



**STUDENT FINANCIAL ASSISTANCE  
AND TUITION POLICY**

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

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**DECEMBER 1996**

## POSTSECONDARY EDUCATION PLANNING COMMISSION

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The Postsecondary Education Planning Commission, initially created by executive order in 1980, given statutory authority in 1981 (SS 240.145 and 240.147, Florida Statutes), and reauthorized by the 1991 Legislature, serves as a citizen board to coordinate the efforts of postsecondary institutions and provide independent policy analyses and recommendations to the State Board of Education and the Legislature. The Commission is composed of 11 members of the general public and one full-time student registered at a postsecondary education institution in Florida. Members are appointed by the Governor with the approval of three members of the State Board of Education and subject to confirmation by the Senate.

The major responsibility of the Commission is preparing and updating every five years a master plan for postsecondary education. The enabling legislation provides that the Plan "shall include consideration of the promotion of quality, fundamental educational goals, programmatic access, needs for remedial education, regional and state economic development, international education programs, demographic patterns, student demand for programs, needs of particular subgroups of the population, implementation of innovative educational techniques and technology, and the requirements of the labor market. The capacity of existing programs, in both public and independent institutions, to respond to identified needs shall be evaluated and a plan shall be developed to respond efficiently to unmet needs."

Other responsibilities include recommending to the State Board of Education program contracts with independent institutions; advising the State Board regarding the need for and location of new programs, branch campuses and centers of public postsecondary education institutions; periodically reviewing the accountability processes and reports of the public and independent postsecondary sectors; reviewing public postsecondary education budget requests for compliance with the State Master Plan; and periodically conducting special studies, analyses, and evaluations related to specific postsecondary education issues and programs.

Further information about the Commission, its publications, meetings and other activities may be obtained from the Commission office, 224 Collins Building, Department of Education, Tallahassee, Florida, 32399-0400; telephone (904) 488-7894; FAX (904) 922-5388.

**POSTSECONDARY EDUCATION PLANNING COMMISSION**

***STUDENT FINANCIAL ASSISTANCE AND TUITION POLICY***

Prepared in Response to Specific Appropriation 188  
of the  
1996 General Appropriations Act  
Chapter 96-424, Laws of Florida

December 12, 1996

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## **EXECUTIVE SUMMARY**

The provision of adequate and equitable student financial assistance remains a critical factor in assuring access to postsecondary education. During the 1996 legislative session, significant discussion occurred on student financial aid. Issues raised included the growing imbalance between merit-based and need-based aid and efforts to streamline the administration of existing state aid programs. Legislation was introduced that would have implemented a number of Commission recommendations from its 1996 report, *State Student Financial Aid*, as well as the recommendations of a task force of student financial aid professionals representing all postsecondary sectors. This legislation, which did not become law, would have created a new Economically Disadvantaged Student Assistance Grant and decentralized administration of all the state need-based grants. The Legislature authorized, but did not fund, a Postsecondary Tuition Program that is to be supported by lottery dollars in the future, similar to Georgia's HOPE Scholarship. The Legislature did appropriate \$5 million from the Employment Security Administration Trust Fund (Job Training Partnership Act) for establishment of a scholarship program and financial aid to enhance placement of dislocated and disadvantaged workers into college and increase their job placement in the private sector. The Legislature also directed the Commission to carry out further analysis of state financial assistance and tuition policy.

In conducting this current study, the Commission focused on the following major issues:

- Given the uncertain funding picture at the federal and state level as well as the shifting balance between grants and loans and need-based and merit aid, is Florida's current low tuition/low aid policy the appropriate approach? If not, what action is needed to provide sufficient support for need-based aid while maintaining recognition of merit?
- What is the appropriate level of funding and phase-in schedule for the newly authorized Postsecondary Tuition Program? How should the program be coordinated with existing merit programs? Should financial need be considered in the eligibility criteria?
- If administration of the need-based student assistance grant program is to be decentralized, what provisions are necessary to assure equitable distribution of available funds among participating institutions; e.g., how should changes in enrollment, qualified applicants, and institutional costs be taken into account?

Other issues addressed included the potential for privatization of state level student financial assistance and the implementation of the Limited Access Competitive Grant Program established by the 1995 Legislature.

The report provides an overview of existing Federal, State, and institutional student financial assistance as well as the following specific recommendations:

***Recommendations:***

1. ***Each sector should continue to provide for reasonable increases in tuition based on an agreed upon target (national average, percentage of cost) that will reflect the value received by the participants.*** The current statutory limitations (s. 240.209(3)(e)1., F.S.) tying tuition to 25 percent of prior years' expenditures and restricting annual increases to 10 percent should be eliminated. The percentage of state revenue dedicated to postsecondary education must not be further reduced or replaced by any revenue resulting from increased tuition.
2. ***Community colleges should continue to set tuition within a range specified by the Legislature. State universities should be allowed to establish tuition levels in accordance with their individual missions and student populations, subject to approval by the Board of Regents.***
3. ***Required local fees should be recognized in the Florida Prepaid Tuition Program as well as in the calculation of need for state student assistance.*** At the same time, the sector boards should act to restrict increases in both the level and number of local fees to keep them in proportion to tuition.
4. ***The sector boards should collaborate with individual institutions in identifying the source and amount of additional student financial assistance to be provided to offset any adverse impact from tuition increases on access for low-income students.*** An amount equal to at least 25 percent of any increased tuition revenue should be dedicated to need-based aid.
5. ***The Legislature should increase support for the Florida Student Assistance Grant and other need-based aid so that state funding for student financial aid is again in conformity with the provision of s. 240.437(2), F.S., which specifies that state financial aid shall be distributed primarily on the basis of need.*** As a first step, sufficient funds should be appropriated to permit maximum FSAG awards to cover tuition and fees in the public sector for all qualified students in both public and independent institutions for at least their first two years of eligibility. State assistance for the remaining years of study should be in the form of reduced grants or loans that could be forgiven if the student attains the degree within a specified period.

6. ***The Office of Student Financial Assistance should proceed with assigning administration of the special interest aid programs it oversees to recognized, established entities such as the Seminole/Miccosukee Tribal Councils while maintaining sufficient standards and procedures to assure that funds are spent in accordance with program objectives.***
7. ***The Department should continue with plans to implement the Postsecondary Tuition Scholarship.*** A single application for this program and the Undergraduate Scholars and Vocational Gold Seal Programs should be a first step in the eventual consolidation of these three initiatives. To avoid further imbalance between need and merit-based state aid, the Florida Student Assistance Grant Program should not be included in this consolidation and should remain the State's major commitment to assuring access for students with significant financial need. The new program should include independent as well as public institutions, a "second chance" provision, and a graduated award schedule based on students' grade point average and successful completion of specified high school coursework or other demonstration of such competencies. Any Lottery funds shifted from general operations to cover the new scholarship should be replaced with general revenue or other ongoing source of support.
8. ***Decentralization of the Florida Student Assistance Grant Programs should not be initiated until a timeline and cost estimate for development of the proposed student aid functions of the automated statewide student services system are available.*** At that point, a determination should be made by the Office of Student Financial Assistance and the financial aid community on which approach to pursue. If decentralization is chosen, the procedures contained in this report (Appendix C) should be followed.
9. ***The Office of Student Financial Assistance should proceed with implementation of the action steps outlined in the KPMG Performance Improvement Study for one year.*** At that time (November 1997), an assessment should be conducted by the Office of Student Financial Assistance of progress made and a determination of what, if any, further modifications are necessary. Customer feedback should be regularly collected during this year from students, aid administrators, and lenders and progress monitored by the Council of Student Financial Aid Advisors, the Postsecondary Education Planning Commission, and other interested parties.

10. ***No further privatization of the responsibilities of the Office of Student Financial Assistance should occur until the results of the KPMG recommended procedures for monitoring the current contract for assistance with the Federal Family Education Loan Programs can be assessed.***
11. ***As the Office of Student Financial Assistance proceeds with implementation of its internal improvement plan, it should assess the status of its loan guaranty function and identify what changes, if any, are necessary to improve its competitive position in this field.***
12. ***The State should increase support for Project S.T.A.R.S. and other initiatives designed to encourage private sector involvement in providing financial and other support for at-risk students to pursue postsecondary education opportunities.***
13. ***The requirement that limited access competitive grant program applicants be denied admission to a designated state university program should be eliminated.*** Funds available for this grant program should be used to enable qualified public community college and state university students to enroll in independent institution programs leading to employment in high priority fields as identified annually by the Postsecondary Education Planning Commission. Awards should be equal to 50 percent of the state cost of an undergraduate student and should be payable for up to five semesters. Recipients should also meet all applicable general aid eligibility requirements specified in s. 240.404, F.S. Information on this program as well as other initiatives to promote student access should be included in the statewide student advising system now being developed.



Proviso language in the 1996 General Appropriations Act contained the following directives:

*From the funds in Specific Appropriation 188, the Department of Education and the Postsecondary Education Planning Commission shall conduct a study of financial assistance/tuition programs, evaluating the availability, need, and effectiveness of merit-based and needs-based financial assistance programs. The Department and the Commission shall also develop a plan to implement a merit-based scholarship program in 1997-98 funded through lottery revenues and shall make recommendations to the Legislature no later than January 1, 1997 for elimination, retention and coordination of existing financial assistance programs and a plan for administration of the new lottery scholarship program.*

*To promote the most efficient and timely distribution of state need-based financial assistance, the Postsecondary Education Planning Commission in consultation with the Office of Student Financial Assistance and the Council of Student Financial Aid Advisors shall recommend an allocation procedure and formula for all institutions participating in the state student assistance grant programs. The recommended procedure and formula shall be submitted to the Legislature and the State Board of Education by January 1, 1997.*

Because of the closely related nature of these two assignments, they have been addressed as one study.

## **INTRODUCTION**

### **Legislative Charge**

## BACKGROUND

The provision of adequate and equitable student financial assistance remains a critical factor in assuring access to postsecondary education. In its 1983 *Supplement to the Master Plan for Florida Postsecondary Education*, the Commission made recommendations that were subsequently adopted in statute and remain in force today. Over the years, the Commission has examined various aspects of financial aid including need and merit-based aid, program administration, student indebtedness, and tuition policy. In *How Floridians Pay for College* (1994), the Commission examined the family characteristics of undergraduate students, including their education and income levels and the mix of resources used to finance their education.

Most recently, the Commission completed *State Student Financial Aid* (1996), an analysis of current aid programs supported by Florida. Issues addressed included unexpended financial aid resources, program consolidation, budget request and aid distribution procedures, need and merit eligibility criteria and a potential new lottery funded scholarship.

*Adequate and equitable student financial assistance remains a critical factor in assuring access.*

During the 1996 legislative session, significant discussion occurred on student financial aid. Issues raised included the growing imbalance between merit-based and need-based aid and efforts to streamline the administration of existing state aid programs. Legislation was introduced that would have implemented a number of Commission recommendations from its 1996 report, *State Student Financial Aid*, as well as the recommendations of a task force of student financial aid professionals representing all postsecondary sectors. This legislation, which did not become law, would have created a new Economically Disadvantaged Student Assistance Grant and decentralized administration of all the state need-based grants. The Legislature authorized, but did not fund, a Postsecondary Tuition Program that is to be supported by lottery dollars in the future, similar to Georgia's HOPE Scholarship. The Legislature did appropriate \$5 million from the Employment Security Administration Trust Fund (Job Training Partnership Act) for establishment of a scholarship program and financial aid to enhance placement of dislocated and disadvantaged workers into college and increase their job placement in the private sector.

In conducting this current study, the Commission focused on the following major issues:

- Given the uncertain funding picture at the federal and state level as well as the shifting balance between grants and loans and need-based and merit aid, is Florida's current low tuition/low aid policy the appropriate approach? If not, what action is needed to provide sufficient support for need-based aid while maintaining recognition of merit?

- What is the appropriate level of funding and phase-in schedule for the newly authorized Postsecondary Tuition Program? How should the program be coordinated with existing merit programs? Should financial need be considered in the eligibility criteria?
- If administration of the need-based student assistance grant program is to be decentralized, what provisions are necessary to assure equitable distribution of available funds among participating institutions; e.g., how should changes in enrollment, qualified applicants, and institutional costs be taken into account?

Other issues addressed included the potential for privatization of state level student financial assistance and the implementation of the Limited Access Competitive Grant Program established by the 1995 Legislature.

The report provides an overview of existing Federal, State, and institutional student financial assistance as well as the following specific recommendations:

The Commission Chairman assigned this study to the Finance/Administration Committee, Chaired by Ms. Sally Gillespie and including Commission members Dr. Richard Alterman, Dr. Bob Bryan, Mr. James Kirk, Mr. Ron LaFace, and Dr. Maria Shelton. Mr. Mark Wheeler and Mr. Earl Olden also participated in the Committee's work prior to completion of their terms of service. Beginning in May 1996, the Committee held seven meetings at which the study was discussed and testimony provided by agency and institutional representatives including members of the Florida Council of Student Financial aid Advisors. Commission staff are participating on the Commission's State Student Financial Aid Task Force Steering Committee and have also met with the Board of Regents' Tuition, Fees and Financial Aid Task Force. At the Fall conference of the Florida Association of Student Financial Aid Administrators, Commission staff discussed issues and policy options identified during the study with representatives of all postsecondary sectors. The following sections discuss existing student aid programs available at the federal, state, and institutional level and issues and recommendations identified by the Commission.

