



The Florida Senate

Interim Project Report 98-56

October 1998

Committee on Ways and Means

Senator Donald C. Sullivan, Chairman

FUNDING FOR PRIVATE POSTSECONDARY EDUCATION INSTITUTIONS

SUMMARY

This project was initiated because the projected increase in the number of Florida residents who will need a baccalaureate education requires the state to use both public and private education delivery systems to provide access effectively and efficiently. To pursue this goal, appropriate funding and oversight policies should be developed for private postsecondary education.

This study:

- identifies Legislative intent regarding the role and oversight of private postsecondary institutions;
- identifies key provisions of current law;
- identifies and addresses four funding mechanisms used to support private postsecondary institutions through the General Appropriations Act:
 - 1) academic program contracts funded as provided in s. 229.053(2)(n), F.S.;
 - 2) the Florida Resident Access Grant (FRAG), s. 240.605, F.S.;
 - 3) the Limited Access Grant program, s.240.6045, F.S.; and
 - 4) financial support for selected academic programs and support services.

Because of its limited focus, the study does not address issues associated with need-based student financial aid.

Major recommendations include:

- All direct appropriations for private postsecondary institutions should be included in the Private Colleges and Universities Budget, including the transfer of medical education programs currently appropriated in the Board of Regents budget; all appropriations should be subject to review, oversight and accountability processes.

- Funding for Academic Program Contracts should take into account the expected number of students to be served and the narrowing or widening of the gap between tuition at private and public institutions. The gap changes each year as a result of legislatively authorized public tuition increases, university- approved local fee increases and tuition and fee increases implemented by the private sector.
- Funding for the Florida Resident Access Grant should be based on the number of students projected to attend each eligible institution developed by an enrollment estimating conference. The specified amount per student should remain constant each term. Unmet need at any individual institution should be met by the institution using its own resources for the current year; the unmet need could be estimated and considered in a subsequent estimating conference.
- All funding for the Historically Black Colleges and Universities, except funding related to enrollment and the improvement of libraries, should be combined in one appropriation per college to increase access, retention and graduation at these institutions. The requirements of performance based program budgeting should emphasize outputs and outcomes rather than process.

BACKGROUND

Provisions for Oversight of Non-public Postsecondary Education

The 1971 Legislature codified its support of the role and oversight of private postsecondary education institutions in the state in Chapter 246, F.S. Section 246.011(1), F.S., provides that: "The Legislature encourages privately supported higher education and intends to aid in protecting the integrity of degrees conferred by privately supported colleges. Sections 246.011-246.151 are intended to aid in protecting the health, education,

and welfare of persons who receive educational services and degrees from non-public colleges in this state; to aid in protecting employers and others who depend upon people whose educational credentials are from non-public colleges in this state; and to aid in protecting nonpublic colleges that currently operate or intend to begin operating in this state.”

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

The State Board of Private Colleges and Universities (SBICU), governed by sections 246.011-246.151, F.S., establishes guidelines and provides oversight for nonpublic colleges and universities offering degrees. As reported in *The Independent Source* by the SBICU in December 1997, the Board licenses or oversees 105 non-public institutions with an enrollment of approximately 102,376 students (fall 1996 headcount). The institutions referenced in this report are all exempt from licensure because of their accreditations.

Proprietary or private career-vocational schools are institutions that offer vocational certificates or diplomas. These institutions are subject to the rules of the State Board of Nonpublic Career Education (SBNCE). The board’s 1996-97 annual report indicates that 458 schools were licensed with a headcount enrollment of about 70,603 students. These institutions, while providing a valuable role in meeting the State’s workforce development needs, are beyond the scope of a report on access to a baccalaureate education.

