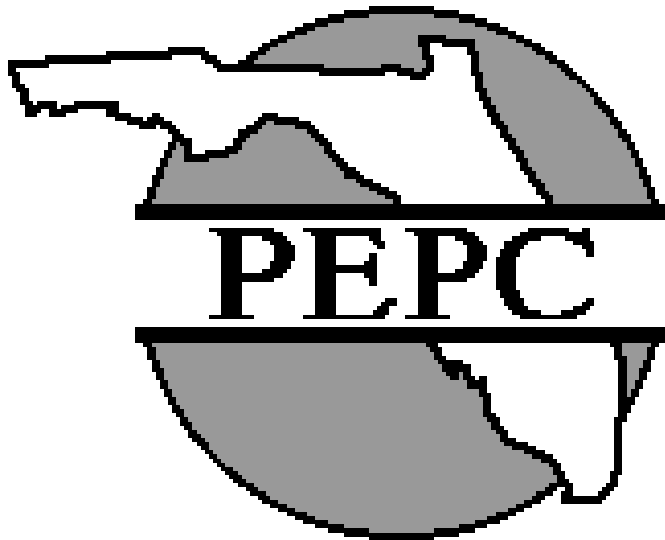


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COST BENEFIT ANALYSIS OF THE FLORIDA RESIDENT ACCESS GRANT

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

May 2000

POSTSECONDARY EDUCATION PLANNING COMMISSION

*Cost Benefit Analysis of the Florida
Resident Access Grant*

Prepared in Response to Section 240.147(15), Florida Statutes

May 2000

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Section 240.147(15), Florida Statutes, assigns the following responsibility to the Postsecondary Education Planning Commission:

OVERVIEW

In consultation with the Independent Colleges and Universities of Florida, recommend to the Legislature accountability measures and an accountability process for independent institutions that participate in the Florida resident access grant program. The process shall make use of existing information submitted to the federal and state governments. The process shall provide for an assessment of the benefits and cost-effectiveness of the Florida resident access grant program in providing state residents with access to 4-year college programs and with the successful completion of a baccalaureate degree. The commission shall provide oversight of this accountability process.

The Florida Resident Access Grant (FRAG), formerly called the Tuition Voucher Program, was created by the Legislature in 1979 as a non-need-based program to provide tuition assistance to Florida's undergraduates who attend independent, nonprofit, SACS-accredited institutions in the State. In 1998, the name of the program was again amended to the William L. Boyd, IV, Florida Resident Access Grant in memory of the individual who represented the independent colleges and lobbied for support of the program since its inception. The program's enabling legislation, s. 240.605, F.S., states:

The Legislature finds and declares that independent nonprofit colleges and universities eligible to participate in the William L. Boyd, IV, Florida Resident Access Grant Program 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. The Legislature further finds that a strong and viable system of independent nonprofit colleges and universities reduces the tax burden on the citizens of the state.

This language touches upon the program's primary statutory goals:

- (1) to broaden student choice through the provision of tuition assistance to reduce the tuition gap between public and independent institutions;
- (2) to support institutional diversity through support for a strong system of independent higher education;
- (3) to reduce the tax burden on the citizens of the State.

A FRAG award may not exceed 40 percent of the State's cost per academic year for an undergraduate student in a state university. Eligible students must maintain a minimum cumulative grade point average of 2.0 on a 4.0 scale and earn the equivalent of at least 12 student credit hours for each term an award is received. A student may receive the award for a maximum of nine semesters or 14 quarters.

FINDINGS

Following is a summary of the findings from the Commission's latest analysis:

In 1996-97, the Florida Resident Access Grant accounted for over 39 percent of all appropriations of state tax funds on behalf of students in independent higher education. In 1999-2000, the FRAG is the largest single appropriation benefiting independent higher education in Florida and will expend \$48.2 million to grant approximately 23,250 students a maximum award of \$2,074 (Table 1).

In 1979, the initial year of the program, individual FRAG awards equalled 42 percent of the average tuition gap between the public and independent sectors. In recent years this has declined to a low of 14 percent (1992-93, 1994-96) but has since climbed to 23 percent in the current year (Table 2).

Since the Commission initiated this analysis in 1994 the share of FRAG recipients who also received the State's need-based Florida Student Assistance Grant (FSAG) has been approximately one third. Last year (1998-99) 7,415 FRAG recipients received the FSAG. At the institutional level, the portion receiving FSAG support ranged from 17 percent (International College, Florida College) to 51 percent (Clearwater Christian) (Table 3).

