

The Florida College System Business Plan

2011-2012

December 2010



The Florida College System Business Plan, 2011-12

Executive Summary

Funding for the Florida College System represents a critical investment in putting Floridians to work by providing quick, cost-efficient job training focused on programs specifically designed to meet identified workforce needs.

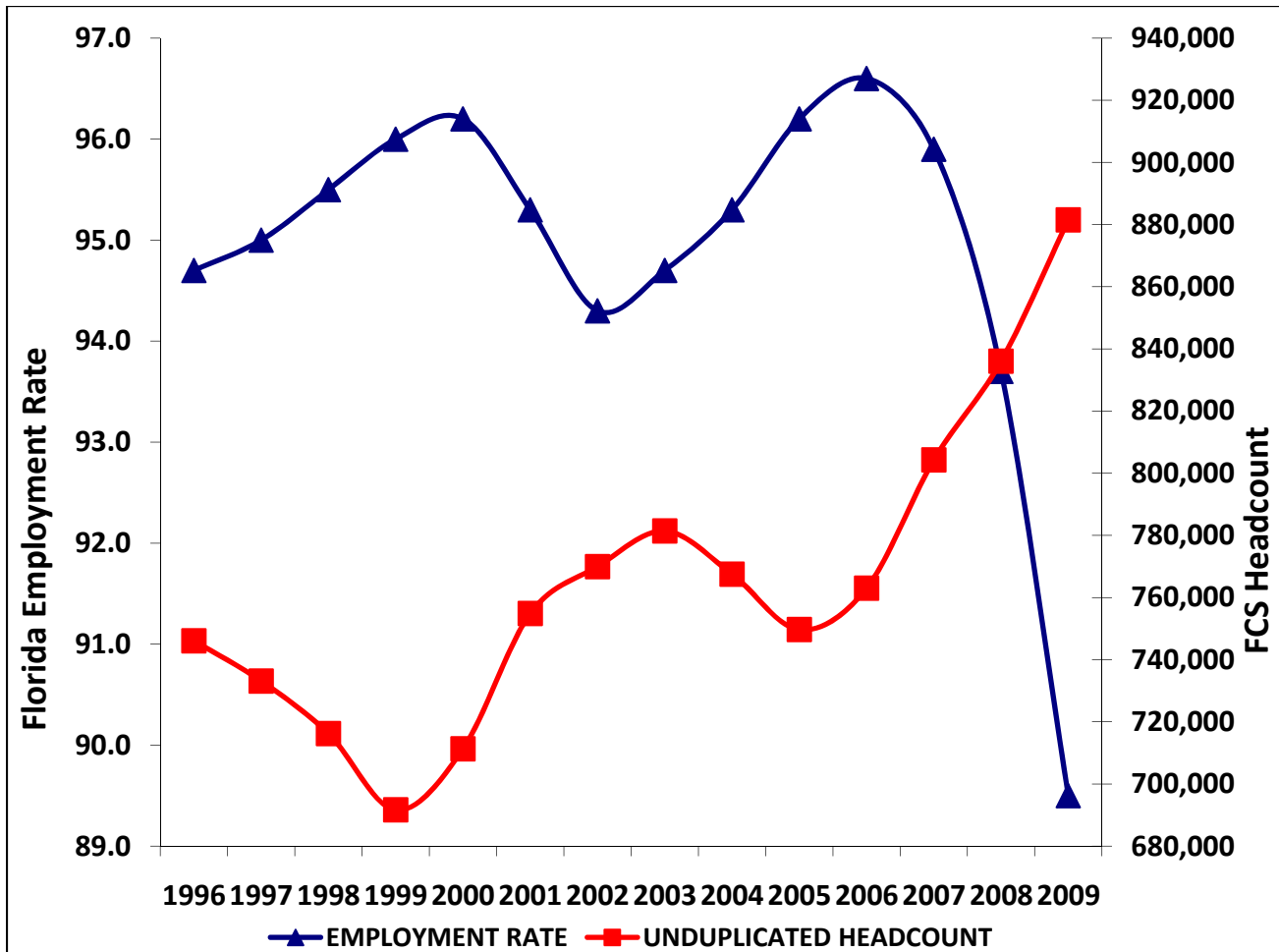
The Florida College System's 2011-12 operating budget request of \$1,196,563,629 actually reflects a 25% decline in per full-time equivalent (FTE) student funding since 2006-07 (from \$3,448 to \$2,867 per FTE).