Contracts with Private Colleges

The 1975 Legislature authorized the Board of Regents to enter into contracts with private colleges and universities for Florida residents to attend these institutions at the State’s tuition rates. In 1981, the Legislature transferred the contracting authority from the Board of Regents to the State Board of Education: “to contract with accredited private institutions . . . for the provision of those educational programs and facilities which will meet needs unfulfilled by the state system of postsecondary education.” In 1981, s. 240.145, F.S., established the Postsecondary Education Planning Commission (PEPC). Also created was s. 240.147(4), F.S., requiring PEPC to “recommend to the State Board of Education contracts with private institutions to conduct programs consistent with the state master plan for postsecondary education.”

Florida Resident Access Grant Program

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

Library Improvement Program

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

Access Grants

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

State Master Plan for Postsecondary Education

In January 1998, PEPC completed its 5-year master plan, *Challenges and Choices: The Master Plan for Florida Postsecondary Education*. Four priority areas served as the basis for the plan: Access, Interdependence-A Seamless System, Outcomes, and Funding. The 1998 Master Plan reaffirms the Commission’s position that “all postsecondary education resources must be utilized to meet the educational needs of a rapidly growing state” and that, through funding agreements with non-public institutions, “Florida’s citizens are able to gain access to needed quality programs at competitive costs and at public tuition rates.” The Commission calls for “increased utilization of private schools, colleges, and universities to improve access to a degree”; and “continued

investment of state support through programs such as the Florida Resident Access Grant (FRAG) to maximize the contribution of private postsecondary education to Floridians.”

Appropriations Issues

The 1998-99 General Appropriations Act includes \$23.4 million dollars in the State University System budget for contracts with the University of Miami Medical School and the Nova/Southeastern Health Sciences Center. The Act also includes \$50.6 million dollars in the Private Colleges and Universities budget for 26 academic program contracts, the Florida Resident Access Grant, the limited access grant program, and the library improvement program for historically black institutions.

Six of the 29 specific line item appropriations in the Private Colleges and Universities Budget are contingent upon the development of clearly measurable outcomes and outputs including longitudinal and comparative data. Section 240.147, F.S., requires that institutions participating in the Florida Resident Access Grant Program develop an accountability process in consultation with PEPC. Finally, PEPC has the responsibility to recommend academic program contracts to the State Board of Education annually and to conduct indepth reviews of the various academic program contracts every 5 years.

The 1999-2000 Legislative Budget Request asks for the following increases in the Private Colleges and Universities Budget: 1) \$1,312, 800 for FRAG, 2) \$2,524,970 for adjustments in academic program contracts, 3) \$1,000,000 for the Limited Access Grant program, and 4) \$76,190 for a new academic program contract at Bethune-Cookman College in Specific Learning Disabilities. The Board of Regents budget requests increases for: 1) Nova/Southeastern Osteopathy- \$386,475, 2) Nova/Southeastern Optometry- \$81,875, and 3) University of Miami- \$439,498.

METHODOLOGY

The interim project workplan includes the following tasks: 1) monitor the Postsecondary Education Planning Commission (PEPC) review and approval process for recommended contracts, 2) review the projected need for the FRAG and the Limited Access Grant programs, 3) review the various programs for which there are state contracts, 4) develop appropriate performance based program budgeting measures and 5) develop policy recommendations regarding the role private colleges

should play in providing access to postsecondary education.

Meeings were held with the staff of PEPC. Site visits were made to selected private colleges to meet with the presidents and other administrators. Information was collected from the Department of Education concerning the academic program contracts and the FRAG program. Finally, the Florida Statutes and numerous publications were reviewed for pertinent information including: 1) Challenges and Choices: The Master Plan for Postsecondary Education (PEPC-January 1998), 2) Annual Review of Academic Program Contracts Between the State Board of Education and Florida Private Postsecondary Institutions (PEPC-August 1998), 3) 1996 Accountability Report for Private Institutions Eligible for the Florida Resident Access Grant (PEPC-April 1998), 4) An Overview of Private Higher Education in Florida: Enrollments and State Funding (PEPC-May 1998), 5) The Review of State Funding for Historically Black Private Colleges and Universities (PEPC-October 1996), 6) Cost Benefit Analysis of The Florida Resident Access Grant (PEPC-December 1997), 7) Academic Program Contracting Between the Florida State Board of Education and Private Postsecondary Education Institutions-Policies and Procedures for Preparing a Contract Application (PEPC- February 1998) and, 8) Employment Training: The Critical Need (Florida Tax Watch Research Report-September 1998).