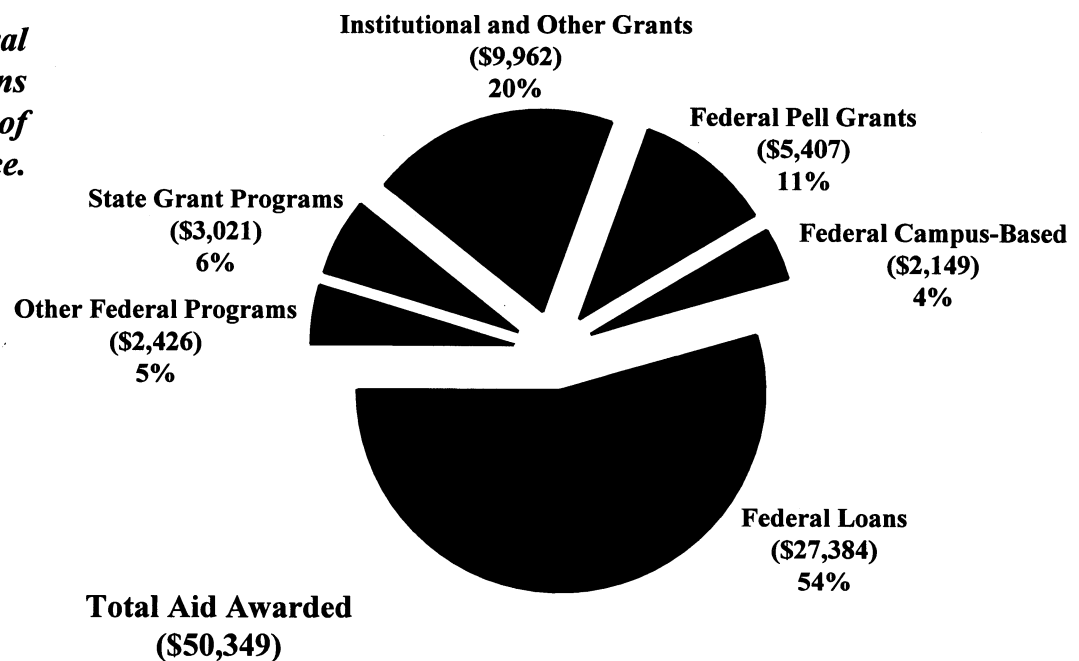
## CURRENT STUDENT AID PROGRAMS

Any discussion of student aid policy can quickly become mired in statistics on the various types and sources of aid available. However, an overview of the major programs available at the federal, state, and institutional level is necessary when considering policy changes in this area. While its share of overall aid provided has been declining, the federal government remains the primary source of all student assistance. Federal loans represent 54.3 percent of all student aid (Figure 1).

FIGURE 1

### ESTIMATED STUDENT AID BY SOURCE FOR ACADEMIC YEAR 1995-96 (CURRENT DOLLARS IN MILLIONS)

*The Federal government remains the primary source of all student assistance.*



Source: Trends in Student Aid: 1986-1996, The College Board, September 1996

## Federal Programs

Currently, grants, scholarships, work-study, and loan programs are supported at the federal level. Grants are a declining share of the mix while loans are growing.

**Grant Programs.** Two major programs provide almost all federal grants to financially-needy students. Pell grants are the largest source of federal student assistance with funding at \$5.9 billion in FY97 (Table 1). Students apply directly to the federal government for awards. Federal regulations and funding levels determine how many students may receive awards and the size of the award.

Students attending Florida colleges received \$269.2 million in Pell grants in 1995-96. In 1994-95, nationally about 26 percent of all students attending postsecondary institutions received Pell grants. Florida was just below the national average at 25.3 percent that year. Florida exports slightly more residents with Pell grants to postsecondary institutions in other states than it attracts from other states (Table 2). *Postsecondary Education Opportunity* (October 1995), the source of this information, also ranked Florida 43rd on a composite of state measures of educational outreach to low income students.

***Florida ranks 43rd in outreach to low income students.***

The second major federal program is the Supplemental Educational Opportunity Grant (SEOG). This program, work study, and Perkins loans are the core of the "campus-based" federal programs. Federal funds are distributed to individual colleges and the colleges decide how to award the funds as they combine various programs into individual student financial aid packages. Eligibility is limited to students with exceptional financial need, with priority given to Pell grant recipients. Nationwide, the SEOG program is funded at \$583 million in 1996-97. Approximately 37,250 students attending Florida institutions will receive \$20.4 million in SEOG grants in 1996-97.

Recent federal budget actions have limited the funds available for Pell awards while increasing the size of the maximum award (from \$2,340 to \$2,470). However, the U.S. Department of Education will use funds unexpended from last year to meet 1996-97 obligations. While the appropriation for 1997-98 has been increased to \$5.9 billion, this is still lower than the FY 95 funding level.

***Loan Programs.*** Federal loans to students and parents provided the majority of debt resources used for education. The Perkins Loan Program is administered by individual colleges from loan repayments and federal capital replenishment appropriations. The Stafford (formerly the Guaranteed Student Loan) and PLUS loan programs provide low cost loans made by financial institutions or directly by the federal government to students and parents. In the 1992 reauthorization of the Higher Education Act, changes were made that dramatically increased both the number of borrowers and the size of loans. Higher loan limits were set for student loans and limits for parent loans were removed. The Stafford Loan Program was renamed the Federal Family Education Loan. Table 3 displays Federal Family Education Loan volume in Florida. After declining in the late 1980s, loan volume has grown from \$279 million to \$553.5 million between 1991-92 and 1995-96. This growth would be even more dramatic if direct lending and loans guaranteed by agencies other than the Florida Department of Education were included.

***Loan volume in Florida has grown from \$279 million to \$553.5 million between 1991-92 and 1995-96.***

**Work Study.** The federal College Work Study (CWS) program is a campus-based program that allows students to earn money to help pay educational expenses. Students are employees, and a portion of the wages are paid from federal funds. Students must qualify as financially needy to participate in the program. This program is currently funded at \$616.5 million nationally, and 20,317 students in Florida colleges will receive payments of \$17.8 million during 1996-97 as work-study employees. Nationwide, funds appropriated for CWS will increase over 34 percent to \$830 million in FY 97.

## State Programs

Florida provides a broad spectrum of programs for a number of purposes (Table 4).

***The maximum FSAG award this year is actually lower than in 1972.***

**Need-Based.** The Florida Student Assistance Grant Programs (Public - community colleges and universities, Private - regionally-accredited independents, Postsecondary - other independents) provide \$36 million of the \$36.9 available in state aid based on financial need. Initially created in 1972, the maximum award this year for both the public and independent colleges and universities (\$972 and \$1,098 respectively) is actually lower than the original 1972 maximum of \$1,200 without controlling for inflation. Last year, there were 136,782 applicants for state need-based aid and 41,031 recipients of whom 48 percent were minority and 74 percent came from families with family incomes less than \$20,000.

**Merit-Based.** The Undergraduate Scholars and Vocational Gold Seal Endorsement Scholarship are the two major merit programs currently funded at almost \$46 million for 1996-97. Eligibility is determined by one of the following: test scores, grade point average, completion of a specified curriculum or series of courses.

***93 percent of the Vocational Gold Seal awardees enrolled in a state university or community college.***

Of those Undergraduate Scholars awardees who qualify with less than a 3.5 GPA, 50 percent renew for the second year. The Vocational Gold Seal Program was created to enable promising students to enroll in postsecondary vocational or technical programs. In 1995-96, 93 percent of the awardees enrolled in a state university or community college (43 and 50 percent respectively) and only one percent of the recipients attended public vocational technical centers or private vocational schools. Of all Gold Seal recipients, approximately 45 percent renew their award after the initial year.

**Work Study.** The Florida Work Experience Program (FWEP) is a need-based program designed to further students' educational and career goals. Employers other than public schools are required to pay 30 percent of the students' wages. For the past four years, the appropriation for this program has remained at \$599,243, although eligible institutions have requested significantly more (\$967,000 in 1995-96). In 1995-96, 275 students were employed through FWEP. Of these, two-thirds were minorities and 73 percent were female. Of

the total funds available, 74 percent were used by the community colleges and 15 percent by state universities.

**Other Aid.** The State provides an additional \$24 million in programs to address critical teacher shortages and designated groups ranging from children of deceased and disabled veterans, to Latin American Caribbean Basin scholars. The smallest twelve programs account for less than 165 students and approximately \$500,000 in funds annually (Table 5).

Institutional financial aid programs are becoming more important as institutions, both public and private, attempt to offset reductions in federal grant programs and cost increases. Institutional grants include funds from private sources and endowment earnings, as well as tuition waivers. Tuition waivers are a long-standing practice in private institutions and are available on a limited basis at public institutions.

## **Institutional Aid Programs**

Both state universities and community colleges in Florida are authorized to collect up to an additional five percent of tuition for a student financial aid fee. In 1995-96, this amounted to almost \$10.4 million for the community colleges (Table 6) and \$15.3 million for the SUS in 1995-96 (Table 7). The community colleges used 32.6 percent of these funds for need-based aid, 29.4 percent for merit, and almost 25 percent for athletics. The state universities are directed by statute to use at least 50 percent for need. (A similar requirement for community colleges has been amended in recent years to allow the above distribution.) In addition to this fee, the universities receive approximately \$18.1 million annually in general revenue for student aid of which at least 71 percent must be distributed based on need.

Fee waivers are another form of student assistance administered at the institutional level. In 1994-95, these totaled \$44.1 million in the State University System. However, virtually all of these waivers are given to out-of-state and graduate students. Each community college is authorized to waive fees for up to 40 full-time equivalent students in addition to other waivers authorized in law.

## ISSUES AND RECOMMENDATIONS

In January 1996, the Commission adopted its report *State Student Financial Aid*. Many of the issues and recommendations identified remain relevant and the executive summary of that report is included for reference (Appendix A). The following discussion focuses on the specific issues outlined in the 1996 legislative proviso as well as several additional matters identified during the course of the current study. In some cases, previous recommendations are restated or refined as appropriate to respond to current conditions.

### Tuition/Student Aid Policy

Florida continues to rank well below the national average in public resident tuition charges (49th - universities; 36th - community colleges, see Table 8). Florida institutions are increasingly listed in national magazines as "best buys." At a joint meeting in December 1995, the Board of Regents, State Board of Community Colleges, and the Postsecondary Education Planning Commission endorsed a recommendation that the Legislature allow state universities and community colleges to raise tuition to at least the national average while providing adequate student financial assistance to assure continued access. Because the national average is a moving target and because state universities are so far below (over \$1,400 last year), it would take increases averaging about 12 percent each year for 10 years for the universities to reach the national average, assuming it grows at a rate of 4 percent annually (Table 9).

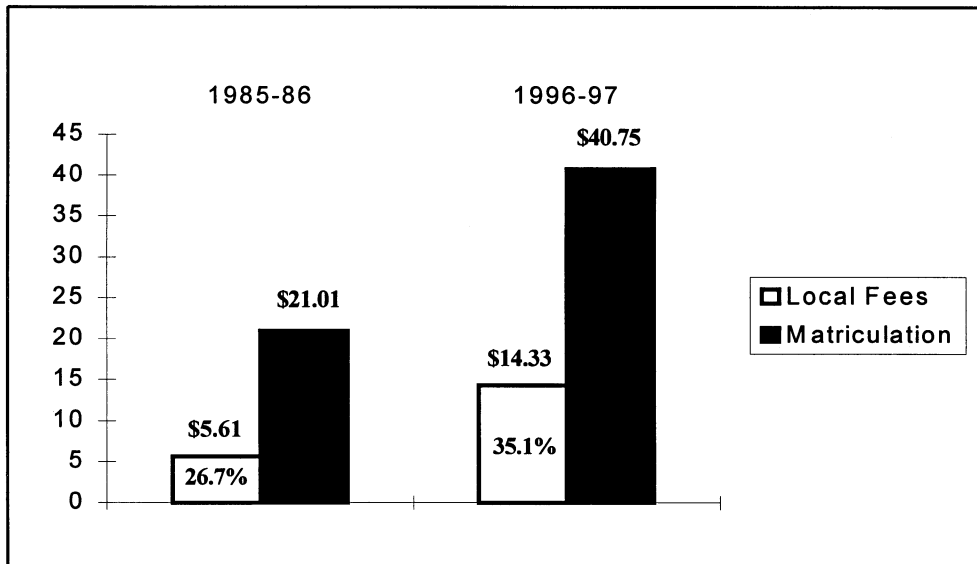
*Florida continues to rank well below the national average in public resident tuition charges.*

Last year, the Business Higher Education Partnership endorsed the goal of student fees covering 50 percent of the cost of instruction in universities and 33 percent in community colleges. Not coincidentally, the resultant figures of \$3,500 and \$1,300 respectively compare closely to the national averages for these sectors. Regardless of how and when it occurs, it is clear that there will continue to be increased pressure to price postsecondary education at levels reflective of the benefits received by the participants. The danger of any increased student fee revenue being used to offset declines in state support is real. The Legislature can stand by its commitment to postsecondary education by avoiding further declines in the percentage of state support provided for this purpose. Another factor to be considered is that while tuition has grown in recent years, local fees for athletics and other activities and services are an increasing share of overall costs. In 1985-86, average local fees were 26.7 percent of matriculation fees. This year, these fees equaled 35.1 percent of matriculation (Figure 2). Currently, a Board of Regents task force is considering authorization of additional local fees for technology and recreation. These local fees, while required, are not covered by such programs as the prepaid tuition plan. Although the administrators of the prepaid program clearly state this omission, its impact may not be fully appreciated by students and parents until the bills start arriving. Finally, any consideration of tuition increases must take into account the potential impact of these costs on student access. The Commission's simulation model estimates that an amount equivalent to 17 to 20 percent of any increase in tuition should be provided in need-based aid to offset any adverse impact on low income students. A target of 25



percent would provide a reasonable safety margin. This can be provided directly from the increased tuition revenue or through a separate appropriation by the Legislature.