- The economic crisis has caused displaced workers to enroll in our colleges in unprecedented numbers over the past three years as they seek to earn new credentials and improve their education and skills. Without affordable, local training opportunities, many of these workers will face long-term unemployment. *During the current recession, enrollment has increased 29%.*
- Almost two-thirds (64.6%) of the fastest growing jobs will be in occupations that do not require a bachelors degree, but do require the types of postsecondary education at the heart of The Florida College System's mission.
- Average *annual* earnings for a recent college graduate range from \$10,900 to \$26,700 more than that of a high school graduate. That initial salary increase boosts their collective annual earnings by more than \$1.5 billion for *just a single year's graduates.*
 - If The Florida College System meets its target of a 58% increase in completions by 2015-16, based on 2009-10 salaries, this would mean an increase in collective annual earnings of more than \$2.4 billion.
- Over their working lifetime, a single year's graduates will currently add *almost \$21 billion dollars to Florida's economy and provide economic activity that leads to the creation of 158,000 jobs.*
 - Over their working lifetime, it is projected that the increased number of graduates in 2015-16 will add *over \$33 billion dollars to Florida's economy and provide economic activity that leads to the creation of 250,000 jobs.*
- Higher incomes and higher employability reduce the need for public services such as unemployment payments and welfare. Annual taxpayer savings from these reduced costs averaged \$1,353 per FTE or \$487 million based on 2009-10 Florida College System enrollments.
 - Based on projected 2015-16 enrollments, annual taxpayer savings from reduced costs are estimated at \$769 million.
- Florida Taxwatch found that the benefits produced by Florida's colleges outweigh the costs, with a rate of return on investment of 33.9%.

Meeting Florida's Workforce Needs

During recessions and times of economic dislocation, community colleges are the first places workers turn to for retraining and education. Many recently unemployed workers find that they lack the skills most sought-after by employers. These workers tend to be older than the typical college age and are already established in their communities. They have homes and families and are looking for a local educational solution. Moreover, many are looking for programs that offer fast certifications that enable them to earn credentials that help them gain employment quickly. As a result, The Florida College System grows inversely to the employment rate. As employment declines (and unemployment rises) enrollment in Florida's colleges increases. Given the weak employment outlook, The Florida College System is going to continue to be a primary destination for unemployed Floridians to improve their jobs prospects.

Enrollment in The Florida College System is Counter-Cyclical Relative to Statewide Employment