Table 4 compares the most recent expenditures per FTE in the public sector with the cost of the FRAG. Tables 5A-C also include two further considerations not required in statute: (1) both community college and state university cost data are considered in view of the state's historic support for the two plus two system and (2) the impact of including a figure for plant operation and maintenance (PO & M) is addressed. The 1999-2000 FRAG award level falls within the statutory cap of 40 percent of the public university state cost per FTE. In fact, as noted in Table 5B the award could be increased to an level of \$2,637 and still comply with the statute.

CONCLUSION

Based on this analysis, the FRAG continues to remain within the statutory limits for funding. The FRAG assists private institutions to compete for students and contributes to both student choice and a strengthened independent sector. The Commission recognizes the major role played by FRAG in the State's support for a healthy dual system of postsecondary education. Future analyses will examine the effect of FRAG on independent sector enrollment and degree productivity in an attempt to further quantify and assess the impact of this program.

TABLE 1
FLORIDA RESIDENT ACCESS GRANT HISTORY

	Amount Appropriated	Amount Expended	Number Students Served	Proviso Maximum Award	Actual Award Amount
1979-80	\$ 2,400,000	\$ 2,400,000	3,518	\$ 750	\$ 750
1980-81	\$ 4,100,000	\$ 4,100,000	6,827	\$ 750	\$ 750
1981-82	\$ 7,299,000	\$ 7,350,000	9,914	\$ 750	\$ 750
1982-83	\$ 9,500,000	\$ 9,310,000	13,422	\$ 750	\$ 717
1983-84	\$ 10,100,000	\$ 10,100,000	14,645	\$ 750	\$ 750
1984-85	\$ 11,900,000	\$ 11,900,000	15,613	\$ 835	\$ 778
1985-86	\$ 13,323,984	\$ 13,144,215	15,886	\$ 876	\$ 852
1986-87	\$ 15,989,392	\$ 14,078,496	13,976	\$ 1,000	\$ 1,000
1987-88	\$ 15,975,700	\$ 14,920,950	14,083	\$ 1,100	\$ 1,100
1988-89	\$ 16,672,650	\$ 16,369,841	15,174	\$ 1,150	\$ 1,122
1989-90	\$ 16,672,650	\$ 16,313,685	15,035	\$ 1,150	\$ 1,110
1990-91	\$ 18,839,300	\$ 17,175,945	16,127	\$ 1,200	\$ 1,100
1991-92	\$ 18,215,531	\$ 16,588,799	16,987	\$ 1,200	\$ 990
1992-93	\$ 16,564,373	\$ 15,809,054	17,424	\$ 1,200	\$ 924
1993-94	\$ 18,539,373	\$ 17,849,215	16,820	\$ 1,200	\$ 1,090
1994-95	\$ 19,872,443	\$ 17,322,155	15,928	\$ 1,300	\$ 1,090
1995-96	\$ 19,852,300	\$ 19,454,893	16,257	\$ 1,200	\$ 1,200
1996-97	\$ 28,852,200	\$ 28,789,377	17,061	\$ 1,800	\$ 1,725
1997-98	\$ 28,852,200	\$ 28,032,600	20,106	\$ 1,800	\$ 1,412
1998-99	\$ 40,852,200	\$ 38,770,381	*21,657	\$ 1,800	\$ 1,800
1999-00	\$ 48,232,944	NA	23,256	\$ 2,074	\$ 2,074

*Preliminary estimate

SOURCE: Department of Education, Bureau of Student Financial Assistance

TABLE 2

**RESIDENT ACCESS GRANT AS A PERCENTAGE OF AVERAGE TUITION AND FEES*
IN INDEPENDENT NON-PROFIT BACCALAUREATE INSTITUTIONS
AND OF THE INDEPENDENT/PUBLIC TUITION GAP
1979-80 TO 1999-2000**