**FIGURE 2**  
**LOCAL FEES AS A PERCENTAGE OF**  
**STATE UNIVERSITY MATRICULATION FEES**  
**1985-86, 1996-97**



*Local fees for athletics and other activities and services are an increasing share of overall costs.*

Source: Board of Regents.

**Recommendations:**

1. *Each sector should continue to provide for reasonable increases in tuition based on an agreed upon target (national average, percentage of cost) that will reflect the value received by the participants.* The current statutory limitations (s. 240.209(3)(e)1., F.S.) tying tuition to 25 percent of prior years' expenditures and restricting annual increases to 10 percent should be eliminated. The percentage of state revenue dedicated to postsecondary education must not be further reduced or replaced by any revenue resulting from increased tuition.
2. *Community colleges should continue to set tuition within a range specified by the Legislature. State universities should be allowed to establish tuition levels in accordance with their individual missions and student populations, subject to approval by the Board of Regents.*

3. **Required local fees should be recognized in the Florida Prepaid Tuition Program as well as in the calculation of need for state student assistance.** At the same time, the sector boards should act to restrict increases in both the level and number of local fees to keep them in proportion to tuition.
4. **The sector boards should collaborate with individual institutions in identifying the source and amount of additional student financial assistance to be provided to offset any adverse impact from tuition increases on access for low-income students.** An amount equal to at least 25 percent of any increased tuition revenue should be dedicated to need-based aid.

*Last year, students enrolled in Florida's public colleges and universities received over \$771.3 million in financial assistance...over 55 percent in loans.*

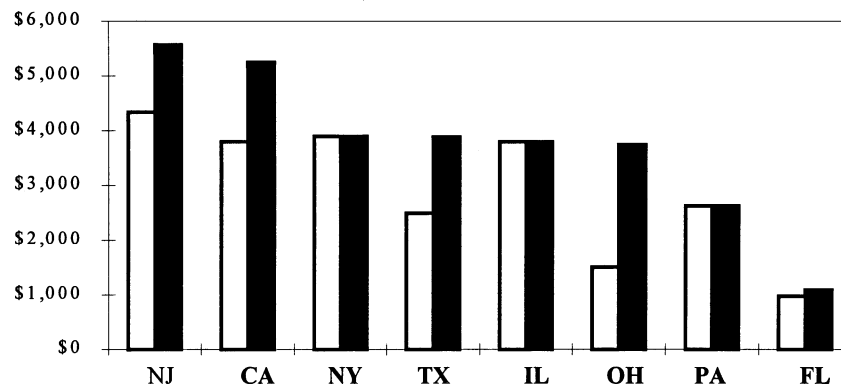
Where does Florida stand in the provision of need-based financial aid? According to the latest (February 1996) edition of the Annual Survey of the National Association of State Scholarship and Grant Programs (NASSGP), Florida ranked 30th in need-based aid to undergraduates (Table 10). In addition, the value of individual student awards is low in relation to a sample of states frequently used for comparisons (Figure 3).

Last year, students enrolled in Florida's public colleges and universities received over \$771.3 million in financial assistance from all sources (Table 11). Over 55 percent was in the form of loans. Nationally, federal loans represented 54 percent of aid from all sources in 1995-96. In terms of student dependence on loans, Florida's public postsecondary institutions are slightly above average.

**FIGURE 3**

**MAXIMUM AWARD AVAILABLE TO STUDENTS IN PUBLIC AND PRIVATE INSTITUTIONS UNDER STATE'S PRIMARY NEED-BASED GRANT PROGRAM, 1995-96**

Public Private



*Florida's individual need-based awards are low in comparison to other states.*

Note: Maximum actual awards, not statutory maximums.  
Source: Commission telephone survey of state grant agencies, March 1996.

The Department of Education's 1997-98 budget request includes \$68.5 million for the State's two major merit programs and \$54.3 million for the three major need-based programs. While some merit awardees are also eligible for need-based aid, their participation is limited. In 1993-94, 11 percent of the Undergraduate Scholars and 14 percent of the Vocational Gold Seal awardees received a Florida Student Assistance Grant. Since 1991-92, the proportion of state aid based on merit has exceeded the amount provided for need-based aid. This emphasis on merit aid conflicts with current statutory policy calling for state aid to be primarily need-based (s. 240.437(2), F.S.).

What is the extent of need for state assistance? Less than a third of the FSAG applicants last year actually were funded. Students seeking an FSAG award must also apply for a federal Pell grant. In 1995-96, virtually all FSAG recipients also received a Pell award. However, an additional 100,000 students enrolled in Florida's community colleges, state universities and independent colleges and universities received Pell grants without an FSAG award (Table 12). While a number of these students who qualified were part-time or from out-of-state, it is fair to assume that if FSAG eligibility cut-offs were raised, many more Floridians would qualify and access to postsecondary education would be enhanced.

A recent report by the General Accounting Office, *Restructuring Student Aid Could Reduce Low-Income Student Dropout Rate* (March 1995), indicates that grant aid has a significant impact on reducing dropouts, particularly in the first year of college enrollment. An additional \$1,000 grant reduced the drop out probability by 23 percent for low income students (family income below \$21,000). In comparison, loans did not have a statistically significant effect for this group. We have already seen that Florida's individual grant award levels are low in comparison to other states. A variation on this approach would be to provide grant aid for the first two years of study and reduced grants or loans for the two remaining years of undergraduate study. If the loan option is used, these could be forgiven if the student attained the degree within a specified period.

***Recommendation:***

5. ***The Legislature should increase support for the Florida Student Assistance Grant and other need-based aid so that state funding for student financial aid is again in conformity with the provision of s. 240.437(2), F.S., which specifies that state financial aid shall be distributed primarily on the basis of need.*** As a first step, sufficient funds should be appropriated to permit maximum FSAG awards to cover tuition and fees in the public sector for all qualified students in both public and independent institutions for at least their first two years of eligibility. State assistance for the remaining years of study should be in the

***100,000 students enrolled in Florida's community colleges, state universities, and independent colleges and universities received Pell grants without an FSAG award.***

***Nationally, an additional \$1,000 grant reduced the drop out probability by 23 percent for low income students.***

form of reduced grants or loans that could be forgiven if the student attains the degree within a specified period.

The issue of aid program consolidation continues to be raised at both the federal and state levels. Ideally, there would be one grant, one scholarship, and one work program. Florida has made some progress in this area, however, additional programs continue to be authorized by the Legislature.

The Commission reviewed the programs currently administered by the Office of Student Financial Assistance. The twelve smallest programs serve special populations ranging from Seminole/Miccosukee Indians to Nicaraguan/Haitian scholars and in total involve approximately 165 students and less than \$500,000 annually (Table 5). The benefits of consolidation, given the wide range of participants, are not apparent. However, each of these programs has an application process and accompanying administrative and fiscal accounting requirements. OSFA has begun to decentralize administration of these small programs where an established entity can assume responsibility.

***Candidates for consolidation are the state merit programs which award more than \$45 million to 22,100 students annually.***

Immediate candidates for consolidation are the two existing state merit programs - Undergraduate Scholars and Vocational Gold Seal - which together award more than \$45 million to approximately 22,100 students annually. Consolidation of these programs will be discussed further in the next section related to the new Postsecondary Tuition Scholarship.

***Recommendation:***

6. ***The Office of Student Financial Assistance should proceed with assigning administration of the special interest aid programs it oversees to recognized, established entities such as the Seminole/Miccosukee Tribal Councils while maintaining sufficient standards and procedures to assure that funds are spent in accordance with program objectives.***

**Postsecondary Tuition Program (Lottery Scholarship)**

The 1996 Legislature enacted the Florida Postsecondary Tuition Program (FPTP) in Chapter 96-341, Laws of Florida. It is patterned after Georgia's HOPE Scholarship Program. The HOPE Scholarship was created concurrently with Georgia's lottery in 1993 and was one of three uses specified for the lottery proceeds earmarked for education. The other two targeted areas were pre-K education and technology for K-12 education. The HOPE program provides support for Georgia residents to attend public and independent postsecondary institutions. Eligibility criteria initially required a 3.0 high school grade point average in the college preparatory track, or 3.2 in any other curriculum track, and family income of less than \$100,000 for the previous year. This income criteria was deleted in 1995. There was concern expressed during the initial year that the program would encourage grade inflation. Ac-

According to the office administering the program, this has not been documented. The program provides a full tuition and fee scholarship and a book allowance for students choosing public institutions. Students enrolling in independent institutions with a 3.0 GPA now receive annual grants of \$3,000 (originally \$1,500) which may be combined with a \$1,000 Tuition Equalization Grant (similar to our Florida Resident Access Grant). HOPE scholarships are also available for students with less than a B average to attend Georgia public technical institutions as well as for GED recipients. The program is coordinated with federal financial aid. Tuition and fee support is provided only to the extent that it is not covered by a Pell Grant. Approximately 30 percent of Georgia's high school graduates qualify for the program. As with Florida's merit programs, attrition is high - approximately 50 percent of the first year HOPE recipients fail to renew. Such students are now allowed to have a second chance to meet the 3.0 GPA renewal criteria. In addition, anyone with a 3.0 GPA after two years of college may receive tuition for the last two years.

HOPE will pay for up to 190 quarter hours of postsecondary study (equivalent to approximately 128 semester hours) including remedial work. The 1995-96 budget for the program was \$128.9 million.

Florida's program, which has not yet been funded, is designed to reward outstanding high school students who enroll in degree, diploma or certificate programs at any Florida public university, community college or technical institute. Independent institutions are excluded at this time. General eligibility criteria include Florida residency, a college preparatory curriculum with a GPA of 3.0 or higher and a minimum test score on the ACT or SAT exam to be specified by the Department of Education. The maximum award shall include tuition, fees, and a book allowance of up to \$300. Students with a 3.5 GPA may receive a higher award as determined by the Department of Education. Part-time students enrolled for at least 6 hours may receive a prorated award.

A State Student Financial Assistance Task Force has been created by the Commissioner of Education to address Florida's new lottery-funded scholarship and other student aid issues. A steering committee of the Task Force met October 14-15 and outlined a proposed approach that would merge all existing state student aid and distribute awards based on student grade point averages and completion of a specified high school curriculum. A Development Committee including institutional aid directors, school district leaders, and others has been appointed to further refine this proposal. The proposal has a number of commendable attributes including its simplicity, its second chance provision that allows a disqualified student to requalify, and its potential for consolidation with such existing programs as Undergraduate Scholars and Vocational Gold Seal. However, the Commission has historically recommended directing more aid to those students with the greatest financial need.

***Florida's program is designed to reward outstanding high school students who enroll in degree, diploma or certificate programs at any Florida public postsecondary institution.***

***The Commission has consistently recommended directing more aid to those students with the greatest financial need.***

***Preliminary estimates of the full cost of the new Lottery Scholarship, range from \$64 to more than \$100 million annually.***

It is not likely that the proposed scholarship will accomplish this objective if it incorporates the Florida Student Assistance Grant Programs. The proposed program would provide an award of \$1,000 to all students with a 2.5 grade point average. A survey of merit programs nationwide indicated this was generally the lowest cut-off used. (Appendix B). The proposal minimum award is roughly the current value of the FSAG. However, as recently as 1991, the FSAG award covered tuition and fees in the State University System for students with the greatest need. It is doubtful that the new program would be able to provide this level of support for all students with a 2.5 GPA. Preliminary estimates of the full cost of the new program, when fully phased in, range from \$64 to more than \$100 million annually depending on the specific award levels and criteria used. The Commission is working with the Office of Student Financial Assistance on further refining this estimate using the Commission's Simulation Model and data compiled in connection with a long-range student cohort analysis. The availability of sufficient lottery revenue to support the new program remains a challenge. According to the Consensus Estimating Conference on Lottery Revenues, current 1996-97 projections are for \$793.1 million for education, down from \$855.4 million in 1994-95. This decline is not atypical and has been seen in Lottery Programs throughout the country. However, this reduction exacerbates the issue of how these dollars will be replaced if they are redirected to the new scholarship.