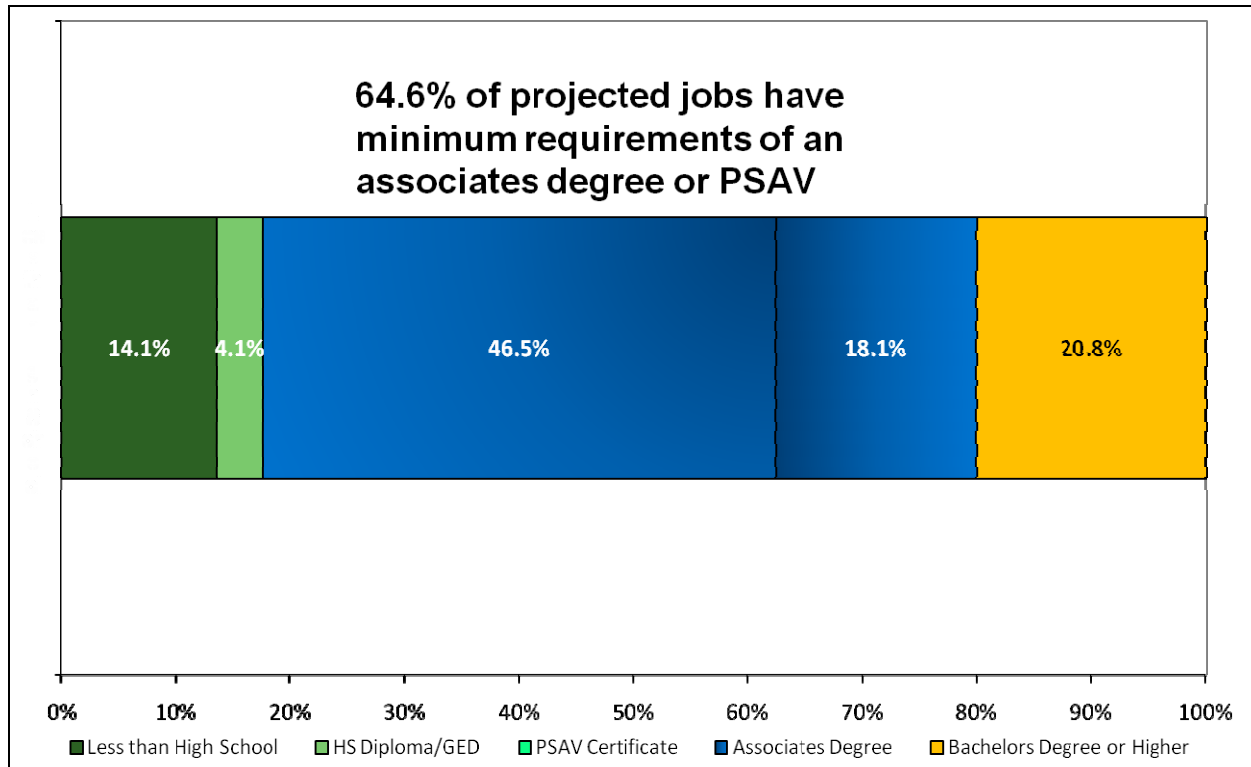
Source: Division of Florida Colleges

Florida's colleges are ideally positioned to provide a mixture of degree programs that will meet Florida's current and future workforce needs. Although many of Florida's colleges now offer workforce related bachelor degrees, the primary mission of The Florida College System remains associate degrees and workforce credentials. Florida's colleges have over 500 job specific technical and vocational programs specifically designed to meet local workforce needs. Each college surveys the business climate in its service area and works with business leaders to align its offerings with local needs. The colleges regularly update their program inventories, adding

new programs, deleting obsolete ones, and updating others.¹ When a new business moves into a college’s area or if a business needs workers trained in a specific area, Florida’s colleges can start a program and have students enrolled in a matter of weeks.

The programs and degrees offered in The Florida College System help prepare students for many of the highest demand jobs. Two-thirds of Florida’s projected jobs require a postsecondary adult vocational certificate or associate degree but do not necessarily require a bachelor degree.

Most Projected Job Openings will be in Fields that do not Require a Bachelors Degree



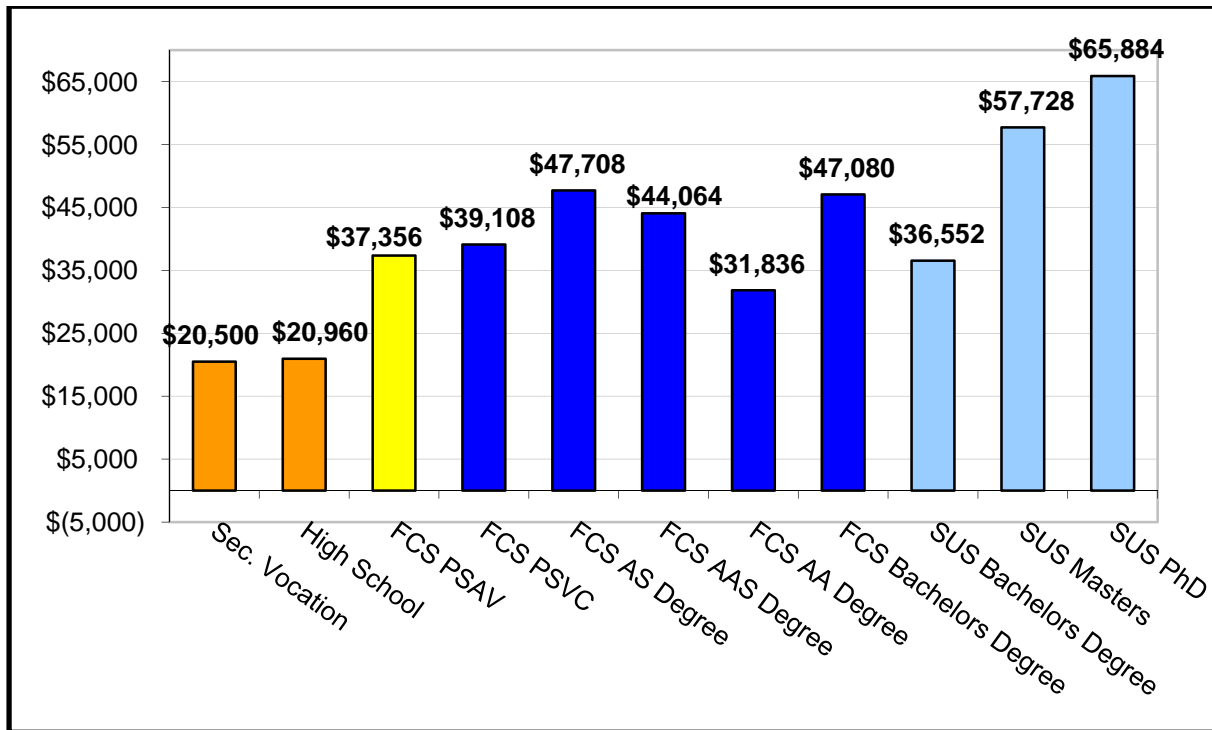
Source: Division of Florida Colleges Analysis of Agency for Workforce Innovation Data

