

Florida College System Task Force
Report of the
Subcommittee on State College Funding

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The following recommendations of the Subcommittee on State College Funding are based upon the underlying principle:

There shall be a single funding allocation formula for the distribution of funds to all 28 colleges within the Florida College System.

Rationale:

One of the primary strengths of the Florida Community College System has been the development, refinement, and responsiveness of the funding allocation formula to accommodate the diversity of 28 institutions. The model has been used to promote equity in funding levels, to allow for growth and decline, to alleviate negative impact of (hurricane) catastrophes and to change with both public policy (performance funding, adult education, e.g.) and local decisions (new programs, e.g.).

In times of reduced state revenues, the model has been equally effective in accommodating necessary reductions while minimizing destructive infighting.

An additional benefit is that the funding allocation model is understood by and enjoys the confidence of legislative and executive leaders and key staff members.

Recommendation 1:

Integration of the upper division FTE growth should be phased in to the existing funding model based on an identification of the unique, critical factors associated with the delivery of these programs. The integration should begin as soon as is feasible and phased in as deliberately as possible. In order to provide the maximum flexibility necessary for effective and efficient college operations, particularly during the current period of limited or declining state resources and significant enrollment growth, all state funding for both lower and upper division enrollments should be rolled into the Community College Program Fund (CCPF) and the co-mingling of these funds and related student fees legislatively authorized. This flexibility shall be combined with an extensive program revenue and expenditure reporting requirement to insure accuracy, openness, and accountability.

Recommendation 2:

The funding of upper division FTE should be related to the same costs and factors unique to the support of lower division FTE in the Florida College System. The target funding levels should be decoupled from State University System funding, as is currently the case, and an initial ratio of 35 percent be established between the costs of lower and upper division funding in the Florida College System. This option, combined with related student fees, would provide the resources necessary to meet the educational needs of the upper division students until such time as the review of actual cost data, over time, supports the need to modify the model. Use of this option is the most expedient and direct way to begin utilizing real cost data as quickly as possible.

Rationale:

A historical comparison of upper division expenditures to lower division expenditures in the State University System indicates that funding ratios have, over time, been remarkably consistent at an average of 45 percent. (Appendix B) However, a review of the initial funding levels for the existing state college baccalaureate programs gives evidence that there is no operational relationship of costs per FTE between state colleges and SUS funding levels. (Appendix G) The utilization of funding levels indexed to State University System costs, while a useful vehicle at the time, is no longer appropriate in the determination of long term funding strategies for the Florida College System. Utilizing actual cost data as it becomes available over the next several years in setting the final funding ratios between upper and lower division work in the Florida College System will both accommodate the flexibility needed to adequately develop or expand upper division academic programs while insuring that overall costs for upper division work remains substantially below the cost for similar work in the State University System.

These recommendations would address a deep-seated concern that new baccalaureate FTE would be a drain on the remainder of the support for the rapidly growing base of the non-baccalaureate mission. The combined effect of recommendation 1 and 2 is that new programs would be recognized as they come aboard, but that the financial health of these programs would be tied to the overall health of the entire mission of the college(s).

Recommendation Three:

Student fees for upper division enrollments should be separately identified and approved by the local board of trustees. These fees should mirror the existing methodology in community college funding where local boards have the autonomy to set tuition and fees within a range around and guided by a legislatively established standard fee. This approach allows for the legislative and executive decision leaders to moderate (or encourage) annual tuition increases through the continued establishment of a single standard fee (with the upper division range of tuition and fees indexed to the lower division range).

Rationale:

In the Florida College System, the difference between lower level and upper level tuition in the baccalaureate granting colleges has remained historically constant at 27%. In the Florida College System, continued use of such a linked relationship between standard fees for both the lower and upper levels will serve to simplify state and local decision coordination on this item, as well as insuring that upper division costs remain substantially below the cost for similar work in the State University System. (Appendix C)

Recommendation Four:

An established level of consistent start-up funding for upper division programs should be utilized. This start-up funding should be tiered in a way to be sensitive to both initial start-up costs for the first baccalaureate program at a college as well as subsequent but lower start-up costs for each additional upper level program. Previously appropriated start-up costs and initially authorized funding levels will be accommodated for in the funding allocation model as well as in the development of future legislative budget requests.

- *The nature of start-up costs and initial funding levels should also encompass a three-year phase in for ongoing enrollment development and support.*
- *The annual identification of available start-up funding should be viewed as a regulation mechanism, at the state level, on the growth of upper division level programs. This process should support the phase-in of new enrollment for identified programs at levels that sustain instructional quality. Some planning limit on new program implementation would assist in maintaining the balance between new programs and the historical open door access.*

Rationale:

Again, the strength of the existing community college funding allocation formula provides a recognized and established means to handle FTE transitions. When enrollments were hard hit by the hurricanes in 2005, the formula was modified to allow for a three-year recovery period for any institutions negatively impacted. This adjustment allowed institutions to utilize a fixed FTE level (the actual enrollment prior to the hurricanes) rather than utilizing greatly reduced enrollment levels that were the result of the hurricane dislocations and related issues. Over the specified time, as new enrollments materialized, the fixed levels were replaced by new, actual enrollments.

In the case of upper division enrollments, it should be expected that the needs assessment underlying the program approval process will be strong enough to project a healthy program enrollment level after the initial three year start-up period. (Appendix D) The historical community college funding allocation formula is premised on a three-year average of enrollments (two years actual enrollments and one year approved estimates for current year); no projection methodology is employed to justify appropriations or allocations. The establishment of a hybrid actual/projected enrollment basis for upper division baccalaureate programs might be explored as the next logical step in the refinement of the funding model for all Florida College System enrollments.

Recommendation Five:

The calculations that guide the planning and distribution of Public Education Capital Outlay (PECO) funds should be adjusted to recognize and include the growth of upper division FTE for all institutions in the Florida College System. Methodologies should be explored with legislative staff to insure the equitable distribution of available PECO funding between the state's three public educational delivery systems (K-12, Florida College System, and State University System).

Rationale:

Florida College System institutions, other than Saint Petersburg College, are not currently authorized to request PECO funding to accommodate upper level enrollments. Methodology should be changed to allow the use of all upper and lower level enrollments in Capital Outlay-Full Time Enrollment (CO-FTE) calculations. In addition, the existing distribution of PECO resources must be examined and modified by the Commissioner of Education and the legislature to accommodate for the expanded mission of the Florida College System as well as the shifting enrollments associated with this expanded mission. Also, these accommodations are called for based on the continued substantial growth experience by the Florida College System, the declining enrollments in the state's K-12 System, and the stable/capped enrollments in the State University System. The value of this proposition is that it would establish the important precedent that funding, to the extent possible, will follow the students. Such a precedent is critically important in assuring the vitality of the upper division baccalaureate program mission assigned to the Florida College System by the Legislature.