**Recommendation:**

7. ***The Department should continue with plans to implement the Postsecondary Tuition Scholarship.*** A single application for this program and the Undergraduate Scholars and Vocational Gold Seal Programs should be a first step in the eventual consolidation of these three initiatives. To avoid further imbalance between need and merit-based state aid, the Florida Student Assistance Grant Program should not be included in this consolidation and should remain the State's major commitment to assuring access for students with significant financial need. The new program should include independent as well as public institutions, a "second chance" provision, and a graduated award schedule based on students' grade point average and successful completion of specified high school coursework or other demonstration of such competencies. Any Lottery funds shifted from general operations to cover the new scholarship should be replaced with general revenue or other ongoing source of support.

**Decentralization of the State Student Assistance Grant Program**

For years, the efficiency of handling this grant program at the state level has been debated. *State Student Financial Aid* (1996) addressed this issue and recommended that initial awards continue to be made at the state level and renewals handled at the local level. During the 1996 legislative session, this issue was discussed and addressed by a task force including state and institu-

tional aid administrators. The consensus reached was that the programs could be administered more efficiently at the institutional level. Legislation authorizing this decentralized approach (CS/CS/SB 1281) was introduced and passed by the Senate but did not become law. In response to the proviso language calling for this current study, a proposal for calculating each institution's allocation based on current and historic participation rates has been developed (Appendix B) and endorsed by the Council of Student Financial Aid Advisors. Among the advantages cited for decentralization are: simpler processing and faster turnaround; more complete use of available funds; consistent statewide eligibility criteria within which individual institutions would make awards; and greater flexibility, e.g., possibility of extending awards to part-time students within a given sector. It was also anticipated that cost savings would be realized in application processing and award disbursement. Disadvantages include the need to monitor institutional eligibility standards for consistency in application and the need to accommodate changes in the number of eligible applicants in each sector.

Another opportunity to realize the anticipated benefits of decentralization has presented itself. One of the provisions of the 1995 "Time-to-Degree" Legislation (SB 2330) called for development of a common student advising system. As work on this task has progressed, awareness of the benefits of expansion of the concept to include a broader range of services has increased. What is envisioned is a student services system that would include automated advising career information, degree shopping applications and registration, and financial assistance information and processing. While the current pilot phase of development is focusing on the degree audit function, the potential of this system for assisting student financial aid applicants and administrators is significant. Through an automated statewide network, the following functions could be performed: program shopping; electronic applications and eligibility determination; institutional disbursements and electronic notification of changes in student status. The Office of Student Financial Assistance has been working for several years on development of a relational data base for all the programs it administers and is currently preparing time and cost estimates for development and inclusion of student aid functions within the automated student services system.

***Recommendation:***

8. ***Decentralization of the Florida Student Assistance Grant Programs should not be initiated until a timeline and cost estimate for development of the proposed student aid functions of the automated statewide student services system are available.*** At that point, a determination should be made by the Office of Student Financial Assistance and the financial aid community on which approach to pursue. If decentralization is chosen, the procedures contained in this report (Appendix C) should be followed.

***A proposal for calculating each institution's allocation has been developed.***

***The potential of this advising system for assisting student financial aid applicants and administrators is significant.***

**Other Issues** *Organizational Structure/Privatization.* As part of its current review, the Commission was asked to comment on the organizational structure of student financial aid at the state level and the potential for privatizing all or part of its responsibilities.

*The KPMG recommendations represent a useful framework for improvement.*

This summer, the Office of Student Financial Assistance contracted with KPMG, an independent consulting firm, to conduct a performance improvement study of OSFA. That study was completed in September and provides a comprehensive plan for improvement in the following areas: planning and management, organizational structure, management practices, operating procedures, assessments of relations with employees and customers and adherence to statutory responsibilities. The Office has begun implementing the action steps provided by KPMG, however, it is too soon to assess progress. The Commission has reviewed the KPMG recommendations and believes they represent a useful framework for improvement. The Commission has also reviewed various models of organizational placement of responsibility for financial aid at the state level. In addition to OSFA's current placement, other options include assignment with a state level coordinating board (Virginia), establishment as an independently chartered corporation or commission (California) or some variation of these approaches. In Tennessee, for example, the Tennessee Student Assistance Commission is a state entity subject to performance audits conducted by the legislature and annual audits by the comptroller. The executive director reports to a board of directors whose membership is specified in law. The governor chairs the board, and the executive director of the Tennessee Higher Commission serves as vice-chair. While clearly more visible, there is no evidence to indicate that this approach is more effective than other structures.

Based on its review, the Commission did not find any particular organizational model to be desirable and believes that the existing organizational structure should be given the opportunity to improve based on the findings and recommendations of the KPMG report.

***Recommendation:***

9. *The Office of Student Financial Assistance should proceed with implementation of the action steps outlined in the KPMG Performance Improvement Study for one year.* At that time (November 1997), an assessment should be conducted by the Office of Student Financial Assistance of progress made and a determination of what, if any, further modifications are necessary. Customer feedback should be regularly collected during this year from students, aid administrators, and lenders and progress monitored by the Council of Student Financial Aid Advisors, the Postsecondary Education Planning Commission, and other interested parties.



With regard to privatization, the Commission has recently completed a review of its potential for achieving further productivity improvements in public postsecondary education. Privatization is already found in a number of areas related to our colleges and universities including security, housing, food services, health care, and computing services. A study prepared for the Commission on privatization cites criteria to be used in assessing the appropriateness and potential benefits of this approach on specific functions such as financial aid. Among the points to consider:

***Competitive Market*** - A function with few qualified competitors may not produce desired savings.

***Determinable Service Delivery Measurement*** - If the nature of the goal or service is likely to require revision as the program proceeds, it may be difficult to convey the terms of delivery in a contract or performance agreement.

***Financial and Liability Risks*** - Privatization is best pursued when the risks are equal to or lower than those experienced in public sector delivery.

***Level of Policy Discretion*** - Activities that require low levels of policy setting, judgement, or discretion are better suited for administration by outside providers.

***Security Requirements*** - Activities for which special security and safety provisions are unnecessary are most conducive to increased competition.

These are just a few of the recommended criteria, but the questions they raise concerning the suitability of privatizing a function as complex as student aid administration are significant. This is not to say that privatizing some aspects of student aid is not appropriate. In fact, the Department currently contracts with a private organization, EDS, to assist with its Federal Family Education Loan Program (FFELP) responsibilities. Average contract expenditures are approximately \$6 million annually. Contract monitoring was addressed in the KPMG study and a number of specific recommendations were made (Appendix D).

Nationwide, state guaranty agencies are in a transition period as a result of the federal Direct Lending Program initiated in 1993. This has resulted in increased competition for both state guaranty agencies as well as private lending institutions.

This September, legislation supported by the California Student Aid Commission (AB 3133) was enacted which authorizes establishment of an auxil-

***Nationwide, state guaranty agencies are in a transition period as a result of the federal Direct Lending Program initiated in 1993.***

***About half of the states have a state agency serving as guarantor.***

ary organization to oversee the Commission's FFELP responsibilities. The purpose of the legislation is to enable the Aid Commission to successfully compete with other entities in providing California students with faster, easier and less costly loans. According to the analysis of the California legislation, about half of the states have a state agency serving as guarantor. Approximately 25 percent designate a private non-profit guarantor not directly affiliated with any single state and the remaining quarter have a state-established non-profit organization as the guarantor.

***Recommendations:***

10. ***No further privatization of the responsibilities of the Office of Student Financial Assistance should occur until the results of the KPMG recommended procedures for monitoring the current contract for assistance with the Federal Family Education Loan Programs can be assessed.***
11. ***As the Office of Student Financial Assistance proceeds with implementation of its internal improvement plan, it should assess the status of its loan guaranty function and identify what changes, if any, are necessary to improve its competitive position in this field.***

***One aspect of privatization that holds immediate promise is the involvement of the private sector in supporting student aid.***

One aspect of privatization that holds immediate promise is the involvement of the private sector in supporting student aid. An illustration of this is Project S.T.A.R.S. (Scholarship Tuition for At-Risk Students), an initiative of the Florida Prepaid College Board. Since 1990, the Legislature has provided incentive matching funds for private sector support for scholarships targeted at low-income, at-risk students. The 1996 Legislature provided \$1 million for Project S.T.A.R.S. while potential pledges from the independent sector exceeded \$6.9 million. The Community College Academic Improvement Trust Fund and the State University System Matching Gifts Programs are other successful examples of this approach.

Take Stock in Children, a recent statewide initiative supported by Barnett Bank and Publix, has similar objectives but no state support. Representatives of Project S.T.A.R.S. and Take Stock in Children are exploring ways that these efforts can complement each other in expanding postsecondary opportunities.

***Recommendation:***

12. ***The state should increase support for Project S.T.A.R.S. and other initiatives designed to encourage private sector involvement in providing financial and other support for at-risk students to pursue postsecondary education opportunities.***

The 1995 Legislature, as part of its “Higher Education Access 2000 Act,” enacted a limited access competitive grant program to be administered by the Department of Education. The grant program was designed “to provide enrollment opportunities for qualified applicants unable to obtain admission to selected state university limited access programs or equivalent academic tracks.” Both community college graduates and state university students who are Florida residents and “who because of lack of space are denied admission to a state university program directly related to a high priority employment field identified by the State Board of Education” are eligible for grants to attend comparable programs in independent institutions. The legislation requires the Postsecondary Education Planning Commission to annually identify for the State Board of Education selected high priority employment fields, commonly referred to as limited access programs, which require a baccalaureate degree and for which one or more state universities have insufficient capacity to serve all qualified applicants.

## **Limited Access Competitive Grant Program**

The Office of Student Financial Assistance implemented the program in the Fall of 1996 with an appropriation of \$1 million. From the outset, independent institutions expressed concern over the difficulty of making contact with qualified students who had been denied access to a state university program. Table 13 displays preliminary awards for the Fall 1996 term as well as the eligible programs identified by the Commission. Less than \$8,000 of the funds available have been disbursed at this time. A major challenge cited by institutional representatives was difficulty in identifying and enrolling students who had been denied access in the public sector.

The 1993 Legislature also created s. 240.6055, F.S., Access Grants for Community College Graduates, which was also designed to enable students from the public sector to complete their baccalaureate degrees in the independent sector. This program has not been funded. By eliminating the limited access grant requirement that students be denied admission to an SUS program, the major objectives of both of these programs could be addressed with the funds available. That is, students choosing to transfer from public community colleges and universities to independent institutions offering approved high demand programs would be eligible for grants equal to 50 percent of the state cost for an undergraduate student. In addition, student awareness of the availability of this program could be enhanced by inclusion of information on this and other initiatives to promote student access in the statewide student advising system now being developed.

### ***Recommendation:***

- 13. The requirement that limited access competitive grant program applicants be denied admission to a designated state university program should be eliminated.*** Funds available for this grant program should be

used to enable qualified public community college and state university students to enroll in independent institution programs leading to employment in high priority fields as identified annually by the Postsecondary Education Planning Commission. Awards should be equal to 50 percent of the state cost of an undergraduate student and should be payable for up to five semesters. Recipients should also meet all applicable general aid eligibility requirements specified in s. 240.404, F.S. Information on this program as well as other initiatives to promote student access should be included in the statewide student advising system now being developed.

This is a time of transition at both the state and federal level which could dramatically affect the amount and types of financial assistance available. It is also a time of opportunity in Florida - a state poised at the onset of a rapid increase in the pool of high school graduates and growing demand for postsecondary education.

## **CONCLUSION**

To respond to these changes, the majority of Florida's state aid dollars will need to continue to be concentrated in a small number of programs with clearly defined objectives. The new lottery related Postsecondary Tuition Scholarship will be an important complement to existing aid resources particularly if the funds used to support it do not result in a diminishment of existing operating dollars. Growing pressure to raise our low tuition rates underscores the importance of state aid programs being primarily need-based and adequately funded. The Commission believes that by maintaining a clear focus on and commitment to the essential purposes of financial assistance both the State and its postsecondary students will be well served.

