

July 1992

What is Wrong With Florida's Tuition Structure?

By Regent Pat N. Groner

In the 1970s, tuition in Florida's public universities was on a par with that in the United States, closing the decade at 94 percent of the national average. During the 1980s, comparative tuition declined steadily, reaching 60 percent of national parity in 1989-90. Since becoming a member of the Board of Regents, *the accumulative shortfall spanning six years has reached \$432 million.*

The philosophy, policies and practices of the state of Florida and its university system regarding student tuition and fees are not unlike other well-intended actions which, in changing times, may become perverted. *During the period of Florida's greatest prosperity, a time when per capita income increases were among the nation's highest, the increase in tuitions and fees was the lowest--percentage wise and dollar wise--among the 50 states and the District of Columbia--51st. out of 51. Examples of this perversion include:*

- *Low tuition was intended to enhance access while, in fact, evidence indicates that it may have contributed to restricted enrollment.* When tuition was at the national average, 37 percent of qualified applicants were enrolled in the state's public universities. Declining enrollment-to-applicant ratios in the eighties followed a very close parallel to relative tuition, bringing that ratio to less than 25 percent at the end of the decade. The relative drop was 32 percent for tuition and 33 percent for enrollment of qualified students.
- *Designed to assist students from low-income families, tuition policy appears to have accomplished the opposite. It subsidizes students from well-to-do families.* The University of California system, in addressing this issue, has nearly doubled its tuition in the last four years, allocating a much greater amount for aid to students with limited financial resources. California and a growing number of states are recognizing that wiser tuition policy can help rather than penalize students with limited financial resources. Other states are following suit. Strong confirmation of this condition is found in two full-page editorial commentaries in the April 1, and May 13 1992 issues of the *Chronicle of Higher Education*.
- *With the apparent expectation of building a strong, well-educated citizenry, Florida instead has slumped to next to the last in the ratio of students in higher education to population, edging Arkansas by 0.16 percent.* A more accurate indicator is the ratio of college age students (18-34) where Florida's standing is also dramatically low.
- *Persisting issues in the University System are faculty salaries, student aid, enrollment and physical facilities . . . all of which could have been mitigated if not solved had tuition policy and practice remained as in the seventies.*

Based on 1989-90 tuition comparisons--the latest available at the moment--it is interesting to note that *students in the State University System would pay three to ten times as much to attend other public or private, four-year institutions.*

Over the past five years this inequity has been recognized and efforts made to adjust to normalcy over time. Though not stated in the Master Plan of 1988-93, the target of a 25 percent annual increase seemed to reach favor within the Board of Regents offices. Implemented at that time, Florida tuition would have reached the national norm in 1992-93, but that was not to be. Effective student lobbying, and undoubtedly other factors, have led to greater annual shortfalls, which now stand at \$900 per student per year and a revenue loss of \$103 million in the current academic year.

Despite their successes in the political arena, the Florida Student Government Association has worked with the Board of Regents office in trying to reach consensus on a long-term solution. Thus, a "new fee law requires that the resident undergraduate matriculation fee, in combination with the financial aid fee, would be set at 25 percent of the cost of education." This appears to be well and good except that the "cost of education" as defined represents no more than 65 percent of the operational budget and well under half of the total budget. (Table 1.)

Nonetheless, this "new fee law" in full force would return Florida to about 90 percent of the national standard. However, and this is the catch, *it is to be implemented through annual tuition and fee increases not to exceed ten percent per year, which, as noted later, is only 60 cents on the dollar.¹ What appears to be a happy solution turns out to be, in reality, a commitment to widen the disparity and increase the burden on the taxpayer and other funding sources for many years to come.* (Table 2.)

Full time equivalent enrollments are projected to steadily increase at about 4,000 FTEs each year through the year 2000-01, at which time enrollment of 144,359 FTEs is estimated. Applying this to the most conservative national trend projections, we find the following:

- Of ten options, the lowest reflected an average national increase in tuition during the 1980s of 7.4 percent (9.2 percent for ten years was the actual increase). Projecting that most conservative trend against an annual ten percent maximum increase in the State University System through the year 2000-01, which is as far as enrollment projections are made, *the aggregate tuition loss is projected to be \$1.5 billion.* (Table 2.)

These figures are believed to be somewhat on the conservative side, as supported by these examples:

- While the agreed upon goal is 25 percent of "the cost of education," in 1990-91 tuition and fees represented only 17.1 percent of the legislative allocation for education and general expense. Including also the expenses of the Board of Regents general office, auxiliary enterprises and local funds, tuition and fees represented only 10.9 percent of operational expense. *Considering the total State University System budget--capital, operational and trust funds--tuition last year was 7.5 percent of the "cost of education."* (Table 1.)