FINDINGS

Non-public institutions that confer college credit leading to a degree are the subject of this report. The State recognizes the role that non-public postsecondary education institutions perform by providing support in the following ways: 1) academic program contracts for a specified number of Florida residents in selected program areas, 2) the Florida Resident Access Grant program (FRAG), 3) the Limited Access Grant program and, 4) support for selected academic programs and program services through the General Appropriations Act.

Academic Program Contracts:

State Board of Education (SBE) Rule 6A-10.032, FAC, states that “ the State Board may contract for a program or for the use of an existing facility if it can be demonstrated that the state need for the program or facility may be met at lower cost or more effectively through contracting. In all cases, the program or facility obtained through contract must be of equal quality as similar programs and facilities in the state system of

postsecondary education.” *The rule specifically requires tuition for students enrolled in contract programs to be no higher than is charged in comparable programs in state institutions.* Proviso language in the annual General Appropriations Act prohibits institutions from receiving FRAG tuition grants for students enrolled in contract programs because the state pays for their lower tuition.

The Postsecondary Education Planning Commission provides policies and procedures for the preparation of academic program contracts for private colleges and universities that request funding for a particular program. In evaluating contract proposals, PEPC considers:

- Statewide and local demand for the program graduates;
- Program quality;
- Relative cost differentials for the state and the student;
- Impact on public and private institutions, especially within the region.

The timetable for submission of new program proposals for consideration by the State Board of Education, the Governor, and the Legislature for the 1999-2000 fiscal year follows:

March 20, 1998	Program Prospectus to be submitted to PEPC.
May, 1998	PEPC committee meeting to decide if the institution should proceed with submission of a complete proposal.
May 29, 1998	Complete proposal to be submitted if approved at May meeting.
June-Aug, 1998	PEPC staff review including on-site visitation.
August, 1998	PEPC committee meeting to approve/disapprove proposal for funding.
Aug-Sept, 1998	PEPC approved programs to be included in the Department of Education (DOE) Budget Request in the Private Colleges and Universities Budget.
Sept-June, 1998-99	Review and action taken by the SBE, the Governor and the Legislature
July-Aug, 1999	The DOE prepares the contracts to initiate the funded programs.

Exhibit I reflects appropriated funding for the various academic program contracts for the 1998-99 fiscal year as well as the requested level for the 1999-2000 fiscal year. Programs administered by the Board of Regents are identified. All other programs are administered by DOE with oversight by PEPC.

As reported in PEPC’s *Annual Review of Academic Program Contracts Between the State Board of Education and Florida Private Postsecondary Institutions (August 1998)*, state support for academic contracts has steadily declined since 1988, on a per student basis. Constant or decreased funding levels coupled with increased tuition and program costs has resulted in a decrease in the actual number of students served. The number of student credit hours and full-time-equivalent students reflected in the proviso language accompanying the line item appropriation has no relation to the actual number of students served. The funding recommended by PEPC and requested by the Department of Education for 1999-2000 reflects an adjustment in the per student funding level to make up for the higher tuition at private institutions and an adjustment in the number of students that can be served.

Medical education academic program contracts for the University of Miami are administered by the Board of Regents and are subject to neither the review process established by PEPC nor to any of the other accountability requirements for contracted programs. Except for the Public Sector, Rural, Unmet Needs appropriation totaling \$125,000, medical education contracts for Nova/Southeastern are reviewed annually by PEPC and included in PEPC budget recommendations to the State Board of Education. The Board of Regents is responsible for including requests for funding increases for the University of Miami and Nova/Southeastern in its annual legislative budget request. The Board of Regents may or may not include PEPC’s recommendations for Nova/Southeastern.