## **TABLES**

**TABLE 1**  
**APPROPRIATIONS FOR MAJOR FEDERAL STUDENT AID PROGRAMS**  
**(In Millions)**  
**1993 - 1997**

<b>PROGRAM</b>	<b>FY 93 APPROP.</b>	<b>FY 94 APPROP.</b>	<b>FY 95 &amp; SUP 1; APPROP.</b>	<b>FY 96 FINAL</b>	<b>FY 97 FINAL</b>
Pell Grants	5,787.6	6,303.6	6,178.7	4,914.0	5,919
Pell Grant Maximum	(2,300)	(2,300)	(2,340)	(2,470)	(2,700)
Supplemental Grants	583.4	583.4	583.4	583.4	583.4
Federal Work-Study	616.5	616.5	616.5	616.5	830
Perkins Loans (capital contribution)	165.8	158.0	158.0	93.3	158
SSIG	72.4	72.4	63.4	31.4	50
<b>TOTAL - All Student Aid</b> (excluding federal loan programs)	<b>7,225.7</b>	<b>7,733.9</b>	<b>7,600.0</b>	<b>6,238.6</b>	<b>7,540.4</b>

Source: American Council on Education

TABLE 2

Indicator #4:

Pell Grant net migration by state

Federal Pell Grants to eligible students are portable across state lines to qualified public, private non-profit or for-profit postsecondary institutions. Pell Grants are like vouchers in that they follow students.

Because Pell Grants only go to students from low income family backgrounds, observing the migration of recipients between states reflects where these low family income students find postsecondary education opportunity available and attractive.

Some states are net importers of Pell Grant recipients. That is, they attract more Pell Grant recipients to postsecondary institutions in their states than they export to enroll in postsecondary institutions in other states. We find these states to provide relatively attractive conditions for postsecondary opportunity for students from low income family backgrounds.

Other states export more of their resident Pell Grant recipients to other states than they attract from other states. We find these states to provide relatively unattractive postsecondary conditions for students from low income family backgrounds.

We have calculated Pell Grant net migration rates by state in the table to the right. Net migration rates range from +32.2 percent in Rhode Island to -13.8 percent in Maine. Seven states have Pell Grant net migration rates greater than 10 percent, while three have rates below minus ten percent. Generally, net migration for Pell Grant recipients parallels net migration for other undergraduate enrollment classes.

Data used in this analysis are reported each year by the Department of Education in the *Pell Grant End-of-Year Report*.

Indicator 4:

Pell Grant Net Migration by State  
FY1994

Rk	State	State of Institution	State of Residence	Net Pell Grants	Net Migration Rate
1	Rhode Island	16,669	12,609	4,060	32.20%
2	Utah	44,779	39,157	5,622	14.36%
3	Alabama	76,790	67,911	8,879	13.07%
4	Arizona	66,594	59,458	7,136	12.00%
5	Delaware	6,183	5,555	628	11.31%
6	South Dakota	15,172	13,718	1,454	10.60%
7	West Virginia	28,183	25,587	2,596	10.15%
8	Tennessee	70,247	63,865	6,382	9.99%
9	New Hampshire	11,838	10,879	959	8.82%
10	Virginia	73,113	67,469	5,644	8.37%
11	Missouri	78,763	72,757	6,006	8.25%
12	North Dakota	14,470	13,382	1,088	8.13%
13	Massachusetts	76,167	71,121	5,046	7.09%
14	North Carolina	76,993	72,286	4,707	6.51%
15	Kansas	42,658	40,076	2,582	6.44%
16	Vermont	8,445	7,961	484	6.08%
17	Oklahoma	63,620	60,432	3,188	5.28%
18	Kentucky	62,184	59,068	3,116	5.28%
19	Indiana	76,035	72,226	3,809	5.27%
20	Iowa	49,605	47,466	2,139	4.51%
21	Georgia	90,459	87,043	3,416	3.92%
22	Idaho	19,336	18,676	660	3.53%
23	Arkansas	37,436	36,363	1,073	2.95%
24	Nebraska	28,875	28,109	766	2.73%
25	Pennsylvania	147,188	143,510	3,678	2.56%
26	Louisiana	78,939	77,455	1,484	1.92%
27	Minnesota	73,380	72,193	1,187	1.64%
28	Mississippi	51,974	51,210	764	1.49%
29	Colorado	50,518	49,966	552	1.10%
30	South Carolina	50,081	49,755	326	0.66%
31	Washington	62,846	62,456	390	0.62%
32	Wyoming	8,188	8,152	36	0.44%
33	Maryland	50,089	49,969	120	0.24%
34	New York	351,316	350,548	768	0.22%
35	Ohio	152,926	152,750	176	0.12%
36	Texas	243,654	244,451	-797	-0.33%
37	Wisconsin	62,668	63,276	-608	-0.96%
38	Oregon	41,541	42,182	-641	-1.52%
39	California	380,331	389,316	-8,985	-2.31%
40	Michigan	139,564	143,424	-3,860	-2.69%
41	Florida	164,680	170,210	-5,530	-3.25%
42	New Mexico	32,052	33,382	-1,330	-3.98%
43	Connecticut	23,358	24,567	-1,209	-4.92%
44	Illinois	144,595	153,583	-8,988	-5.85%
45	Hawaii	6,497	6,902	-405	-5.87%
46	Montana	15,889	17,168	-1,279	-7.45%
47	Nevada	9,132	10,030	-898	-8.95%
48	Alaska	4,649	5,274	-625	-11.85%
49	New Jersey	69,515	79,637	-10,122	-12.71%
50	Maine	13,911	16,131	-2,220	-13.76%
TOTAL		3,564,095	3,520,671	43,424	1.23%



TABLE 3

FEDERAL FAMILY EDUCATION LOAN PROGRAM  
LOAN VOLUME BY STATE FISCAL YEAR

State FY	Sub-Stafford	Unsub-Stafford	PLUS	Consolidation	SLS	Total	Cumulative
1978-79	\$12,563,619.00					\$12,563,619.00	\$12,563,619.00
1979-80	\$81,554,665.00					\$81,554,665.00	\$94,118,284.00
1980-81	\$131,965,155.00					\$131,965,155.00	\$226,083,439.00
1981-82	\$156,596,772.00					\$156,596,772.00	\$382,680,211.00
1982-83	\$159,667,648.00					\$159,667,648.00	\$542,347,859.00
1983-84	\$211,428,939.00					\$211,428,939.00	\$753,776,798.00
1984-85	\$259,590,646.00		\$4,408,282.00		\$2,687,722.00	\$266,686,650.00	\$1,020,463,448.00
1985-86	\$253,106,819.00		\$3,618,312.00		\$6,108,611.00	\$262,833,742.00	\$1,283,297,190.00
1986-87	\$247,728,776.00		\$2,835,076.00		\$7,611,037.00	\$258,174,889.00	\$1,541,472,079.00
1987-88	\$200,706,398.00		\$3,415,507.00		\$17,773,067.00	\$221,894,972.00	\$1,763,367,051.00
1988-89	\$166,701,373.00		\$5,244,891.00		\$18,149,354.00	\$190,095,618.00	\$1,953,462,669.00
1989-90	\$141,304,040.00		\$9,287,537.00		\$18,232,457.00	\$168,824,034.00	\$2,122,286,703.00
1990-91	\$186,828,639.00		\$14,325,413.00		\$23,804,762.00	\$224,958,814.00	\$2,347,245,517.00
1991-92	\$216,553,727.00		\$22,697,247.00		\$39,915,461.00	\$279,166,435.00	\$2,628,411,952.00
1992-93	\$252,056,165.00	\$4,932,765.00	\$28,143,364.00	\$5,718,459.00	\$56,654,633.00	\$347,505,386.00	\$2,973,917,338.00
1993-94	\$356,719,797.00	\$53,195,007.00	\$32,603,871.00	\$8,292,637.07	\$76,025,619.00	\$526,836,931.07	\$3,500,754,269.07
1994-95	\$318,549,035.00	\$130,967,577.00	\$31,629,175.00	\$15,842,664.00	\$280,339.00	\$497,268,790.00	\$3,998,023,059.07
1995-96	\$330,126,253.00	\$148,494,302.00	\$35,539,546.00	\$39,397,954.00	\$0.00	\$553,558,055.00	\$4,551,581,114.07
1996-97							\$4,551,581,114.07
1997-98							\$4,551,581,114.07
1998-99							\$4,551,581,114.07
Totals	\$3,663,748,466.00	\$337,589,651.00	\$193,748,221.00	\$69,261,714.07	\$267,243,062.00	\$4,551,581,114.07	

Source: Florida Department of Education, Office of Student Financial Assistance.

TABLE 4

## STATE SCHOLARSHIPS, GRANTS, AND TEACHER PROGRAMS

Financial Assistance Program Name	Appropriation Amt.	1996-97 Award Amount
Private Student Assistance Grant*	\$ 6,567,477	\$ 1,098
Public Student Assistance Grant*	\$ 27,153,354	\$ 972
Postsecondary Student Assistance Grant*	\$ 1,750,710	\$ 1,300
African and Afro-Caribbean Scholarship	\$ 151,570	\$ 10,000
Latin American and Caribbean Basin Scholarship	\$ 384,177	\$ 13,620
Mary McLeod Bethune Scholarship	\$ 679,328	\$ 3,000
Challenger Astronaut Memorial Award*	\$ 201,000	\$ 872
Challenger Astronaut Memorial Award (Prior to 6/93)	\$ 20,000	\$ 4,000
Florida Undergraduate Scholars' Fund*	\$ 32,890,671	\$ 2,080
Vocational Gold Seal Endorsement Scholarship*	\$ 12,994,777	\$ 1,428
Florida Resident Access Grant*	\$ 28,852,200	\$ 1,700
Children of Deceased or Disabled Veterans	\$ 130,298	tuition & fees
Florida Work Experience Program	\$ 599,243	determined by financial need
Florida Teacher Scholarship and Forgivable Loan Program	\$ 1,814,800	\$4000--undergraduate/\$8000--grad
Nicaraguan and Haitian Scholarship	\$ 8,681	4,340
Chappie James Most Promising Teacher Scholarship/Loan	\$ 220,000	max. \$4,000
Seminole and Miccosukee Indian Scholarship	\$ 61,040	award determined by tribe
Rosewood Family Scholarship Fund	\$ 100,000	tuition & fees, \$4,000 max.
Occupational Therapist & Physical Therapist School/Loan	\$ 91,500	max. \$4,000
Robert C. Byrd Honors Scholarship	\$ 1,528,500	\$ 1,121
Jose Marti Scholarship Challenge Grant	\$ 296,000	\$ 2,000
Limited Access Competitive Grant	\$ 1,000,000	\$ 1,995
<b>*In the event that funds are insufficient to award each eligible student at the scheduled amount, the award level may be adjusted second semester.</b>		

Source: Department of Education.

**TABLE 5**

**STATE ADMINISTERED SPECIAL POPULATION  
SCHOLARSHIP AND GRANT PROGRAMS**

**1995-96**

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<b>PROGRAMS</b>	<b>RECIPIENTS</b>	<b>EXPENDITURES</b>
Children of Dec./Dis. Veterans	70	\$83,852
Seminole/Miccosukee	34	57,550
Rosewood	22	32,191
Latin Amer. Caribbean Basin	17	197,564
African Afro-American	11	68,125
OTPT* Scholarship Loan	4	16,000
OTPT* Reimbursement	2	936
Nicaraguan/Haitian	2	8,681
OTPT Loan Forgiveness	1	2,500
Board of Regents	1	4,589
PEPC Board	1	4,589
Community College Board	1	4,589

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\*OTPT - Occupational Therapist/Physical Therapist