Increasing Earning Power

For many students, The Florida College System represents an opportunity for a better life. The credentials earned by these students not only raise their incomes but provide greater stability as they become more employable. Incomes one year after graduation increase 50% or more for students who earn an Associate degree or a credential relative to the incomes of a high school graduate.

¹ <http://www.oppaga.state.fl.us/MonitorDocs/Reports/pdf/1035rpt.pdf>

Initial Earnings of 2008-09 FCS Graduates Just One Year After Graduation Increase 50% or more



Source: FETPIP

The increase in earnings for FCS graduates the first year after graduation ranges from \$10,876 to \$26,748. For example, the average income for a student earning a postsecondary vocational credential is \$18,148 higher than the average income for a high school graduate. Multiplying the value added by the higher degree or credential by the number of completers shows that 2008-09 FCS graduates had a cumulative increase of \$1,559,856,132.

This total likely understates the actual value added. The most common credential earned by FCS completers is the Associate in Arts (AA) degree. This credential appears to provide the lowest value added relative to a high school diploma at \$10,876. This is misleading, however, since the AA degree is designed to transfer directly to a bachelor degree program and typically about 60% of AA graduates do transfer within two years. Because so many of these students are still in school, their earnings tend to be reduced during the first year after completing their AA. Over time, most of these students will complete a bachelors degree and further enhance their income. If just 40% of the AA graduates from 2008-09 earned a bachelor degree, the cumulative value added would increase another \$75 million.

The increased wages of FCS graduates further stimulate the state's economy. Florida Taxwatch conducted a Florida, region-specific economic analysis of "direct, induced, and indirect economic impacts resulting from spending by those graduates." Their analysis examined the impact of the 2002-03 graduates over a working lifetime of 40 years. Applying the same ratios for economic impact per graduate to the 2009-10 graduating cohort shows that those graduates will increase state output by nearly \$21 billion dollars and add 158,644 jobs to the economy.²

² "Putting Minds to Work Pays Big Dividends!" *The Impact of Florida Community Colleges on Students' Prosperity and the State's Economy: A Solid Return on Investment*, page 30.

Cumulative Initial Earnings of 2008-09 FCS Graduates Increase by more than \$1.5 Billion Just One Year After Graduation

2008-09 Completers					
	Annualized Initial Earnings	Number of Completers in Cohort	Average Salary for High School Graduates	Value Added of Credential	Cumulative Value Added
Standard High School Diploma	\$20,960	117,089	\$20,960	-	-
FSC Postsecondary Adult Vocational	\$37,356	9,968	\$20,960	\$16,396	\$163,435,328
FSC Postsecondary Vocational	\$39,108	34,803	\$20,960	\$18,148	\$631,604,844
FCS Associate in Science	\$47,708	9,483	\$20,960	\$26,748	\$253,651,284
FCS Associate in Applied Science	\$44,064	2,306	\$20,960	\$23,104	\$53,277,824
FCS Associate in Arts	\$31,836	39,627	\$20,960	\$10,876	\$430,983,252
FCS Bachelors	\$47,080	1,030	\$20,960	\$26,120	\$26,903,600
FCS Total Return					\$1,559,856,132

