

Tuition Differential Fee Report



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

January, 2018

Table of Contents

Executive Summary	<u>3</u>
Background	<u>4</u>
Tuition Differential Fee Proposals and Approval Process	<u>5</u>
2016-17 Tuition Differential Fee Summary	<u>6</u>
2017-18 Tuition Differential Fee Summary	<u>8</u>
Performance Accountability	<u>11</u>

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 2017.

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.

During the 2014 Legislative Session, legislation reduced 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.

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

Only two institutions have preeminent designation, University of Florida and Florida State University, and neither pursued an increase in tuition differential.

In 2016-17, each state university charged a tuition differential fee, with rates ranging from \$35.14 to \$52.29 per credit hour and reported 2016-17 revenues of \$258.5 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.

For the current (2017-18) academic year, the tuition differential fee rates also range from \$35.14 to \$52.29 per credit hour. These funds will contribute an estimated \$258.7 million for institutional need-based financial aid and undergraduate educational services.

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 limited the annual increase in the aggregate sum of tuition and the tuition differential fee to 15 percent growth per year, and it set 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.

During the 2014 Legislative Session, legislation reduced 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.

Only University of Florida and Florida State University are designated as preeminent but neither institution has pursued an increase in tuition differential.

Universities currently charging a tuition differential fee at the time of the 2014 legislation were allowed to maintain the fee at the current approved rate.

Tuition Differential Fee Proposals and Approval Process

Legislation passed during the 2014 Legislative Session only allows institutions designated as preeminent to be eligible to tuition differential increases. At this time only University of Florida and Florida State University are eligible, however, neither institution has pursued an increase.

Board Review and Approval

The review and approval process are detailed in Board Regulation 7.001.

2016-17 Tuition Differential Fee Summary

In 2016-17, all state universities charged a tuition differential fee except FPU. In total, universities generated \$258.5 million from the tuition differential fee, \$77.5 million in need-based financial aid and \$181 million to support undergraduate education.

2016-17 Tuition Differential Fee Per Credit Hour and Revenues

University	Per Credit Hour Fee	Actual Revenues
FAMU	\$36.38	\$7,462,044
FAU	\$40.13	\$21,625,980
FGCU	\$36.38	\$9,983,962
FIU	\$52.29	\$48,219,624
FPU*	\$0	\$0
FSU	\$49.59	\$30,695,241
NCF	\$40.13	\$893,454
UCF	\$44.20	\$52,273,421
UF	\$44.17	\$31,922,575
UNF	\$37.63	\$10,260,299
USF-Tampa	\$46.88	\$29,886,480
USF-St. Petersburg	\$35.14	\$3,152,476
USF-Sarasota/Manatee	\$35.14	\$1,583,815
USF-HSC	\$46.88	\$3,041,445
UWF	\$38.88	\$7,530,399
SUS TOTAL		\$258,531,215

Source: Board of Governors 2017-18 Operating Budget Schedule 625

*Florida Polytechnic University (FPU) does not charge the tuition differential fee.

Seventy percent of the tuition differential fee revenue must be spent on undergraduate education. The universities reported that these revenues were used to retain and 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	27	18	504
FAU	202	10	641
FGCU	62	8	354
FIU	175	85	1,632
FPU*	0	0	0
FSU	275	61	2,461
NCF	9.3	5.45	49
UCF	1158	0	5,807
UF	198	3	2,506
UNF	229.6	0	1,202
USF-Tampa	300	95	3,810
USF-St. Petersburg	18	6	86
USF- Sarasota/Manatee	108	0	252
UWF	69	3	800
SUS TOTAL	2,830.9	294.45	20,104

Source: Board of Governors 2017-18 Operating Budget Supplemental Schedule

*Florida Polytechnic University (FPU) does not charge the tuition differential fee

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 August 2016 the information necessary to monitor statutory compliance.

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 \$77.5 million allocated to need-based financial aid provided scholarship awards to over 47,500 students.

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."

47,525 Students Received a Financial Aid Award

University	# of Students Receiving an Award	Minimum Awarded	Maximum Awarded
FAMU	1,397	\$201	\$4,000
FAU	4,265	\$12**	\$5,000
FGCU	1,502	\$2,000	\$2,000
FIU	11,164	\$24**	\$32,582
FPU*	0	\$0	\$0
FSU	3,355	\$137	\$6,675
NCF	102	\$94	\$5,916
UCF	11,572	\$300	\$4,400
UF	1,164	\$50	\$10,060
UNF	1,233	\$442	\$4,000
USF-Tampa	7,815	\$14**	\$3,190
USF-St. Petersburg	770	\$63	\$2,500
USF-Sarasota/Manatee	394	\$94	\$2,500
UWF	2,792	\$15**	\$4,000
SUS TOTAL/AVERAGE	47,525	\$265	\$6,679

Source: Board of Governors 2017-18 Operating Budget Supplemental Schedule

*Florida Polytechnic University (FPU) does not charge the tuition differential fee and is not included in the average award amounts

**These lower amounts were validated by their respective universities. In each case the amount of waiver was determined after considering eligibility and remaining unmet financial need.