TABLE 6

COMMUNITY COLLEGE AID FEE USAGE  
1995-96

COLLEGE	ACADEMIC % OF MERIT TOTAL	% OF ATHLETICS TOTAL	PUBLIC % OF SERVICE TOTAL	CULTURAL % OF ARTS TOTAL	OTHER EXTRA- % of CURR. TOTAL	FINANCIAL % OF NEED TOTAL	OTHER % OF PURPOSES TOTAL	TOTAL
Brevard	\$200,000 70.7%	\$0 0.0%	\$0 0.0%	0.0%	\$50,000 17.7%	\$33,083 11.7%	\$0 0.0%	\$283,083
Broward	173,834 20.2%	139,380 16.2%	41,056 4.8%	19,768 2.3%	49,407 5.7%	395,144 45.8%	43,791 5.1%	862,380
Central Florida	64,774 26.6%	67,173 27.6%	0 0.0%	33,586 13.8%	24,183 9.9%	53,766 22.1%	0 0.0%	243,482
Chipola	3,700 3.8%	74,486 77.1%	545 0.6%	17,309 17.9%	597 0.6%	0 0.0%	0 0.0%	96,637
Daytona Beach	173,850 46.4%	110,845 29.6%	0 0.0%	0 0.0%	0 0.0%	90,022 24.0%	0 0.0%	374,717
Edison	56,541 20.8%	117,367 43.2%	0 0.0%	41,740 15.4%	7,600 2.8%	48,338 17.8%	0 0.0%	271,586
Fla. CC @ Jax	156,806 25.3%	220,792 35.6%	0 0.0%	0 0.0%	0 0.0%	243,188 39.2%	0 0.0%	620,786
Florida Keys	26,748 39.7%	0 0.0%	0 0.0%	0 0.0%	29,083 43.2%	11,506 17.1%	0 0.0%	67,337
Gulf Coast	0 0.0%	171,379 75.0%	57,035 25.0%	0 0.0%	0 0.0%	0 0.0%	0 0.0%	228,414
Hillsborough	49,887 8.7%	102,423 17.9%	0 0.0%	29,724 5.2%	10,791 1.9%	280,695 49.2%	97,210 17.0%	570,730
Indian River	34,834 13.3%	111,362 42.5%	0 0.0%	62,350 23.8%	0 0.0%	51,284 19.6%	2,000 0.8%	261,830
Lake City	51,370 26.5%	115,603 59.7%	0 0.0%	23,382 12.1%	810 0.4%	0 0.0%	2,486 1.3%	193,651
Lake-Sumter	33,666 45.6%	0 0.0%	19,178 26.0%	11,933 16.2%	0 0.0%	9,000 12.2%	0 0.0%	73,777
Manatee	36,320 17.6%	98,269 47.7%	0 0.0%	32,725 15.9%	5,425 2.6%	21,367 10.4%	12,039 5.8%	206,145
Miami-Dade	837,016 46.6%	206,715 11.5%	0 0.0%	0 0.0%	0 0.0%	752,101 41.9%	0 0.0%	1,795,832
North Florida	25,664 27.9%	45,927 49.8%	450 0.5%	5,962 6.5%	0 0.0%	9,494 10.3%	4,652 5.0%	92,149
Okaloosa-Walton	22,518 10.0%	146,000 64.6%	0 0.0%	3,416 1.5%	54,209 24.0%	0 0.0%	0 0.0%	226,143
Palm Beach	155,399 22.3%	103,601 14.9%	0 0.0%	0 0.0%	0 0.0%	294,208 42.2%	144,270 20.7%	697,478
Pasco-Hernando	21,705 11.1%	121,304 62.3%	0 0.0%	0 0.0%	14,623 7.5%	37,170 19.1%	0 0.0%	194,802
Pensacola	115,698 37.1%	37,224 11.9%	0 0.0%	0 0.0%	7,690 2.5%	98,541 31.6%	52,822 16.9%	311,975
Polk	44,662 23.8%	83,429 44.5%	34,188 18.2%	10,984 5.9%	0 0.0%	14,289 7.6%	0 0.0%	187,552
St. Johns River	34,784 39.5%	26,761 30.4%	0 0.0%	21,440 24.3%	5,158 5.9%	0 0.0%	0 0.0%	88,143
St. Petersburg	111,498 16.0%	120,330 17.3%	0 0.0%	42,631 6.1%	0 0.0%	423,081 60.7%	0 0.0%	697,540
Santa Fe	105,044 22.8%	150,662 32.7%	11,205 2.4%	29,370 6.4%	58,763 12.8%	105,044 22.8%	0 0.0%	460,088
Seminole	67,486 34.6%	48,334 24.8%	0 0.0%	38,193 19.6%	0 0.0%	39,900 20.5%	1,074 0.6%	194,987
South Florida	36,177 42.8%	23,001 27.2%	0 0.0%	1,654 2.0%	2,508 3.0%	21,274 25.1%	0 0.0%	84,614
Tallahassee	73,379 24.9%	98,639 33.5%	9,035 3.1%	8,820 3.0%	21,627 7.3%	78,188 26.5%	5,104 1.7%	294,782
Valencia	336,400 48.7%	21,200 3.1%	28,344 4.1%	32,056 4.6%	0 0.0%	272,524 39.5%	0 0.0%	690,524
<b>TOTAL</b>	<b>\$3,049,760 29.4%</b>	<b>\$2,582,206 24.7%</b>	<b>\$201,036 1.9%</b>	<b>\$467,043 4.5%</b>	<b>\$342,474 3.3%</b>	<b>\$3,383,207 32.6%</b>	<b>\$365,448 3.5%</b>	<b>\$10,371,174</b>

Source: State Board of Community Colleges.

TABLE 7

SUMMARY OF UNIVERSITY USE OF INSTITUTIONAL AID, 1995-96

1995-96 SUS		Financial Aid Fee	Appropriation Aid (Lottery)	Charity Racing Days	Interest-Earn Institution Funds	Other Local Funds	Total Institutional Funds
	Prior Year Carry Forward	\$344,698	\$2,144,417	\$25,182	\$2,136,151	\$2,249,883	\$6,900,331
	Current Year Revenues	\$15,299,752	\$18,150,611	\$56,721	\$2,939,026	\$6,527,164	\$42,973,274
	Inst Income/Other Income	\$0	\$176,010	\$378	\$0	\$0	\$176,388
	Current Year Expenditures						
	Need-Based Aid						
	Federal Matching	\$2,423,422	\$812,025	\$0	\$10,001	\$0	\$3,245,448
	Institutional	\$5,184,140	\$13,270,990	\$1,005	\$3,000	\$49,800	\$18,508,935
	<b>Subtotal</b>	<b>\$7,607,562</b>	<b>\$14,083,015</b>	<b>\$1,005</b>	<b>\$13,001</b>	<b>\$49,800</b>	<b>\$21,754,383</b>
52.99%	Other Aid						
	Academic	\$2,821,027	\$2,813,021	\$9,356	\$1,177,319	\$5,564,658	\$12,385,381
	Talent	\$54,249	\$81,449	\$0	\$81,735	\$368,024	\$585,457
	Student Government	\$0	\$0	\$0	\$0	\$66,504	\$66,504
	Minority	\$1,682,463	\$1,506,677	\$0	\$422,361	\$740,960	\$4,352,461
	Athletic	\$73,262	\$70,588	\$5,447	\$366,303	\$353,326	\$868,926
	Miscellaneous	\$99,082	\$16,072	\$0	\$90,400	\$83,816	\$289,370
	<b>Subtotal</b>	<b>\$4,730,083</b>	<b>\$4,487,807</b>	<b>\$14,803</b>	<b>\$2,138,118</b>	<b>\$7,177,288</b>	<b>\$18,548,099</b>
14.07%	Administration	\$2,019,595	\$0	\$36,000	\$754,404	\$84,072	\$2,894,071
	Transfers	\$0	\$0	\$0	\$0	\$0	\$0
	Total Expenditures	\$14,357,240	\$18,570,822	\$51,808	\$2,905,523	\$7,311,160	\$43,196,553
	<b>End of Year Balance</b>	<b>\$1,287,210</b>	<b>\$1,724,206</b>	<b>\$30,095</b>	<b>\$2,169,654</b>	<b>\$1,465,887</b>	<b>\$6,853,440</b>

Source: Board of Regents.

TABLE 8

## RESIDENT TUITION AND FEES, 1996-97

State	<u>Pub 2-Yr</u>	<u>2-Yr Rank</u>	<u>Pub 4-Yr</u>	<u>4-Yr Rank</u>
AL	1,305	27	2,470	38
AK	2,150	5	2,535	33
AZ	774	45	2,009	47
AR	952	42	2,518	36
CA	390	48	4,355	12
CO	1,449	19	2,840	26
CT	1,722	16	4,974	7
DE	1,330	26	4,430	11
<b>FL</b>	<b>1,131</b>	<b>36</b>	<b>1,888</b>	<b>49</b>
GA	1,190	32	2,694	28
HI	788	44	2,421	39
ID	1,042	40	1,768	50
IL	1,280	28	4,185	14
IN	2,367	4	3,783	18
IA	1,808	14	2,646	30
KS	1,172	35	2,310	40
KY	1,080	38	2,676	29
LA	1,242	30	2,863	25
ME	1,920	11	4,139	16
MD	2,063	8	4,169	15
MA	2,540	2	5,413	4
MI	1,555	17	5,710	2
MN	2,139	6	4,453	10
MS	954	41	2,631	32
MO	1,251	29	4,121	17
MT	1,435	20	2,532	34
NE	1,187	33	2,638	31
NV	1,095	37	1,920	48
NH			5,261	5
NJ	2,110	7	5,074	6
NM	744	46	2,071	46
NY	2,454	3	4,190	13
NC	557	47	2,110	44
ND	1,811	13	2,528	35
OH	1,958	9	3,468	20
OK	1,205	31	2,278	41
OR	1,545	18	3,540	19
PA	1,892	12	5,624	3
RI	1,726	15	4,460	9
SC	1,183	34	3,362	21
SD			2,727	27
TN	1,349	24	2,080	45
TX	901	43	3,178	22
UT	1,349	25	2,514	37
VT	2,880	1	7,211	1
VA	1,429	21	4,648	8
WA	1,401	23	3,136	23
WV	1,409	22	2,262	42
WI	1,943	10	3,030	24
WY	1,074	39	2,144	43
Nat'l Avg.	1,457		3,356	

Source: Washington State Higher Education Coordinating Board.

**TABLE 9**

**SUS COMPOUND ANNUAL PERCENTAGE  
INCREASE REQUIRED TO MOVE  
TO NATIONAL AVERAGE IN 10 YEARS  
BY TUITION LEVEL AND RESIDENCY**

		Undergraduate		Graduate	
		Resident Non-Res		Resident Non-Res	
		Resident	Non-Res	Resident	Non-Res
IF THE	0.0%	5.69%	2.04%	4.15%	1.15%
NATIONAL	1.0%	7.33%	3.29%	5.53%	2.35%
AVERAGE	2.0%	8.91%	4.53%	6.90%	3.54%
ANNUAL	3.0%	10.44%	5.76%	8.24%	4.72%
INCREASE	4.0%	11.94%	6.99%	9.56%	5.90%
IS THIS	5.0%	13.40%	8.20%	10.87%	7.07%
MUCH	6.0%	14.83%	9.41%	12.16%	8.24%
PER	7.0%	16.24%	10.61%	13.45%	9.41%
YEAR	8.0%	17.63%	11.81%	14.72%	10.58%

**Average Annual Compound Percentage Increase  
in Average Tuition and Required Fees  
in Past 10 Years, By Level and Residency**

USA	8.07%	8.80%	8.21%	8.50%
SUS	5.83%	7.86%	7.37%	8.54%

**How to read the above chart:** If the national average undergraduate tuition and required fees increase at the rate of 4.0% per year, then in order for the SUS tuition and required fees to become equal to the national average in 10 years, the SUS matriculation and financial aid fee must increase at an average annual rate of 11.94%. This assumes that fees other than matriculation and the financial aid fee will continue to increase at the 4.94% average annual rate as in the past 10 years.

Source: Board of Regents, November 1996.

TABLE 10

## ESTIMATED GRANT DOLLARS PER RESIDENT COLLEGE-AGE POPULATION, 1994-95, BY STATE

State	Need-Based Aid to Undergraduates	State	All Grant Aid	State	Estimated Population Age 18-24 in 1993
1. NEW YORK	\$362	1. NEW YORK	\$373	NATION	25,661,000
2. MINNESOTA	233	2. NEW JERSEY	243	1. CALIFORNIA	3,102,000
3. NEW JERSEY	228	3. ILLINOIS	236	2. TEXAS	1,903,000
4. ILLINOIS	213	4. MINNESOTA	233	3. NEW YORK	1,759,000
5. VERMONT	190	5. VERMONT	197	4. FLORIDA	1,160,000
6. PENNSYLVANIA	189	6. PENNSYLVANIA	189	5. PENNSYLVANIA	1,158,000
7. IOWA	128	7. GEORGIA	160	6. ILLINOIS	1,147,000
8. INDIANA	111	8. IOWA	130	7. OHIO	1,108,000
9. WASHINGTON	108	9. CALIFORNIA	127	8. MICHIGAN	967,000
10. MASSACHUSETTS	103	10. WISCONSIN	124	9. NORTH CAROLINA	755,000
11. WISCONSIN	101	11. NORTH CAROLINA	124	10. GEORGIA	738,000
NATION	95	12. VIRGINIA	122	11. NEW JERSEY	699,000
12. NEW MEXICO	87	NATION	123	12. VIRGINIA	682,000
13. MICHIGAN	84	13. INDIANA	112	13. INDIANA	610,000
14. OHIO	82	14. OHIO	112	14. MASSACHUSETTS	602,000
15. VIRGINIA	79	15. WASHINGTON	110	15. TENNESSEE	530,000
16. CALIFORNIA	75	16. MASSACHUSETTS	103	16. MISSOURI	505,000
17. CONNECTICUT	71	17. WEST VIRGINIA	95	17. WASHINGTON	492,000
18. KENTUCKY	63	18. COLORADO	95	18. WISCONSIN	491,000
19. RHODE ISLAND	60	19. NEW MEXICO	93	19. LOUISIANA	457,000
20. MARYLAND	54	20. UTAH	91	20. ALABAMA	454,000
21. COLORADO	53	21. MICHIGAN	89	21. MARYLAND	453,000
22. OREGON	49	22. FLORIDA	86	22. MINNESOTA	420,000
23. MAINE	48	23. CONNECTICUT	72	23. SOUTH CAROLINA	406,000
24. SOUTH CAROLINA	43	24. MARYLAND	71	24. KENTUCKY	404,000
25. OKLAHOMA	40	25. NORTH DAKOTA	63	25. ARIZONA	389,000
26. KANSAS	39	26. KENTUCKY	63	26. COLORADO	346,000
27. ARKANSAS	36	27. RHODE ISLAND	60	27. OKLAHOMA	332,000
28. WEST VIRGINIA	35	28. MAINE	59	28. MISSISSIPPI	305,000
29. TENNESSEE	35	29. SOUTH CAROLINA	57	29. CONNECTICUT	292,000
30. FLORIDA	32	30. OKLAHOMA	55	30. OREGON	279,000
31. NORTH DAKOTA	30	31. KANSAS	50	31. IOWA	279,000
32. MISSOURI	24	32. OREGON	49	32. KANSAS	250,000
33. NORTH CAROLINA	18	33. MISSOURI	46	33. ARKANSAS	247,000
34. NEBRASKA	17	34. ARKANSAS	40	34. UTAH	226,000
35. DIST OF COLUMBIA*	16	35. TEXAS*	39	35. WEST VIRGINIA	195,000
36. TEXAS*	15	36. ALASKA	38	36. NEW MEXICO	159,000
37. DELAWARE	15	37. TENNESSEE	36	37. NEBRASKA	157,000
38. LOUISIANA	14	38. DIST OF COLUMBIA*	32	38. MAINE	121,000
39. NEW HAMPSHIRE	13	39. LOUISIANA	29	39. NEVADA*	120,000
40. ARIZONA	9	40. ALABAMA	27	40. HAWAII	118,000
41. SOUTH DAKOTA*	9	41. DELAWARE	26	41. IDAHO	115,000
42. ALASKA	8	42. NEBRASKA	17	42. NEW HAMPSHIRE	108,000
43. GEORGIA	7	43. NEW HAMPSHIRE	14	43. RHODE ISLAND	105,000
44. IDAHO	7	44. SOUTH DAKOTA*	11	44. MONTANA	78,000
45. HAWAII	6	45. IDAHO	9	45. DELAWARE	71,000
46. ALABAMA	5	46. ARIZONA	9	46. SOUTH DAKOTA*	69,000
47. MONTANA	5	47. MISSISSIPPI	8	47. NORTH DAKOTA	66,000
48. UTAH	5	48. HAWAII	6	48. DIST OF COLUMBIA	64,000
49. WYOMING	5	49. MONTANA	5	49. VERMONT	62,000
50. MISSISSIPPI	4	50. WYOMING	5	50. ALASKA	58,000
51. NEVADA*	3	51. NEVADA*	3	51. WYOMING	48,000

