

Tuition Differential Fee Report



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

February, 2015

Table of Contents

| | |
|---|----|
| Executive Summary | 3 |
| Background | 4 |
| Tuition Differential Fee Proposals and Approval Process | 6 |
| 2013-14 Tuition Differential Fee Summary | 7 |
| 2014-15 Tuition Differential Fee Summary | 9 |
| Performance Accountability | 12 |
| Conclusion | 17 |

Note concerning data accuracy: The Office of the Board of Governors believes that the accuracy of the data it collects and reports is paramount to ensuring accountability in the State University System. Thus, the Board Office allows university resubmissions of data to correct errors when they are discovered. This policy can lead to changes in historical data. The data in this document are based on university file submissions as of December 2014.

Executive Summary

The tuition differential fee was created in statute in 2007 and was first charged by five state universities in the 2008-09 academic year. The statute was modified in 2009 to include all state universities. The 2009 tuition differential fee statute includes specific provisions for need-based financial aid and performance accountability, and it set an upper limit of all tuition and fees at the national average¹ for public universities. The universities are to use the funds generated by the tuition differential fee to invest in undergraduate instruction and undergraduate student support services.

The Board of Governors implemented the tuition differential fee throughout the State University System and is monitoring university implementation and performance.

- The Board's tuition and fee Regulation 7.001 defines the process for proposing, approving, and monitoring the success of each university's tuition differential fee. This regulation includes requirements for use of financial aid funds generated by the fee to ensure that undergraduate need-based aid increases at least as much as the law envisions.
- The Board continues to monitor the fiscal and programmatic uses of the tuition differential fee revenue.

In 2013-14, each state university charged a tuition differential fee, with rates ranging from \$35.14 to \$52.29 per credit hour and reported 2013-14 revenues of \$246 million. The funds provided need-based financial aid and support undergraduate education through investments in faculty and advisors, course offerings and course sections, and other undergraduate educational resources.

There were no requests to increase the tuition differential fees for the 2014-15 academic year. In the current (2014-15) academic year, the tuition differential fee also rates range from \$35.14 to \$52.29 per credit hour. These funds will contribute an estimated \$240.9 million for institutional need-based financial aid and undergraduate educational services.

House Bill 851, passed during the 2014 Legislative Session, modified Section 1009.24(16) to reduce the tuition differential increase from 15 percent to 6 percent. Only a university that "is designated as a preeminent state research university by the Board of Governors pursuant to section 1001.7065" is eligible for future increases. The following language was included on eligibility criteria:

¹ As determined by the College Board's *Annual Survey of Colleges*

The tuition differential may be increased if the university meets or exceeds performance standard targets for that university established annually by the Board of Governors for the following performance standards, amounting to no more than a 2-percent increase in the tuition differential for each performance standard:

- *An increase in the 6-year graduation rate for full-time, first-time-in-college students, as reported annually to the Integrated Postsecondary Education Data System.*
- *An increase in the total research expenditures.*
- *An increase in the total patents awarded by the United States Patent and Trademark Office for the most recent years.*

Background

The tuition differential fee was first created in statute in 2007. The charge was levied for the first time starting in fall 2008 by the five universities authorized to do so by the Board of Governors at that time (FIU, FSU, UCF, UF, and USF). Chapter 2009-98, *Laws of Florida*, expanded the tuition differential to allow the Board of Governors to consider proposals from all state universities.

The 2009 law codified a process by which each university board of trustees may annually propose to the Board of Governors (the “Board”) a tuition differential fee to improve undergraduate instruction. To balance these quality improvements with affordability, 30 percent of tuition differential revenues are to be set aside for undergraduate need-based financial aid. The law limits the annual increase in the aggregate sum of tuition and the tuition differential fee to 15 percent growth per year, and it sets a cap on in-state, undergraduate tuition and fees at the national average of four-year public institutions. The law also requires an annual report from the Board to the Legislature regarding the impacts of these new revenues on the State University System (the “System”). This report provides a summary of Board and institutions’ implementation of the tuition differential statute.