Florida Resident Access Grant (FRAG):

Established in 1979; this program has the following goals:

- to broaden student choice through the provision of tuition assistance to reduce the gap between public and private institutions;
- to support institutional diversity through the provision of a dual system of higher education;
- to reduce the tax burden on the citizens of the State.

Eligible institutions must: 1) be accredited by the Commission on Colleges of the Southern Association of Colleges and Schools (SACS), 2) grant baccalaureate degrees and, 3) have a secular purpose. Student eligibility requires: 1) full-time degree-seeking, 2) Florida resident as defined in s.240.404, F.S., 3) not enrolled in a program in theology or divinity, 4) satisfactory progress as defined by the institution, and 5) limitation on the number of awards to no more than 9 semesters or 14 quarters.

The annual award is limited to 40 percent of the annual cost to the state for an undergraduate student or an amount as established annually in the General Appropriations Act. The definition of cost has not been determined at this point. Unresolved questions include whether fixed capital outlay costs should be included or whether a portion of the community college cost be included for the first two years of coursework, since the state relies heavily on the 2 + 2 system.

For the 1997-98 fiscal year, the appropriation for FRAG totaled \$28,852, 299. Proviso language established the maximum annual amount of the award at \$1,800 per student. For the 1998-99 fiscal year, the appropriation totaled \$40,852,200 with the maximum award also set at \$1,800. For the 1997 fall term, 20,106 students received an average award of \$799 dollars, and for the spring term 19,623 students received an average award of \$706 dollars. For the 1998 fall term, funding has been allocated for a projected 21,626 students at \$900 per award per term as authorized in the General Appropriations Act.

Historically, the Department of Education has allocated an amount per student below the maximum authorized in the General Appropriations Act and also has had to reduce the award for the Spring term in order to manage the total appropriation.

Limited Access Grants:

Established in 1995 and revised in 1997, the program provides tuition assistance for students to attend private institutions for selected programs that public institutions designate as “limited access” because they must turn away qualified applicants. These programs are high priority employment fields that require a baccalaureate degree. At least one state university must have insufficient capacity to serve all qualified applicants. PEPC is required to identify these programs for the State Board of Education. For the 1998-99 academic year, the programs include: 1) Special Education, General; 2) Education, Mentally Handicapped; 3) Education,

Specific Learning Disabled; 4) Nursing; 5) Physical Therapy; and 6) Occupational Therapy.

The amount of the award is 50 percent of the cost to the State per academic year for an undergraduate in public postsecondary education. For the 1998-99 fiscal year the Legislature provided \$500,000 for this purpose. Combined with \$500,000 carried forward from the 1997-98 fiscal year, a total of \$1 million is available to support 483 awards at \$2,067 per award . A total of 627 students applied for the program for 1998-99. The DOE has requested \$1.5 million for this program for 1999-2000.

Support for Selected Academic Programs and Program Services:

Section IV of Exhibit I reflects programs funded by the Legislature that are not subject to the academic program contract process established by s. 229.053(2)(n), F.S.

Except for the University of Miami-First Accredited Medical School appropriation of \$14.6 million dollars for 500 Florida resident medical students, these funds are not designated for a specific number of students. The majority of these programs are not authorized by law. Programs included in the Private Colleges and Universities budget are subject to PEPC or DOE oversight and accountability reporting requirements, but programs administered by the Board of Regents are not.

Since 1985, the Legislature has provided \$26.1 million to support several different initiatives for the state’s three historically black private colleges (Edward Waters College, Florida Memorial College, and Bethune-Cookman College). These initiatives have included new program start-up costs, increased security measures, building restoration programs, minority recruitment and retention activities, academic skills enhancement and library improvements. Proviso language in the 1998-99 General Appropriations Act makes the following line item appropriations contingent upon the development of clearly measurable outcomes and outputs: 1) \$3.5 million for recruitment/retention at all three colleges, 2) \$0.3million for the Bethune-Cookman Challenger Program, 3) \$.3M for the Bethune-Cookman College of Education, and 4) \$0.2 million for the Edward Waters Upgrade.