Sources of Data: Grant Aid Dollars are calculated from Column One and Column Six in Table 1 of this Report. Resident Population statistics are from U.S. Department of the Census, 1994 Statistical Abstract of the United States, Table 33, page 32.

\*Figures for these states are from 1993-94 Annual Survey Report.

Source: National Association of State Scholarship and Grant Programs Annual Survey, February 1996.



**TABLE 11**

**STUDENT FINANCIAL ASSISTANCE  
BY SECTOR, SOURCE, AND TYPE  
(IN MILLIONS)**

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**State University System - 1994-95**

Source	Type				Total
	Grant	Loan	Scholarship	Employment	
Federal	62.9	330.6	2.2	7.2	402.9
State	17.2	.2	29.5	.04	46.9
Institutional	16.7	4.9	27.4		49
Private	.3	1	19		20.3
Subtotal	97.1	336.7	78.1	7.24	
				<b>TOTAL</b>	<b>519.1</b>

**Community College System - Fall 1995 \***

Source	Type				Total
	Grant	Loan	Scholarship	Employment	
Federal	126.9	82.1		5.6	214.6
State	7.2	5.7	8.8		21.7
Institutional	3.9	4	7.3	.7	15.9
Subtotal	138	91.8	16.1	6.3	
				<b>TOTAL</b>	<b>252.2</b>

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\*Incomplete data. Reflects aid received through the institutions and available at the time of registration. Federal and state funding figures supplemented by information from the U.S. Department of Education and Florida Department of Education Office of Student Financial Assistance.

Source: SUS Fact Book 1994-95, State Board of Community Colleges

**TABLE 12**

**FLORIDA STUDENT ASSISTANCE GRANT  
AND PELL GRANT RECIPIENTS BY SECTOR  
1995-96**

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	<u>Community Colleges</u>	<u>State Universities</u>	<u>Independent*</u>	<u>Total</u>
FSAG	15,969	16,909	7,068	39,946
Pell	83,676	39,864	16,388	139,928

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\*4-year institutions

Sources: Office of Student Financial Assistance, Florida Department of Education  
Pell Grant Systems Division, U.S. Department of Education

**TABLE 13**  
**LIMITED ACCESS COMPETITIVE GRANT (LACG) AWARDS**  
**1996-97**

<u>Institution</u>	<u># Awards Authorized</u>	<u>\$ @ \$1,995</u>	<u>Fall Term Awardees</u>	<u>Disbursed</u>
Florida Institute of Technology	144	\$287,280	0	\$ 0
University of Miami	93	185,535	0	0
Palm Beach Atlantic College	72	143,640	0	0
Jacksonville University	45	89,775	1	998
Lynn University	43	85,785	0	0
University of Tampa	36	71,820	5	4,990
Nova Southeastern University	32	63,840	2	1,996
Barry University	22	43,890	0	0
Stetson University	14	27,930	0	0
	<u>501</u>	<u>\$999,495</u>	<u>8</u>	<u>\$7,984</u>

**1996-1997 Eligible Limited Access Baccalaureate Programs**

Special Education: General  
 Education; Mentally Handicapped  
 Education; Emotionally Handicapped  
 Education; Specific Learning Disabled  
 Pre-Elementary Education Teacher  
 Electrical/Electronics Engineering  
 Nursing  
 Occupational Therapy  
 Physician Assistant  
 Physical Therapy

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Source: Office of Student Financial Assistance

## **APPENDICES**

## **APPENDIX A**

**EXECUTIVE  
SUMMARY**

Student financial aid has been the subject of numerous studies and analyses in recent years both nationwide and in Florida. Rising costs, increased demand and limited resources have all combined to challenge the creativity of policy makers, educational administrators, students, and families in making the most effective use of available student aid dollars.

The current study, called for by the 1995 Legislature, addresses a variety of aid related issues including unexpended financial aid resources, program consolidation, budget request and aid distribution procedures, eligibility criteria and a potential new lottery funded program. The report identifies a number of areas where action is needed and provides the following specific recommendations:

**Recommendation 1 - Allow the consolidated student financial assistance trust fund to carry forward a specific percentage of the total appropriation for the programs involved (e.g., 10 percent) and revert the remainder to the general revenue fund or to the institutions on a pro rata basis in accordance with their level of participation in state student financial assistance.**

**Recommendation 2 - Use seventh semester information for high school students to determine Undergraduate Scholars award eligibility.**

**Recommendation 3 - Require that qualifying test scores for Undergraduate Scholars awards be submitted no later than the April test administration dates of the applicants' senior year.**

**Recommendation 4 - Based upon the results of the Commission/Office of Student Financial Assistance analysis, consolidate/simplify initial eligibility criteria to require one minimum high school grade point average and a minimum test score.** Any increases in the current requirements should be phased in. Following any modifications to the initial requirements, the Office of Student Financial Assistance should, in cooperation with the Postsecondary Education Planning Commission, address the feasibility of a procedure allowing for reinstatement of students who fall below the renewal requirements and subsequently improve their performance.

**Recommendation 5 - Limit the Gold Seal award to a maximum of 4 semesters.** Allow transition into the Undergraduate Scholars Program for those students who meet the renewal requirements for the latter program (e.g., 3.2 GPA for 24 Semester Credit Hours).

**Recommendation 6 - Eliminate the requirement that only non-profit institutions may participate in the Florida Work Study Program, contingent upon the provision of additional funds to cover increased**

**student eligibility.** Expand the program to include all institutions eligible to participate in the Florida student assistance grant programs.

**Recommendation 7 - Eliminate the statutory requirement that 25 percent of the Florida Work Study Program funds be spent in the public schools.**

**Recommendation 8 - Require all state funded student aid programs to adopt minimum academic and financial need standards for eligibility.** The only exception to this policy should be the Florida Resident Access Grant which has been declared by the Legislature to be tuition assistance rather than financial aid.

**Recommendation 9 - Wherever appropriate, the Legislature and the Department of Education should decentralize the administration of the special purpose/special population aid programs to assure that they are handled as efficiently as possible.**

**Recommendation 10 - Before any new state financial aid program is created, its objectives should be reviewed by the State Board of Education and the Florida Council of Student Financial Aid Advisors to determine if they can be addressed through existing programs.** A minimum of two years should be provided for planning and implementation of any new aid program and the cost of administering the program should be identified and included in the appropriation.

**Recommendation 11 - The Office of Student Financial Assistance and the Department of Education should place high priority on the timely completion and implementation of the integrated data base for all state student aid programs.**

**Recommendation 12 - Student aid budget requests should be based on the current Office of Student Financial Assistance methodology taking into account the maximum award level authorized by the Legislature for each program.**

**Recommendation 13 - Curtail further increases in the merit programs or increase need-based aid until state funding for student financial aid is again in conformity with the provisions of s. 240.437(2), F.S.**

**Recommendation 14 - State university and community college systems' budget requests should estimate the impact of potential or proposed increases in student charges on access and identify the appropriate source and level of funds to address this impact.** Universities requesting tuition

differential authority should earmark an appropriate amount of the potential fee revenue for need-based financial aid based on available projections of the impact of the fee increase.

**Recommendation 15 - Include an academic requirement in the State's need-based programs that is not less than the minimum academic requirement for entrance into public postsecondary education.**

**Recommendation 16 - Include a financial needs test in the State's merit programs (either the Federal Methodology, which takes into account both assets and income, or an alternative such as an income ceiling established at the state level).**

**Recommendation 17 - Eliminate the requirement that students participate in the college-level communication and computation skills testing program as a condition for state financial aid eligibility.**

**Recommendation 18 - Increase the actual maximum award in each of the student assistance grant programs for the first two years of eligibility with a corresponding decrease in value during the last years.** The specific adjustment should not exceed the actual cost of tuition and mandatory fees and should be determined by the Office of Student Financial Assistance in cooperation with the Council of Student Financial Aid Advisors. Maintain centralized award systems for new Student Assistance Grant applicants but decentralize renewals.

**Recommendation 19 - If a new lottery funded scholarship is considered for Florida, it should be phased in over four years, include both need and merit criteria, provide for consolidation with the existing merit based programs, include external performance criteria such as standardized test scores in addition to grade point averages, and include components for all postsecondary sectors - technical, two and four year, public and independent.**

With few exceptions, these recommendations do not require additional resources. Implemented collectively, they should result in the improved administration and delivery of state student financial aid. However, the future of student aid remains cloudy due to uncertainty at the federal level, increasing calls for restructuring and privatization at the state level, and competing demands for resources within postsecondary institutions. Ultimately, the success of whatever student financial aid programs are in place is dependent on the perseverance and dedication of students and families who seek access to postsecondary education. The extent to which their efforts can be rewarded will be a major factor in determining the future direction of our colleges, universities, and other postsecondary institutions in Florida.



## **APPENDIX B**

## Overview of Selected State Programs

The following table gives an overview of some of the more unique merit aid programs, as well as some of the merit components to the need-based programs, across selected states.