	Independent Average T&F	SUS Average T & F	Independent/Public Tuition Gap	FRAG Award	FRAG as % of Independent T & F	FRAG as % of Tuition Gap
1979-80	\$ 2,548	\$ 750	\$ 1,798	\$ 750	29%	42%
1980-81	\$ 2,866	\$ 750	\$ 2,116	\$ 750	26%	35%
1981-82	\$ 3,195	\$ 770	\$ 2,425	\$ 750	23%	31%
1982-83	\$ 3,529	\$ 795	\$ 2,734	\$ 717	20%	26%
1983-84	\$ 3,869	\$ 840	\$ 3,029	\$ 716	19%	24%
1984-85	\$ 4,254	\$ 900	\$ 3,354	\$ 778	18%	23%
1985-86	\$ 4,493	\$ 900	\$ 3,593	\$ 852	19%	24%
1986-87	\$ 4,614	\$ 1,000	\$ 3,614	\$ 1,000	22%	28%
1987-88	\$ 5,072	\$ 1,050	\$ 4,022	\$ 1,100	22%	27%
1988-89	\$ 5,520	\$ 1,100	\$ 4,420	\$ 1,122	20%	25%
1989-90	\$ 6,494	\$ 1,195	\$ 5,299	\$ 1,110	17%	21%
1990-91	\$ 6,974	\$ 1,344	\$ 5,630	\$ 1,110	16%	20%
1991-92	\$ 7,647	\$ 1,512	\$ 6,135	\$ 990	13%	16%
1992-93	\$ 8,184	\$ 1,706	\$ 6,478	\$ 924	11%	14%
1993-94	\$ 8,962	\$ 1,765	\$ 7,197	\$ 1,090	12%	15%
1994-95	\$ 9,566	\$ 1,783	\$ 7,783	\$ 1,090	11%	14%
1995-96	\$ 10,677	\$ 1,795	\$ 8,882	\$ 1,200	11%	14%
1996-97	\$ 11,290	\$ 1,888	\$ 9,402	\$ 1,725	15%	18%
1997-98	\$ 11,084	\$ 1,994	\$ 9,090	\$ 1,412	13%	16%
1998-99	\$ 11,652	\$ 2,114	\$ 9,538	\$ 1,800	15%	19%
1999-00	\$ 11,228	\$ 2,233	\$ 8,995	\$ 2,074	18%	23%

*Average tuition and fees is based on 30 credit hours

SOURCE: Department of Education, Bureau of Student Financial Assistance &
1999-00 Tuition and Fee Rates: A National Comparison, Washington State Higher Education Coordinating Board

TABLE 3
FRAG RECIPIENTS IN FRAG ELIGIBLE INSTITUTIONS
ALSO RECEIVING FSAG
1998-1999 AWARDS

Institution	1998-1999 FRAG Recipients *	1998-1999 FSAG Recipients*	Number FRAG Recipients Also Receiving FSAG*	Percent FRAG Recipients Also Receiving FSAG
Barry University	1,323	552	547	41%
Bethune Cookman College	1,049	534	430	41%
Clearwater Christian College	262	134	133	51%
Eckerd College	539	179	177	33%
Edward Waters College	351	91	70	20%
Embry-Riddle Aeronautical University	619	218	197	32%
Flagler College	898	234	234	26%
Florida College	102	17	17	17%
Florida Hospital College of Health Sci	108	33	32	30%
Florida Institute of Technology	382	163	144	38%
Florida Memorial College	905	484	399	44%
Florida Southern College	1,215	356	351	29%
International College	525	93	91	17%
Jacksonville University	725	244	244	34%
Lynn University	274	58	56	20%
Nova Southeastern University	1,684	619	579	34%
Palm Beach Atlantic College	942	274	273	29%
Ringling School of Art and Design	359	132	132	37%
Rollins College (& Hamilton Holt)	890	332	329	37%
Saint Leo College	1,475	529	506	34%
Saint Thomas University	466	195	190	41%
Southeastern College	294	131	98	33%
Stetson University	1,302	415	412	32%
University of Miami	3,509	1,360	1,297	37%
University of Tampa	720	289	288	40%
Warner Southern	564	121	119	21%
Webber College	175	70	70	40%
Total	21,657	7,857	7,415	34%

SOURCE: Department of Education, Bureau of Student Financial Assistance

*Unduplicated headcount.

TABLE 4
COST-BENEFIT ANALYSIS OF THE FRAG
SUS COST FACTORS PER FTE, 1998-99

	\$/FTE	SCH*	\$/SCH
Undergraduate Instruction	4,116	40	103
Academic Advising	390	40	10
Academic Administration	1,032	40	26
Public Service	143	40	4
Research	1,300	40	33
Library Resources	249	40	6
Library Resources	395	40	10
University Support	1,458	40	36
Financial Aid	307	40	8
Student Services, Other	625	40	16
PO&M**	1,203	40	30
Total	11,218		280
Shaded Total	9,468		237
Total w/o PO&M	10,015		250
Shaded Total w/o PO&M	8,265		207

*SCH - Student Credit Hour

**PO&M Plant Operation and Maintenance

NOTE: Shaded figures are those directly related to the provision of undergraduate instruction. Expenditure of Research, Public Service and PO&M funds are not generally associated with student credit hours.