In the 2010 legislative session, the Legislature amended this statute to include explicitly the recipients of STARS prepaid scholarships as “students who exhibit financial need” and therefore qualify for tuition differential-funded need-based aid. The statutory change also clarified that waivers of the tuition differential fee granted to students receiving need-based awards may be counted toward the 30 percent need-based aid requirement.

In the 2011 legislative session, the Legislature amended this statute again, stating that if the tuition and fee costs of resident students who have applied for and received Pell Grant funds have been met and the university has excess funds

remaining from the 30 percent that would have been used for students with financial need, the university may expend the excess portion for other undergraduate education needs.

House Bill 851, passed during the 2014 Legislative Session, modified Section 1009.24(16) to reduce the tuition differential increase from 15 percent to 6 percent. Only a university that "is designated as a preeminent state research university by the Board of Governors pursuant to section 1001.7065" is eligible for future increases. The following language was included on eligibility criteria:

The tuition differential may be increased if the university meets or exceeds performance standard targets for that university established annually by the Board of Governors for the following performance standards, amounting to no more than a 2-percent increase in the tuition differential for each performance standard:

- An increase in the 6-year graduation rate for full-time, first-time-in-college students, as reported annually to the Integrated Postsecondary Education Data System.
- An increase in the total research expenditures.
- An increase in the total patents awarded by the United States Patent and Trademark Office for the most recent years.

Tuition Differential Fee Proposals and Approval Process

Although no university proposals for tuition differential fee increases were submitted for the 2014-15 academic year, any proposal submitted must include:

- an accounting for how prior year revenues were spent;
- an outline of planned expenditures for the proposed year; and
- a description of accountability metrics by which the university will monitor the impact of the tuition differential expenditures.

Following the process outlined by the Board, university boards of trustees submit tuition differential fee proposals to the Board of Governors. The Board of Governors meets each June to receive and discuss university work plans. The work plans would include the universities' tuition differential fee proposals, and the Board would consider them at that time.

Proposal Framework

- A university board of trustees may submit a proposal to the Budget and Finance Committee of the Board of Governors by May 31 of each year to establish an undergraduate tuition differential fee to be effective with the fall academic term.
- The proposal must include the trustees' approval date, the campus or center location where the tuition differential fee will apply, the course or courses for which the tuition differential fee will be assessed, the percentage increase of the tuition differential fee from the prior year, the total amount per credit hour, the total tuition differential fee amount for 30 credit hours, and a description of the initiatives and estimated expenditures for the 70% of funds used to support undergraduate education and the 30% of funds providing student need-based financial aid.
- Each proposal must indicate how the university will monitor the success of the tuition differential fee.

Board Review and Approval

The Budget and Finance (Budget) Committee meets in June each year to review the proposals and make a recommendation on each proposal to the full Board. In addition to reviewing the proposals, the Budget Committee examines data gathered as part of the University Annual Reports, instituted pursuant to Regulation 2.002, as well as detailed reporting of financial aid sources and disbursements sufficient to ensure statutory compliance.

The Board will act upon the Budget Committee recommendation at its June meeting each year. If a university board of trustees' proposal is denied, a Tuition Appeals Committee will meet within ten days after the Board's denial to consider a university board of trustees' request for reconsideration.

2013-14 Tuition Differential Fee Summary

In 2013-14, all state universities charged a tuition differential fee. In total, universities generated \$246 million from the tuition differential fee, \$73.8 million in need-based financial aid and \$172.2 million to support undergraduate education.

2013-14 Tuition Differential Fee Per Credit Hour and Revenues

| University | Per Credit Hour Fee | Actual Revenues |
|----------------------|----------------------------|------------------------|
| FAMU | \$36.38 | \$8,558,070 |
| FAU | \$40.13 | \$20,080,106 |
| FGCU | \$36.38 | \$8,898,937 |
| FIU | \$52.29 | \$44,587,407 |
| FPU* | \$0 | \$0 |
| FSU | \$49.59 | \$30,783,721 |
| NCF | \$40.13 | \$793,432 |
| UCF | \$44.20 | \$47,438,857 |
| UF | \$44.17 | \$28,883,422 |
| UNF | \$37.63 | \$11,214,261 |
| USF-Tampa | \$46.88 | \$28,814,565 |
| USF-St. Petersburg | \$35.14 | \$3,231,124 |
| USF-Sarasota/Manatee | \$35.14 | \$1,372,963 |
| USF-HSC | \$46.88 | 3,248,580 |
| UWF | \$38.88 | \$8,144,616 |
| SUS TOTAL | | \$246,050,061 |