**Table 1. Overview of Selected State Programs (Need-Based with Merit Component and Non-Need-Based)**

STATE	PROGRAM	NEED-BASED?	DESCRIPTION	MERIT ELIGIBILITY CRITERIA	MAX. AWARD	RENEW	% of Eligible Accepted
CA	Cal Grant A	Y	Helps low- and middle income students w/tuition/fees	3.24 HS GPA Required; Freshman & Sophomore 3.31 GPA; Seniors not eligible as new applicant;	\$5,250/Ind. \$3,799/UC \$1,584/CSU	Yes, with satisfactory academic progress as determined by the institution	In 1994-95 New (34.7%) Renewal (65.3%)
CA	Cal Grant B	Y	Provides a living allowance (and sometime tuition help) for very low-income students (More than 1/2 of new recipients must attend a Cal CC)	Cut-off score of 65 (Composite of need-based and academic criteria)	\$1,410 for living expenses (tuition is same for Cal A)	Yes, with satisfactory academic progress as determined by the institution	In 1994-95 New (35.4%) Renewal (64.6%)
CA	Cal Grant C	Y	Helps vocational students with tuition and training costs	Cut-off score	\$2,890 (\$2,360 tuition/fees; \$530 books)	Yes, with satisfactory academic progress as determined by the institution	In 1994-95 New (53.3%) Renewal (46.4%)
CO	UG Merit Award Program	N	A state-wide effort to recognize undergraduate CO resident students for outstanding achievement in academic, athletic, and talent areas	Be in compliance with eligibility criteria as established by the institution of attendance in its Institutional Plan for the Undergraduate Merit Program	Varies by Institution	Varies by institution	Decentralized State does not collect this data

STATE	PROGRAM	NEED-BASED?	DESCRIPTION	MERIT ELIGIBILITY CRITERIA	MAX. AWARD	RENEW	% of Eligible Accepted
CT	Scholastic Achievement Grant	Y	Helps financially eligible CT resident students with tuition and fees	CT resident who is a HS senior or graduate with a rank in top 20% of class and SAT of at least 1200	\$2,000/yr (can be used in other states w/reciprocity agreements)	Yes — meeting satisfactory progress	unknown at this time
GA	HOPE Scholarship	N	Provides aid for all GA students in degree, diploma, or certificate programs at all eligible GA public, or private college, univ., or technical institute	All GA HS students who graduate with a "B" average and choose to attend a GA institution; Once in program, the student must maintain a cum. "B" average of 3.0 GPA.	Public: tuition/fees not covered by Pell, FSEOG, or JTPA Private: <i>standard</i> is \$3,000/academic year	Yes, w/min. hours and a 3.0 GPA	100% of those who meet criteria FY95 105,249 Scholars
MD	Distinguished Scholar Program	N	Identifies and honors highly able MD hs juniors and encourages these students to attend MD colleges or univ.	<u>Superior Academic Achievement</u> 3.7 on 4.0 in academic subjects <u>National Merit and Merit Finalists</u> automatic award if enroll in MD <u>Superior Talent in the Arts</u> nominated by hs; audition or portfolio evaluation	\$3,000 for tuition, fees, R&B, books  Other state awards may be held by the student	Automatic if maintain a 3.0 for each academic year	350 initial awards made annually from 3,100 apps. (about 11%)
NC	Freshmen Scholars Program	N	Pilot program funded by NC General Assembly to recruit new students to five campuses of the UNC. First awards to entering freshmen in 1994-95	Set by participating institutions, but include a minimum GPA, additional coursework, and behavioral guidelines	tuition, fees, and books	No, freshman year only	Administered through institution; State does not collect this data;

STATE	PROGRAM	NEED-BASED?	DESCRIPTION	MERIT ELIGIBILITY CRITERIA	MAX. AWARD	RENEW	% of Eligible Accepted
NC	Incentive Scholarship Program	N	Awards for undergraduates who choose to attend certain UNC campuses. Designed to attract hs and CC students.	Meet admissions standards, submit two standardized assessments, and participate in required public service activities	Awards vary, but annual awards may not exceed \$3,000	Yes, with satisfactory progress	Administered through institution; State does not collect data
NM	Success Scholarship (funded by Lottery proceeds)	N	This program will provide NM high school seniors with a level of aid to continue education at the college in the state.	Maintain at least a 2.5 GPA	To be determined; based on net lottery proceeds and number of qualifying students	Up to 8 consecutive semesters of fulltime enrollment based on satisfactory progress	Not Yet In Place
VA	Virginia Guaranteed Assistance Program (VGAP)	Y Merit Comp. of VSFAP	Designed as an incentive to alter curricular decisions and academic achievement of hs students; Limited to the most needy students at each institution who entered as first-time, full-time freshmen.	2.5 GPA at time of admissions; An additional merit component aids students who demonstrated above-average high school performance by providing awards of up to tuition, required fees, and books.	Set by institution based on federal method — not to exceed tuition, fees, and books (up to \$500)	Maintain fulltime status; dependent status; and, satisfactory academic progress	Administered through university as part of total FA package; state does not collect this data
WV	Higher Ed Grant Program	Y	Monetary grants to eligible WV residents who need financial assistance for postsecondary education	HS student: (GPA * 12.5) + ACT = min. score of 50	\$600@ selected out-of-state colleges / \$2,136 in-state / \$772-\$1,560 in-state public	GPA of 2.0 up to 30 hrs.; GPA of 2.25 for 30+ hrs.	Up to 8 semesters (can be non-consecutive); based on academic progress

Source: Survey conducted by Human Capital Research Corporation, November, 1996.

## **APPENDIX C**

**DECENTRALIZED FLORIDA STUDENT ASSISTANCE GRANT  
PROPOSED ALLOCATION PROCESS\***

**Year one: 1997-98 Award Year**

For each institution, determine the ACTUAL number of FSAG recipients from Fall of 1994 and Fall of 1995 and calculate the percentage of the respective sector allocation.

Determine the potentially eligible number of FSAG recipients for the institution's Fall 1996 enrollment and calculate the percentage of the sector allocation (prorated for the term).

Calculate the average percentage of sector allocation to determine the actual "adjusted performance based" institutional allocation.

**Year two: 1998-99 Award Year**

For each institution, determine the ACTUAL number of FSAG recipients from Fall 1995 and calculate the percentage of the sector allocation.

Determine the potentially eligible number of FSAG recipients for the institution's Fall 1996 and Fall 1997 enrollment and calculate the percentage of the sector allocation (prorated for the term).

Calculate the average percentage of sector allocation to determine the actual "adjusted performance based" institutional allocation.

**Year three: 1999-00 Award Year**

For each institution, use the potentially eligible number of FSAG recipients for the institution's Fall 1996, Fall 1997, and Fall 1998 enrollment and calculate the percentage of the sector allocation (prorated for the term).

Calculate the average percentage of sector allocation to determine the actual "adjusted performance based" institutional allocation.

**SUMMARY**

<b>Year One (for 97-98)</b>	<b>Year Two (for 98-99)</b>	<b>Year Three (for 99-00)</b>
94-95: Actual recipients only	95-96: Actual recipients only	96-97: Fall potential
95-96: Actual recipients only	96-97: Fall potential	97-98: Fall potential
96-97: Fall potential	97-98: Fall potential	98-99: Fall potential

\*Recommended by the Florida Council of Student Financial Aid Advisors, August 1996.

## **APPENDIX D**

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# **Office of Student Financial Assistance**

**Performance Improvement Study**

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*September 27, 1996*



# Executive Summary

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The Office of Student Financial Assistance stands at a pivotal cross roads. New directions must be identified and executed in order to ensure the organization's survival into the 21st century. Critical challenges facing OSFA include:

- Reharmonizing the work environment
- Meeting increased customer and regulatory demands
- Planning for the future
- Building a cohesive, coherent organizational structure

Management's ability to meet and conquer these significant challenges will determine OSFA's future.

KPMG's commitment from this study's outset was to conduct an independent, objective review focusing on effectiveness, efficiency, and business relationships. We bring no preconceived solutions nor partisanship to this study, and accordingly make no analyses and render no recommendations from that perspective. Rather, KPMG's recommendations are driven solely by our desire to help build a better, more efficient OSFA.

In an effort to prioritize and clarify the focus of our report we have summarized two sets of information in this executive summary. The first set being "the Nine Most Important Things to Know About OSFA" and the second set being "Action Steps for the Future."

## **The Nine Most Important Things to Know About OSFA**

At times, we felt that OSFA was it's own worst enemy. Not only did we find widespread instances of a lack of communication, but also instances of anti-productive communications. Yet despite the weaknesses, OSFA has seen rapid growth and has continued to provide a useful service to borrowers, schools and lending institutions. Critical elements of OSFA's operations include:

1. **Purpose:** OSFA exists to help students finance their post-secondary education by guaranteeing loans and administering state scholarships or grants.

2. **History:** OSFA was created by the State of Florida in 1978 by mandate from the United States Department of Education (USDOE) in order to participate in the federal loan programs. Originally, a Commission was established as the governing body. A few years later, the Commission was dissolved and OSFA became part of the Florida Department of Education.
3. **Governance:** Although the Florida Department of Education (FDOE) has oversight authority over OSFA, FDOE perceives OSFA and other higher educational activities as secondary to its K through 12 mission.
4. **Organization:** OSFA has five departments, (Accounting, Contract Management, Customer Service/Program Policy, Institutional Oversight/Compliance, and State programs). Each department for the past few years has operated independently and generally these departments are physically isolated from each other. Departments have not reported results, nor been held accountable by the executive office for their actions. There is wide spread agreement that lack of communication between departments has led to an increase in errors, delays, ineffective procedures and other problems.
5. **Legislative:** Federal regulations, legislative changes and technology are key industry drivers. Keeping abreast of these issues represent some of the most difficult challenges facing OSFA.
6. **Processing:** OSFA utilizes third party contractors, Electronic Data Systems Federal Corporation (EDS) and various collection agencies, to perform, execute and record the majority of OSFA's activities. EDS, primarily, provides OSFA with loan application processing, claim adjudication processing, loan record maintenance, system maintenance, technical assistance and customer service related functions.
7. **Benchmarks:** Despite weaknesses, OSFA remains a top financial performer among state guaranty organizations. However, based on customer survey responses, OSFA appears to fall short in regards to customer service. More specifically, many customers responded that OSFA is technologically behind, inflexible to customer needs, and does not provide adequate support.
8. **Financial Performance:** OSFA's federal loan programs are self-sufficient. The federal loan programs do not cost the State of Florida or its citizen population.
9. **Industry:** OSFA operates in a dynamic environment. Current industry issues include the use of a common manual to standardize guaranty organization activities; regionalization

of agencies; and direct lending. The resolution of each of these issues may have significant impacts on OSFA's operations.

### **Action Steps for the Future (Building a Better OSFA)**

Although the hurdles are high, the current situation provides the opportunity for significant improvement in efficiency, effectiveness, and customer service. In fact, OSFA has the potential for a bright future. Below we have summarized our recommended plan of action. Detailed explanations of issues, processes and procedures are found throughout this document and have also been discussed with the appropriate OSFA personnel. In addition, we have included a comprehensive implementation plan in section V of this report.

**Step 1: Strengthen the culture.** As briefly mentioned above, OSFA is suffering from a culture that stifles communication, lacks customer focus and at times rewards non-performance instead of high-performance.

As the new executive director takes office, there is an immediate window of opportunity to make significant improvements in the work environment and attitudes of employees. In fact, many of the OSFA employees are hopeful and expecting such a change. The message must be sincere and contain the following three elements:

- One OSFA.
- OSFA will focus on its customers.
- High-performance will be recognized and rewarded.

To strengthen the culture the message must come from the top. To this end, OSFA senior management must communicate expectations and make extra efforts to reach out to all employees. The message may take a variety of forms (i.e. formal policies, memos, meetings, one on one discussions and informal conversations). Management by "wandering around" is a useful technique during this stage. Training sessions where goals and plans are developed from within functional work groups are also effective. Finally, the actions carried out by top management will speak louder than words.

**Step 2: Plan for the Future.** OSFA currently has not established a clear mission, short-term or long-term goals, or plans for the future. Strategic planning would enable the agency to achieve more than just meeting the minimal requirements as specified by regulations. Clear goals and objectives would place the agency in a proactive position and would help steer the operations.

The key elements of strategic planning are described in section IV of this report.

**Step 3: Organize for Success.** Once goals and plans are established, the organizational structure should be aligned accordingly. Based on our research, we have suggested two major changes:

1. Shift oversight authority from the Florida Department of Education (FDOE) to a separate governmental board such as an authority. A separate governing board provides flexibility and oversight attention. Most other state guaranty agencies also use such a structure.

The current oversight body (FDOE) regards OSFA as a secondary concern to its principal mission of Kindergarten through 12th grade education. FDOE places no expectations, goals or accountability on OSFA. In addition, OSFA has been handcuffed by certain FDOE policies which stifle personnel and require burdensome paper work.

2. Consolidate the five current departments into three functional departments (Support Services, Federal Program Operations and State Program Operations) and relocate them all to the same physical location. This structure more closely aligns functions and eliminates certain internal control issues in which one department is performing major monitoring, approval and processing functions.

Our detailed analysis and suggestions regarding the organizational structure are found in section IV, Opportunities for Improvement.

**Step 4: Structure the Work.** Once plans are established and the organizational structure is aligned, work processes should be modified accordingly. We identified the following areas where processes could be improved:

1. Develop procedural manuals for each of the core business processes. During our study, we noted that a handful of employees hold knowledge which is key to effective and efficient operations. Many current employees expressed concern that operations would suffer if these key employees were to leave. Procedure manuals would disseminate this information to all necessary employees.
2. Restructure key processes and operations. We noted a number of opportunities to improve operational efficiencies. Our suggestions related to centralized collection efforts, accounting reconciliation processes, Change Modification Request meetings, overall monitoring functions, file maintenance procedures, report functionality, and regulatory change procedures.

**Step 5: Measure and Reward.** Once goals are developed and responsibilities are aligned, OSFA needs to institute a system to measure and reward high performance. This system should include the following phases:

1. Develop performance measures based on organization wide and department level goals. These goals should be conveyed to the appropriate staff.
2. Develop the appropriate tools to measure performance. These tools could include monthly operating reports which report various key operating measures, as well as benchmarking activities.
3. Provide employees with feedback relating to the achievement of goals related to their individual work processes and to OSFA's performance as a whole. It is important employees are appropriately rewarded for their achievements.

**Summary.** We believe that the five action steps listed above will significantly improve performance and propel OSFA to a position of industry leadership. The following sections provide our detailed assessment and specific recommendations.