SOURCE: SUS 1998-99 Expenditures Analysis

TABLE 5A

**COST-BENEFIT ANALYSIS OF THE FRAG
PER CREDIT HOUR COST TO TAXPAYERS**

(Using highest and lowest cost estimates from public sector and 1999-00 FRAG award level)

	\$	SCH	\$/SCH	Tuition*/SCH	Net	FRAG % of Public
FRAG	2,074	32	65	0	65	
CCS	5,084	30	169	47	122	53%
CCS	4,622	30	154	47	107	61%
SUS	11,218	40	280	74	206	31%
SUS	8,265	40	207	74	133	49%

When CCS and SUS Costs are Combined**, e.g., "2+2", then:						
"2+2"	7,693	35	220	58	162	40%
"2+2"	6,172	35	176	58	118	55%

*Tuition is based on the average 1999-00 tuition figures.

** "2+2" calculations are based on 1997-98 funded FTE enrollment figures from the CCS and 1998-99 funded FTE for the SUS.

NOTES: Highest estimated costs for the SUS and CCS are italicized and include capital outlay costs, which are assumed to be 10% of operating costs.

Shaded SUS cost figures are those directly related to the provision of undergraduate instruction.

SOURCE: CCS - Gary Yancey
SUS - 1998-99 Expenditure Analysis

TABLE 5B

**COST-BENEFIT ANALYSIS OF THE FRAG
PER CREDIT HOUR COST TO TAXPAYERS**

(Using highest and lowest cost estimates from public sector and a FRAG value at the approximate midpoint of the current award and the ICUF stated goal of \$3,000)

	\$	SCH	\$/SCH	Tuition*/SCH	Net	FRAG % of Public
FRAG	2,500	32	78	0	78	
CCS	5,084	30	169	47	122	64%
CCS	4,622	30	154	47	107	73%
SUS	11,218	40	280	74	206	38% **
SUS	8,265	40	207	74	133	59%

When CCS and SUS Costs are Combined**, e.g., "2+2", then:						
2+2	7,693	35	220	58	162	48%
2+2	6,172	35	176	58	118	66%

*Tuition is based on the average 1999-00 tuition figures.

** "2+2" calculations are based on 1997-98 funded FTE enrollment figures from the CCS and 1998-99 funded FTE for the SUS.

NOTES: Highest estimated costs for the SUS and CCS are italicized and include capital outlay costs, which are assumed to be 10% of operating costs.

Shaded SUS cost figures are those directly related to the provision of undergraduate instruction.

SOURCE: CCS - Gary Yancey
SUS - 1998-99 Expenditure Analysis

**Based on this analysis, a FRAG award level of \$2,637 would equal the statutory cap of 40 percent of the public university cost.

TABLE 5C

**COST-BENEFIT ANALYSIS OF THE FRAG
PER CREDIT HOUR COST TO TAXPAYERS**

(Using highest and lowest cost estimates from public sector and the ICUF stated goal of \$3,000)

	\$	SCH	\$/SCH	Tuition/SCH	Net	FRAG % of Public
FRAG	3,000	32	94	0	94	
CCS	5,084	30	169	47	122	77%
CCS	4,622	30	154	47	107	88%
SUS	11,218	40	280	74	206	46%
SUS	8,265	40	207	74	133	71%

When CCS and SUS Costs are Combined**, e.g., "2+2", then:						
2+2	7,693	35	220	58	162	58%
2+2	6,172	35	176	58	118	80%

*Tuition is based on the average 1999-00 tuition figures.

** "2+2" calculations are based on 1997-98 funded FTE enrollment figures from the CCS and 1998-99 funded FTE For the SUS.

NOTES: Highest estimated costs for the SUS and CCS are italicized and include capital outlay costs, which are assumed to be 10% of operating costs.

Shaded SUS cost figures are those directly related to the provision of undergraduate instruction.

SOURCE: CCS - Gary Yancey
SUS - 1998-99 Expenditure Analysis