune Cookman									
BS Learning Disabilities	81,374**			288	0%	-	0%	-	0%
Nova Southeastern									
MS Speech Pathology	215,280	200	6,400	449	7%	-	0%	548	9%

* Based on 40 hours FTE for undergraduates and 32 hours FTE for graduate programs.

** 2000-2001 Commission Recommendation

APPENDIX C

NONPUBLIC CAREER EDUCATION SCHOOLS THAT OFFER PROGRAMS WHICH LEAD TO LICENSURE

**NONPUBLIC CAREER EDUCATION SCHOOLS THAT
OFFER PROGRAMS WHICH LEAD TO LICENSURE**

Number of schools - 259

Programs of Leading to Licensure –

		Enrollment	Graduates ⁽¹⁾
1)	Acupuncture	479	110
2)	Auctioneering	148	147
3)	Barbering	286	146
4)	Cosmetology	4188	1691
5)	Electrolysis	67	39
6)	Practical Nursing	345	160
7)	Massage Therapy	3876	2275
8)	Nail Technology ⁽²⁾	3828	2837
9)	Nurse Assisting	3299	2414
10)	Skin Care/Facial Technology	1108	730
11)	Truck Driving	4417	3623

(1) Based on most recent data (FY 1997/1998) submitted to Board.

(2) The Board of Cosmetology only requires the Registration of Nail Technology graduates after the student completes a program of study at a licensed facility (school).