Source: Board of Governors 2014-15 Operating Budget Schedule 625

*Information not available for Florida Polytechnic University (FPU)

Seventy percent of the tuition differential fee revenue must be spent on undergraduate education. The universities reported that these revenues were used to hire additional undergraduate faculty and academic advisors and to preserve or increase course offerings.

Staffing and Course Sections

| University | Adjuncts / Faculty Hired and/or Retained | Advisors Hired and/or Retained | Course Sections Added and/or Saved |
|----------------------|--|--------------------------------|------------------------------------|
| FAMU | 32 | 21 | 656 |
| FAU | 154 | 8 | 986 |
| FGCU | 58 | 8 | 342 |
| FIU | 208 | 54 | 1517 |
| FPU* | 0 | 0 | 0 |
| FSU | 209 | 33 | 2,795 |
| NCF | 11.60 | 5 | 32 |
| UCF | 343 | 29 | 2,690 |
| UF | 125 | 3 | 1,298 |
| UNF | 109 | 0 | 932 |
| USF-Tampa | 195 | 67 | 785 |
| USF-St. Petersburg | 26 | 3 | 130 |
| USF-Sarasota/Manatee | 115 | 0 | 330 |
| UWF | 65 | 0 | 637 |
| SUS TOTAL | 1,650.6 | 231 | 13,130 |

Source: Board of Governors 2014 Work Plan

*Information not available for Florida Polytechnic University (FPU)

The statute also requires that 30 percent of revenue be spent on undergraduate need-based financial aid and contains an additional non-supplanting provision regarding those funds.² The Board's Regulation 7.001(13)(b)4 outlines for universities the parameters by which to determine compliance with that statute, and universities submitted to the Board office in December 2013 the information necessary to monitor statutory compliance.

² Section 1009.24(16)(a), Florida Statutes includes the following: "This expenditure for need-based financial aid shall not supplant the amount of need-based aid provided to undergraduate students in the preceding fiscal year from financial aid fee revenues, the direct appropriation for financial assistance provided to state universities in the General Appropriations Act, or from private sources."

The Board monitors compliance with this and other state financial aid-related statutes using data and narratives submitted by universities in the latter part of the calendar year.

The \$73.8 million allocated to need-based financial aid provided scholarship awards to over 45,800 students.

45,820 Students Received a Financial Aid Award

| University | # of Students Receiving an Award | Minimum Awarded | Maximum Awarded |
|--------------------------|---|------------------------|------------------------|
| FAMU | 1,388 | \$216 | \$5,645 |
| FAU | 4,770 | \$215 | \$3,300 |
| FGCU | 1,245 | \$250 | \$8,414.60 |
| FIU | 7,311 | \$89.32 | \$32,295.52 |
| FPU* | 0 | \$0 | \$0 |
| FSU | 3,587 | \$107 | \$6,145 |
| NCF | 90 | \$14 | \$13,000 |
| UCF | 13,242 | \$300 | \$3,700 |
| UF | 1,274 | \$164 | \$17,389 |
| UNF | 1,157 | \$610 | \$6,000 |
| USF-Tampa | 8,958 | \$38 | \$5,967 |
| USF-St. Petersburg | 809 | \$250 | \$2,500 |
| USF-Sarasota/Manatee | 328 | \$120 | \$4,300 |
| UWF | 1,661 | \$65 | \$2,000 |
| SUS TOTAL/AVERAGE | 45,820 | \$174 | \$7,904 |

Source: Board of Governors 2014 Work Plan

*Information not available for Florida Polytechnic University (FPU)

2014-15 Tuition Differential Fee Summary

In 2014-15, eleven state universities are charging a tuition differential fee. The fee ranges from \$35.14 to \$52.29 per credit hour. In total, SUS institutions estimate \$250 million will be generated from the tuition differential fee. These funds will contribute an estimated \$75 million to institutional need-based financial aid and an additional \$175 million in undergraduate educational services.