- In 1991-92 a 15 percent tuition increase granted by the Legislature equated to \$166, compared to \$258 in a typical U.S. public university, a further loss of \$92 per student due to Florida's very low base.

¹ Florida Statutes 240.207(e).

- Over the past ten years, the average tuition increase in the United States has been 9.2 percent, while that in Florida has been 5.1 percent on the national scale.

One fundamental change is needed before considering solutions to this long-term dilemma: simply remove tuition setting and collection authority from politics. *Tuition setting responsibility and authority should be transferred from the Legislature to the Board of Regents with its revenue flowing directly to the State University System and perhaps to individual universities.* In a tuition survey conducted in 1988 (entitled, "The State Higher Education Officers Survey on Tuition Policy, Cost of Student Aid," April 22, 1988) Florida appears to be one of four states in which, "tuition and fees are set by the Legislature" and "tuition and fee revenues are deposited in the state treasury as General Revenue and the return to higher education is only inferred." In changing state policy, the Legislature could assure by statute that tuition parity would be gained judiciously through annual incremental (dollar, not percentage) increases.

An incidental advantage would be to reduce the tax rolls by the amount of tuition . . . \$200 million or so. *Why is tuition considered a tax in Florida?* Of course, it is not in private institutions. . . nor is it in many, perhaps most, public institutions. Present policy, in effect, inflates Florida's tax rolls by about \$200 million, or in excess of \$300 million if tuition was as it should be.

In its present form, tuition policy and practice adversely affects all--the universities, faculties and staff, generous alumni, taxpayers and students--those enrolled and those forced to pay much higher tuition elsewhere.

Those who do benefit financially--the well-to-do, subsidized students--are they not being taught, in a subtle way, that:

- There is such a thing as a free lunch?
- Politics, at least in Florida, is to be used for personal gain at the expense of others?
- One does not have to accept his or her share of responsibility?
- Ad infinitum.

From any point of view, looking at the present or future, all constituencies of the State University System, there appears to be little justification in continuing these inadequate, archaic and, yes, unjustified tuition policies and practices.



Groner

About the Author

Pat Neff Groner serves on the Florida Board of Regents and has spent a great portion of his career as the chief executive officer for Baptist Hospital in Pensacola, Florida. Mr. Groner's contributions to health care have benefitted hospitals all over the U.S. and his vision and energy has led to innovations that are now standard at most American hospitals.

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Table 1

Tuition² as a Percent of the
Cost of Education, 1990-91
(000 Omitted)

Budget Entity	Amount	Tuition as a Percent
Education & General	\$1,082,048	17.1%
Add: BOR Gen. Office	1,195,551	15.5%
Add: Local Funds	1,380,828	13.4%
Add: Auxiliary Enterprises	1,693,389	10.9%
Total SUS Budget ³	2,456,121	7.5%

² Tuition and Fees, \$185,413,387

³ Also includes Lottery Trust Fund, Other Trust Funds and Additional Incidentals.

TABLE 2

COMPARISON OF STUDENT TUITION AND FEE INCREASES
PROJECTED 1991-2 TO 2000-1 INCLUSIVE

	1991-2	1992-3	1993-4	1994-5	1995-6	1996-7	1997-8	1998-9	1999-0	2000-1
Enrollment Estimates	106,866	112,146	116,256	120,729	124,634	128,089	132,558	136,337	140,414	144,359
Tuition, Nat'l. Average ¹	\$2,409	\$2,587	2,779	\$2,984	\$3,205	\$3,442	\$3,697	\$3,971	\$4,265	\$4,580
Tuition, Florida Average ²	\$1,512	\$1,560	\$1,716	\$1,888	\$2,077	\$2,285	\$2,513	\$2,764	\$3,041	\$3,349
% of National Average	62.8%	60.3%	61.7%	63.3%	64.8%	66.4%	68.0%	69.6%	71.3%	73.1%
Computed Loss (000)	\$95,859	\$115,174	\$123,580	\$132,319	\$140,587	\$146,199	\$156,949	\$164,559	\$171,867	\$177,706
Estimated Loss ³ (000)	\$101,323	\$121,739	\$130,624	\$139,361	\$148,601	\$156,646	\$165,895	\$173,939	\$181,663	\$187,835
Aggregate Loss ⁴ (000)	\$101,323	\$223,062	\$353,686	\$493,547	\$642,141	\$798,794	\$964,689	1,138,628	\$1,320,291	\$1,508,126

Source: Board of Regents, State University System, 1992

1. Projected a 7.4% Annual Increase, The Lowest of 10 Options Based Upon the Period 1981-2 Through 1991-2.

2. 10% Maximum Increase Agreement.

3. Based Upon Estimated Tuition and Fee Revenues.

4. Compounded at 7.0 Percent Annually, The Aggregate Loss is \$1,048,819,000

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