The \$26.1 million mentioned above includes \$1.3 million that the State has provided since 1990 for the three historically black private colleges and FAMU for

library improvements. DOE administers the contract with oversight from PEPC. They have required that the institutions use the funds to increase library holdings as specified in the statute.

RECOMMENDATIONS

1. All funding for medical education programs administered by the Board of Regents should be transferred into the Private Colleges and Universities Budget.
2. All programs of a similar nature should be subject to the same review, oversight and accountability processes. For example, performance criteria should be required for all non-enrollment related appropriations. State funding should be contingent upon an expected level of performance. All enrollment-related contract programs should be reviewed by PEPC and approved by the State Board of Education.
3. The Postsecondary Education Planning Commission should review the accountability processes for the State University System, the Community College System and the private system and make recommendations regarding the appropriate input, output, and outcome measures that should be addressed by all three delivery systems for reporting consistency. PEPC should also address whether the data to support the measures is consistently collected by the sectors.
4. The Legislature should adopt a funding policy for academic program contracts that recognizes the expected number of students to be served and the change in the tuition differential caused by Legislatively authorized public tuition increases, locally implemented public tuition increases, and tuition and fee increases implemented by the private institutions.
5. Section 216.136(4)(a), F.S., establishing the Student Financial Aid Estimating Conference, should be amended to encompass a process for projecting the number of students that are expected to participate in the FRAG program.
6. The Legislature should provide funding for the Florida Resident Access Grant based on the projected number of students, for each eligible private institution, at a specified amount per student that should remain the same for each term. The amount of the award should be established annually in the General Appropriations Act. Unmet need at any individual institution should be met by the institution using its own resources for the current year and documented for consideration by a subsequent estimating conference.
7. All funding provided for the historically black colleges, except funding related to enrollment and the improvement of libraries should be combined in one appropriation for each college for the purpose of increasing access, retention and graduation at these institutions. The performance based budgeting requirements of s. 216.0235, F.S., should be implemented for these appropriations to place the emphasis on outputs and outcomes rather than process.
8. The historically black colleges should review the impact of the cost of remedial instruction on the student and the institution. Each institution should make recommendations regarding whether the state's community college system could provide remediation as a more cost effective approach for the institution and the student.
9. The Legislature should address the cost of funding lower level instruction and upper level instruction for application in funding decisions related to workload increases in the State University System, the Community College System and the private sector.
10. Access Grants for Community Colleges, created in s.240.6055, F.S., have not been funded by the Legislature. This section of law should be repealed.