The data submitted with university operating budgets provided the following preliminary information detailing the estimated revenues and the planned

expenditures of those revenues. These planned uses continue during the 2014-15 year.

Planned Uses of the Tuition Differential Fee Revenues

| University | Uses |
|------------|---|
| FAMU | Faculty hires; academic advising; first year experience program; online academic curriculum mapping/academic advising module (AAM); student debt management program; tutorial labs; academic success course and workshops; peer mentoring; career development; developmental education/ testing; advisor training |
| FAU | Ensure access, degree completion, meet student demand, continue FTE goals and augment student advising |
| FGCU | Hire faculty and staff; add breadth and depth to academic programs; enhance student advising programs |
| FIU | Hire undergraduate faculty/ advisors; undergraduate journals and databases; undergraduate academic support; |
| FPU* | NA |
| FSU | Entrepreneurial University initiative; STEM excellence; critical needs for student success |
| NCF | Seminars in critical inquiry; Writing Resource Center; Quantitative Resource Center; Pritzker Marine Science program and Gender Studies program; library and adjunct faculty; library electronic resources: Wiley and SciFinder |
| UCF | Maintain/increase undergraduate course offerings; maintain/hire faculty; other undergraduate student support such as Department of Writing & Rhetoric program, Office of Pre-Professional Advising, more individualized instruction for math and English courses, and support for Academic Advising Enhancement Program for First Time in College students, second-year sophomores, and transfer students |
| UF | Fund faculty/ advisors working with undergraduates; Fund specific undergraduate programs; provide funding to replace budget reductions from FY13 |
| UNF | Hire/maintain faculty to add course sections |
| USF-Tampa | Academic advising and veteran's support services; |

| | |
|----------------------|---|
| | workforce/job placement efforts especially in STEM; financial counseling and debt reduction |
| USF-St. Petersburg | Need-based financial aid; academic advising; job placement efforts; improve graduation rates through QEP implementation and creation of Student Success Center; increase faculty/student research and creative activity |
| USF-Sarasota/Manatee | Initiatives to encourage timely college completion rates |
| UWF | Hire faculty/instructors; support for persistence and completion initiative; create office of undergraduate research; support Office of Financial Aid ; support for Marine Services Center; provide funding for the 2UWF Program, which provides a seamless transition from Gulf Coast State College to UWF |

Source: Board of Governors

*Information not available for Florida Polytechnic University (FPU)

2014-15 Tuition Differential Fees and Estimated Revenues

| Institutions | Per Credit Hour Fee | Estimated Revenue |
|----------------------|---------------------|----------------------|
| FAMU | \$36.38 | \$7,424,483 |
| FAU | \$40.13 | \$22,411,329 |
| FGCU | \$36.38 | \$9,828,642 |
| FIU | \$52.29 | \$44,806,690 |
| FPU* | \$0 | \$0 |
| FSU | \$49.59 | \$31,359,674 |
| NCF | \$40.13 | \$778,963 |
| UCF | \$44.20 | \$47,445,577 |
| UF | \$44.17 | \$29,449,829 |
| UNF | \$37.63 | \$10,716,038 |
| USF-Tampa | \$46.88 | \$29,062,329 |
| USF-St. Petersburg | \$35.14 | \$3,500,000 |
| USF-Sarasota/Manatee | \$35.14 | \$1,373,068 |
| USF-HSC | \$46.88 | \$3,711,724 |
| UWF | \$38.88 | \$8,156,296 |
| TOTAL | | \$250,024,642 |

Source: Board of Governors 2014-15 Operating Budget Schedule 625

*Information not available for Florida Polytechnic University (FPU)

Performance Accountability

Universities' annual accountability reports, approved by the Board in January 2015, include performance metrics related to undergraduate education that are specifically identified in the tuition differential statute. In addition, university tuition differential fee reporting will allow the Board to monitor more specifically the impact of the tuition differential fee at each university based on how the university has elected to spend those revenues. The tuition differential proposals approved by the Board may also include additional metrics individual universities identify in order to track more specifically the impact of the institution's particular uses of the tuition differential fee revenues.