2017-18 Tuition Differential Fee Summary

In 2017-18, 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 \$258.7 million will be generated from the tuition differential fee. These funds will contribute an estimated \$77.6 million to institutional need-based financial aid and an additional \$181.1 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 2017-18 year.

Planned Uses of the Tuition Differential Fee Revenues

University	Uses
FAMU	Continue to support tenure tract positions and visiting positions in the core critical academic disciplines; continue to hire adjuncts to address the class size issue; continue to support counselors/ advisors to assist in decreasing the Student/ Advisor ratio; need-based financial aid
FAU	To ensure access, degree completion, meet student demand, continue FTE goals, and augment advising; augment existing need-based funds
FGCU	Hire and retain faculty and staff to keep pace with enrollment, provide needed services, add breadth and depth to academic programs; enhance student advising; provide additional need-based aid to students; increase the number of students receiving need-based financial aid
FIU	Undergraduate faculty hires and retention to improve graduation and retention rates; Disability services to increase resources for deaf and hearing impaired students; Undergraduate studies office to strengthen undergraduate experience and academic components; Undergraduate tutoring support, writing center to strengthen student's communication skills; Student support and success, improving student experience with advisors; One-stop shop and graduation success library, undergraduate scholarly journals and database
FPU*	NA
FSU	Enhance the undergraduate experience by retaining faculty and advisors; reduce the student to faculty ratio; reduce the student to advisor ratio; need-based grants for undergraduate students
NCF	Support the Writing Resource Center, Quantitative Resource Center, Pritzker Marine Biology program, Gender Studies program, Library faculty and adjunct faculty in all three academic divisions
UCF	Hire and retain faculty positions to maintain and/or increase undergraduate course offerings, as well as support university initiatives that directly enhance the overall undergraduate experience and improve retention and graduation rates

UF	Fund faculty and advisor positions, off-set the budget reductions from FY13, support various undergraduate programs and need-based financial aid
UNF	Fund faculty salaries and need-based aid; funds additional faculty FTE and increase course sections to support the culture of completion initiatives
USF-Tampa	Expand the high-skilled workforce and assuring job placement, especially in STEM; academic advising and veteran's support; financial counseling and debt reduction
USF-St. Petersburg	Cost-efficient utilization of instructional technology and innovation, along with investments in faculty and professional staff to enhance timely college completion rates, attainment, and career placement through activities such as: need-based financial aid, undergraduate education, and academic advising
USF-Sarasota/Manatee	Funds support undergraduate education; enhance timely college completion rates; provide high quality professors and academic advisors to enhance instruction and learning to help students stay on track for timely graduation
UWF	Funds support undergraduate initiatives including hiring new and retaining existing full-time faculty to teach undergraduate courses and to provide enhanced funding for need-based financial aid

Source: Board of Governors 2017-18 Operating Budget Supplemental Schedule

*Florida Polytechnic University (FPU) does not charge the tuition differential fee

2017-18 Tuition Differential Fees and Estimated Revenues

Institutions	Per Credit Hour Fee	Estimated Revenue
FAMU	\$36.38	\$7,000,000
FAU	\$40.13	\$21,948,601
FGCU	\$36.38	\$9,988,191
FIU	\$52.29	\$48,446,808
FPU*	\$0	\$0
FSU	\$49.59	\$31,359,674
NCF	\$40.13	\$883,884
UCF	\$44.20	\$53,506,599
UF	\$44.17	\$29,200,000
UNF	\$37.63	\$10,159,393
USF-Tampa	\$46.88	\$30,000,000
USF-St. Petersburg	\$35.14	\$3,444,192
USF-Sarasota/Manatee	\$35.14	\$1,580,000
USF-HSC	\$46.88	\$3,001,415
UWF	\$38.88	\$8,156,296
TOTAL		\$258,675,053

Source: Board of Governors 2017-18 Operating Budget Schedule 625

*Florida Polytechnic University (FPU) does not charge the tuition differential

Performance Accountability

Universities' annual accountability reports, will be approved by the Board in March 2018, 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.

Please refer to the Board of Governors 2017-18 Accountability Report and individual institution reports for data and measures related to items identified in Statute.