Source: Division of Florida Colleges Analysis of FETPIP Data

Increases in initial earnings persist throughout a graduates’ lifetime. Research consistently demonstrates that people who earn even just some college credit earn more over their lifetimes; and those who complete a credential earn significantly more. A 2006 study by Florida Taxwatch found that a student with an Associate in Science degree earns \$260,000 more than a high school graduate over their lifetime. A graduate with AA degree (but no bachelors) would earn \$220,000 and a graduate who completed an AA and then a bachelor degree would earn \$580,000 more.³

Reducing Social Costs

In addition to generating state revenue through increased economic activity, Florida’s college graduates also reduce costs for the state. Graduates have a greatly reduced use of social services, particularly welfare and unemployment. They are also less likely to engage in crime. Taxwatch’s report examined the social savings from 11 studies of community colleges, both here in Florida and nationally. The level of savings varied by study, but the average was \$1,353 in avoided costs per full-time equivalent (FTE) student. Applying this to the FCS 2009-10 FTE enrollment of 359,890 produces \$486,944,565 in cost avoidance for the state.⁴

³ “Putting Minds to Work Pays Big Dividends!” *The Impact of Florida Community Colleges on Students’ Prosperity and the State’s Economy: A Solid Return on Investment*, page 29.

⁴ “Putting Minds to Work Pays Big Dividends!” *The Impact of Florida Community Colleges on Students’ Prosperity and the State’s Economy: A Solid Return on Investment*, pages 8-9.

Conclusion

The Florida College System has requested \$1,196,563,629 for 2011-12, which represents a 25% decline in per full-time equivalent (FTE) student funding since 2006-07 (from \$3,448 to \$2,867 per FTE). These funds are critical to maintaining access for Florida’s citizens and to the education and training that will generate higher employment. The Florida College System’s programs range from adult vocational through baccalaureate but the focus remains the same—providing students with local opportunities to improve their skills and education. The primary emphasis has been, and remains, vocational and associate level credentials that support students in obtaining jobs or transferring to a state university or Florida college. The strong workforce focus and the sheer size of the system produce tremendous economic benefits for the state. Florida’s colleges reach out to low-income students, older students returning to school, workers who have been laid-off, and all others seeking a better economic future. The results speak for themselves: higher earnings, reduced use of social services, and a stronger state economy.

Looking Forward to 2015-16

The Florida College System is committed to the mission of ensuring access to high quality credentials that generate family sustaining incomes. With sufficient resources, the system will continue to increase its productivity and the state’s prosperity. As a member of the Complete College America Alliance, the system’s five-year strategic plan calls for improving graduation rates and producing more credentials and degrees. Our goal is to double the number of credentials granted by 2019-20. Meeting this goal requires a 58% increase by 2015-16. Successfully meeting this target will generate significant benefits for the state.

- Using 2009-10 salaries, a 58% increase in completions would boost collective annual earnings to more than \$2.4 billion.
- Over their working lifetimes, the graduates of 2015-16 would add *over \$33 billion dollars to Florida’s economy and provide economic activity that would lead to the creation of 250,000 jobs.*
- Annual taxpayer savings from reduced social service costs would be \$769 million based on 2015-16 targeted enrollments.

The Florida College System provides workforce training for jobs that are available today. Of all the educational impacts on the economy, K – 20, the Florida College System has the most immediate impact on employment for both the nearly 1 million students and for Florida’s employer —Barney Bishop, Associated Industries of Florida

Community Colleges are uniquely poised to maneuver Florida’s changing educational landscape to meet such challenges and provide and enhance the learning opportunities that will contribute to the future of Florida’s economic development —Florida Taxwatch, 2006⁵

⁵ “Putting Minds to Work Pays Big Dividends!” *The Impact of Florida Community Colleges on Students’ Prosperity and the State’s Economy: A Solid Return on Investment*, page 32.