The Board's Annual Report will contain these statutory performance measures and additional data and narratives.

Statutory Performance Measures

Section 1009.94(16)(e)5, Florida Statutes, lists a set of measures, at a minimum, that universities shall report to the Board.

"Changes in retention rates, graduation rates, the percentage of students graduating with more than 110 percent of the hours required for graduation, pass rates on licensure examinations, the number of undergraduate course offerings, the percentage of undergraduate students who are taught by faculty, student-faculty ratios, and the average salaries of faculty who teach undergraduate courses."

The universities began charging the tuition differential fee in the fall 2009 term, five years of data are now available for reviewing any impact initiatives have had on various performance measures. In addition, some universities have been very focused on the use of the tuition differential fee revenue, such as, hiring more advisors.

Retention and Graduation Rates

The table below shows the change over the last five years in the System-wide six-year retention and graduation rate for cohorts of first-time-in-college students (or FTIC students, usually those following a more traditional path of entering the university directly from high school), the four-year rate for AA transfer students (those transferring from a Florida College with an associate in arts degree), and the five-year rate for “Other” transfers (those not in the other two groups).³

System-Wide Undergraduate Graduation Rates Have Improved Slightly

* The most recent year of data in this table provides preliminary graduation rate data that may change with the addition of “late degrees”.

Graduation Rates

| | | | | | |
|--------------------|---------|---------|---------|---------|------------------------|
| | 2004-10 | 2005-11 | 2006-12 | 2007-13 | 2008-14 Preliminary |
| 6yr FTIC | 65% | 65% | 67% | 68% | 70% |
| | 2006-10 | 2007-11 | 2008-12 | 2009-13 | 2010-14 Preliminary |
| 4yr AA Transfer | 70% | 70% | 70% | 71% | 69% |
| | 2005-10 | 2006-11 | 2007-12 | 2008-13 | 2008-14 Preliminary |
| 5yr Other Transfer | 62% | 65% | 66% | 66% | 65% |

Source: Board of Governors

Excess Hours

The following table reports the percentage of bachelor’s degrees awarded within 110% of the hours required for the degree (no excess hours) over the last five years. The data show that the percentage of students graduating without excess hours has declined over the last five years. Students graduate with excess hours for a variety of reasons, such as changes in major and course withdrawals. Relatively low tuition and state financial aid programs that pay for hours in excess of the minimum required may be monetary disincentives to reducing excess hours. Legislation passed in 2009 created an excess hour surcharge

³ Federal reporting requirements focus exclusively on the first-time-in-college students, and typically the focus is on six-year graduation rates of those enrolled full time. However, because more than half of the students in the State University System enter through another path and because so many students attend part time, the Board has expanded its monitoring of student progression to include a much broader set of students and enrollment patterns.

(modified in 2011) and required repayment of Bright Futures awards for withdrawn courses, and these both may motivate students to reduce excess hours going forward.

The Percentage of Bachelor’s Degrees Awarded within 110% of the Hours Required for the Degree Has Declined from 2009-10 Level

Baccalaureate Degrees Without Excess Credit Hours

Note**: FSU has had delays in providing this data due to a significant change in their Enterprise Management System. The System data is preliminary until FSU provides this data.

| | 2009-10 | 2010-11 | 2011-12 | 2012-13* | 2013-14** |
|-------|---------|---------|---------|----------|-----------|
| TOTAL | 64% | 63% | 64% | 68% | 69% |

Source: Board of Governors

Undergraduate Course Offerings

The statute requires a report of change in the number of undergraduate course offerings. Several of the universities indicated that tuition differential revenue was used to replace state funding reductions that would have seen a decline in the number of faculty that could teach courses.

The following table reports the distribution of course sections by size and how that has changed in the last five years, showing an increase in the percentage of larger sections and a decrease in the percentage of smaller sections. However, for Fall 2012 the percentage of smaller sections remained roughly the same from Fall 2010 and 2011.