EXHIBIT I- SUMMARY OF FUNDING FOR NON-PUBLIC POSTSECONDARY INSTITUTIONS

Funding Areas I,II, III, IV By Institution and Program		1998-99 Appropriated		1999-2000 Request		Change in 1999-2000	
		Funding	Credit Hrs	Funding	Credit Hrs	Funding	Credit Hrs
I. Academic Program Contracts							
Florida Institute of Technology							
1	BS/Engineering	\$ 401,346	4,086	\$ 921,600	2,000	\$ 520,254	-2,086
2	BS/Science Education	\$ 86,787	886	\$ 251,652	550	\$ 164,865	-336
University of Miami							
3	BS/Industrial Engineering	\$ 182,082	639	\$ 246,446	331	\$ 64,364	-308
4	BS/Architectural Engineering	\$ 74,222	259	\$ 223,365	300	\$ 149,143	41
5	MS/Biomedical Engineering	\$ 89,802	266	\$ 168,735	250	\$ 78,933	-16
6	BS/Nursing	\$ 331,091	1,147	\$ 595,640	800	\$ 264,549	-347
7	MS/Nursing	\$ 299,559	880	\$ 401,589	595	\$ 102,030	-285
8	Ph.D./Marine & Atmospheric Sci	\$ 289,430	156	\$ 531,900	150	\$ 242,470	-6
9	Ph.D./Biomedical Sci	\$ 362,228	16 students	\$ 576,000	18 students	\$ 213,772	2 students
10	BS/Motion Pictures	\$ 320,634	450	\$ 335,047	450	\$ 14,413	0
11	BS/Music Engineering Technology	\$ 200,000	266	\$ 335,047	450	\$ 135,047	184
Barry University							
12	BS/Nursing (accelerated option)	\$ 189,989	1,047	\$ 401,005	1,100	\$ 211,016	53
13	MSW/Social Work	\$ 193,734	992	\$ 418,419	1,350	\$ 224,685	358
Florida Southern College							
14	BS/BA Elementary Education	\$ 34,688	184	\$ 44,660	184	\$ 9,972	0
15	BS/Accounting	\$ 30,542	162	\$ 39,321	162	\$ 8,779	0
Bethune-Cookman College							
16	BS/Specific Learning Disabilities	\$ -	0	\$ 76,190	288	\$ 76,190	288
Nova/Southeastern University							
17	MS/Speech-Language Pathology	\$ 215,280	1,200	\$ 335,958	700	\$ 120,678	-500
18	Osteopathy (BOR Budget)	\$ 2,633,900	365 students	\$ 3,020,375	365 students	\$ 386,475	0
19	Optometry (BOR Budget)	\$ 969,400	131 students	\$ 1,051,275	131 students	\$ 81,875	0
20	Pharmacy (BOR Budget)	\$ 838,244	341 students	\$ 838,244	341 students	\$ -	0
I. Total Academic Program Contracts		\$ 7,742,958		\$ 10,812,468		\$ 3,069,510	
II. Florida Resident Access Grant (FRAG)		\$ 40,852,200		\$ 42,165,000		\$ 1,312,800	
III. Limited Access Grant		\$ 500,000		\$ 1,500,000		\$ 1,000,000	
IV. Other Academic Contracts							
St. Thomas University							
1	Institute for Workforce Enhancement	\$ 500,000		\$ -		\$ (500,000)	
Nova/Southeastern							
2	Liberal Arts	\$ 615,788	150 students	\$ 615,788	150 students	\$ -	
3	Osteopathy Managed Health Care (BOR Budget)	\$ 500,000		\$ 500,000		\$ -	
4	Public Sector, Rural, Unmet Needs (BOR Budget)	\$ 125,000		\$ 125,000		\$ -	
Edward Waters College							
5	College Upgrade	\$ 210,051		\$ 210,051		\$ -	
6	Recruitment/Retention	\$ 1,058,615		\$ 1,058,615		\$ -	
7	Gerontology	\$ 250,000		\$ 250,000		\$ -	
Bethune-Cookman College							
8	Challenger Program	\$ 284,333		\$ 284,333		\$ -	
9	College of Education	\$ 284,333		\$ 284,333		\$ -	
10	Recruitment/Retention	\$ 1,200,000		\$ 1,200,000		\$ -	
Florida Memorial College							
11	Recruitment/Retention	\$ 1,268,666		\$ 1,268,666		\$ -	
Historically Black Coll' & Univ'							
12	Library Improvement Program	\$ 168,041		\$ 168,041		\$ -	
University of Miami							
13	First Accredited Medical School (BOR Budget)	\$ 14,645,202	500 students	\$ 15,084,700	500 students	\$ 439,498	0
14	First Accred Med Sch-Managed Hlth Care (BOR)	\$ 1,000,000		\$ 1,000,000		\$ -	
15	Simulation & Training (BOR Budget)	\$ 2,250,000		\$ 2,250,000		\$ -	
16	Minority Recruitment and Retention (BOR Budget)	\$ 200,000		\$ 200,000		\$ -	
17	Spinal Cord Research (BOR Budget)	\$ 500,000		\$ 500,000		\$ -	
18	Bimini Biological Field Station	\$ 200,000		\$ 200,000		\$ -	
IV Total Other Academic Contracts		\$ 25,260,029		\$ 25,199,527		\$ (60,502)	

COMMITTEE(S) INVOLVED IN REPORT (*Contact first committee for more information.*)

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Committee on Education

MEMBER OVERSIGHT

Senators Bill Bankhead and William H. Turner