Undergraduate Course Section Sizes Have Remained Relatively Unchanged Over Past Six Years

Percentage of Undergraduate Course Sections by Class Size

| | Fall 2009 | Fall 2010 | Fall 2011 | Fall 2012 | Fall 2013 |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| Fewer than 30 Students | 57% | 57% | 57% | 58% | 57% |
| 30 to 49 Students | 26% | 27% | 26% | 26% | 26% |
| 50 to 99 Students | 12% | 11% | 11% | 12% | 11% |
| 100 or More Students | 5% | 5% | 5% | 5% | 5% |

Source: Board of Governors

Percentage of Undergraduates Taught by Faculty

The statute requires a report of the percentage of undergraduates taught by faculty. The chart below reports the percentage of undergraduate credit hours taught by different types of instructors: faculty, adjunct faculty, graduate students, and other instructors (e.g., administrators not on faculty pay plans).

The Percentage of Undergraduate Credit Hours Taught by Different Types of Instructors Shows No Change over 2012-13

Percentage of Undergraduate Credit Hours Taught by Instructor Type

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|-------------------|---------|---------|---------|---------|---------|
| Faculty | 70% | 70% | 68% | 68% | 68% |
| Adjunct Faculty | 19% | 20% | 20% | 19% | 19% |
| Graduate Students | 10% | 10% | 10% | 12% | 11% |
| Other Instructors | 2% | 2% | 2% | 2% | 2% |

Source: Board of Governors

Student-Faculty Ratios

Student-faculty ratios are included in the Board's Annual Report and reported here for the last five years. System-wide, the ratio declined from 24.3 full-time equivalent students per full-time equivalent faculty member in fall of 2009 to 25.2 in fall of 2013.⁴ This would indicate that universities have been unable to maintain student-faculty ratios due to other state budget reductions.

The Student-Faculty Ratio Has Decreased On Average during the Last Six Years

Student/Faculty Ratio

| | Fall 2009 | Fall 2010 | Fall 2011 | Fall 2012 | Fall 2013 |
|-------|-----------|-----------|-----------|-----------|-----------|
| Ratio | 24.3 | 24.9 | 24.8 | 25.3 | 25.2 |

Source: Board of Governors

Licensure Exam Pass Rates

The statute also requires reporting of licensure examination pass rates. For the undergraduate level, the Board's 2013 Annual Report includes nursing licensure exam data. Below are the calendar-year pass rates on the National Council Licensure Examination (NCLEX) for Registered Nurses who are graduates of State University System baccalaureate-level nursing programs. The data are presented along with the national benchmark, which is the average first-time pass rate for all baccalaureate-level nursing programs.

Nursing Licensure Exam Pass Rates Continue to Exceed the National Benchmark, while the Number of University Graduates Taking the Exam Has Increased

Professional Licensure/Certification Exams for Undergraduates

Nursing: *National Council Licensure Examination for Registered Nurses*

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------------|------|------|------|------|------|
| First-time Pass Rate | 95% | 91% | 93% | 96% | 91% |
| <i>National Benchmark</i> | 90% | 89% | 89% | 92% | 85% |

Source: Board of Governors

⁴ There are a variety of methods used nationally to compute a student-faculty ratio. Therefore, although these numbers differ from some prior Board of Governors' presentations on this issue, they are consistent with the most commonly used national methodology. For the purposes of this metric, faculty and students are counted excluding those in stand-alone graduate or professional programs, and instructors without faculty status and graduate student assistants are also excluded from the faculty counts.

Conclusion

The tuition differential fee supports significant investments in state university undergraduate education. This fee has provided the institutions with a mechanism they did not previously have – a source of more predictable funding. Being able to plan a longer-term budget built around the predictability of tuition revenue assists the universities with strategic goal setting and management. Most importantly, the revenue provides for improvements to educational services for all university undergraduates and financial aid to students with need. These revenues have helped to improve 6-year graduation rates and reduce the number of students with excess hours.

The annual reporting on the revenue, uses of the dollars, and impact on performance metrics will ensure that the State University System continues to be transparent and accountable to the public with regard to its stewardship of this revenue source.