

oppaga

Justification Review

Private Colleges and Universities Program
Department of Education

Report No. 03-70 December 2003



*Office of Program Policy Analysis
and Government Accountability*

an office of the Florida Legislature

OPPAGA provides supports the Florida Legislature by providing evaluative research and objective analyses to promote government accountability and the efficient and effective use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person (Claude Pepper Building, Room 312, 111 W. Madison St.), or by mail (OPPAGA Report Production, 111 W. Madison St., Tallahassee, FL 32399-1475).

Florida Monitor: <http://www.oppaga.state.fl.us/>

Project supervised by Jane Fletcher (850/487-9255)

Project conducted by Mark Frederick

Gary R. VanLandingham, OPPAGA Interim Director



The Florida Legislature

OFFICE OF PROGRAM POLICY ANALYSIS AND GOVERNMENT ACCOUNTABILITY



Gary R. VanLandingham, Interim Director

December 2003

The President of the Senate,
the Speaker of the House of Representatives,
and the Joint Legislative Auditing Committee

I directed our office to examine the *Private Colleges and Universities Program* administered by the Department of Education. OPPAGA reports findings and recommendations as required by the Government Performance and Accountability Act of 1994. Mark Frederick conducted the examination under the supervision of Jane Fletcher.

We wish to express our appreciation to the staff of the Department of Education for its cooperation and the many courtesies shown us during the course of the examination.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary R. VanLandingham".

Gary R. VanLandingham
Interim Director

Table of Contents

Executive Summary.....	i
Chapter 1: Introduction.....	1
Chapter 2: Florida Resident Access Grant.....	4
Chapter 3: University of Miami Health Programs.....	13
Chapter 4: Private Historically Black Colleges.....	18
Chapter 5: Academic Program Contracts.....	21
Appendix A: Program Evaluation and Justification Review Conclusions.....	25
Appendix B: List of Private Colleges and Universities.....	28
Appendix C: Florida Resident Access Grant Breakeven Analysis.....	29
Appendix D: Performance Measures Approved by the Legislature for Fiscal Year 2003-04.....	31
Appendix E: Agency Responses.....	32

Executive Summary

Justification Review of the Private Colleges and Universities Program

Purpose

This report presents the results of OPPAGA's program evaluation and justification review of the Private Colleges and Universities Program administered by the Department of Education. Justification reviews assess agency performance measures, evaluate program performance, and identify policy alternatives for improving services and reducing costs. Appendix A summarizes our overall conclusions regarding the program.

Background

The Private Colleges and Universities Program provides financial assistance to Florida private colleges and universities through tuition vouchers, grants, and contracts in order to help meet the postsecondary education needs of Florida citizens. The program has four subprograms.

Florida Resident Access Grant. The state provides tuition equalization grants to reduce the gap between public and private tuition, make private institutions more affordable to Florida residents, support a strong dual system of education, and reduce the tax burden on Florida citizens.

University of Miami health programs. The Legislature appropriates funds to the University of Miami to subsidize the tuition of Florida residents attending the state's first accredited medical school. The state also provides grants to subsidize various health services, education, and research projects at the University of Miami.

Historically black colleges. The Legislature appropriates funds supporting various activities to promote recruitment, retention, and graduation of students attending the three private historically black colleges: Bethune-Cookman in Daytona Beach, Edward Waters College in Jacksonville, and Florida Memorial College in Miami.

Academic program contracts. The Department of Education contracts with private colleges and universities to provide education to Florida residents at reduced tuition rates in certain high-demand or unique degree programs including engineering, health, and teacher education.

The Legislature appropriates general revenue to fund the program. For Fiscal Year 2003-04, the program was appropriated \$116,481,658, of which \$79,841,350 or 69% funded the Florida Resident Access Grant program.

Program Benefit and Placement ---

The Private Colleges and University Program is placed appropriately within the Department of Education, provides a public benefit, and should continue to be used as a strategy to meet the state's postsecondary education needs.

The Florida Resident Access Grant reduces the tuition and fees gap between private and public institutions by approximately 23%, making it more affordable for state residents to attend private colleges, which broaden student choice, makes private institutions more competitive with the public sector, and supports a strong dual postsecondary education system.

The appropriation to the University of Miami subsidizes the operation of its medical school and various health services, education, and research projects. In return, the medical school gives admissions preference to Florida residents at reduced tuition.

Three historically black private colleges—Bethune-Cookman College, Edward Waters College, and Florida Memorial College—are appropriated state funds to improve student access, retention, and graduation. These institutions provide educational opportunities to academically and economically disadvantaged students who might otherwise have limited opportunities to pursue a postsecondary education.

The academic program contracts provide Florida residents access to educational programs and facilities that are intended to meet needs unfilled by the public postsecondary education system at reduced tuition.

Abolishing this program would force students or private institutions to cover the cost difference to continue attending private institution, seek a lower cost education alternative, or discontinue their education. Private institutions, particularly those significantly dependent on state revenues, would have to cut expenditures, recruit full paying students, or risk a financial emergency if students were unable to make up the difference in tuition cost.

Performance and Accountability ---

The Legislature first approved performance measures for Fiscal Year 2001-02, but due to a lack of baseline and historical data did not establish performance standards for the Private Colleges and Universities Program. Consequently, we could not evaluate the system's progress towards meeting

expected outputs and outcomes. We used available data to draw the conclusions presented below about program performance.

Florida Resident Access Grant. Between 1997-98 and 2001-02, private colleges and universities awarded an average of 12,400 baccalaureate degrees per year. This represents 26% of total baccalaureate degrees awarded in the state. In 2001-02, 50% of the students attending private colleges and universities received a bachelor's degree within six years of their initial registration in college; the state university system has a graduation rate of 60%.

University of Miami health programs. Of the medical doctors educated in Florida, on average, 41% graduate from the University of Miami medical school. These students perform similarly to students attending Florida's public medical schools and better than the national average on the United States Medical Licensing Exam.

Historically black colleges. The number of students admitted to Bethune-Cookman College, Edward Waters College, and Florida Memorial College has generally increased, the freshmen retention rate has improved, the total number of graduates has increased, and passage rates on license and certification exams are high. The graduation rate for all three colleges is less than 40%.

Academic Program Contracts. Contracted academic programs generally perform well, with 100% retention rates for biomedical sciences, engineering, motion pictures, speech language pathology, and social work programs. Similarly, graduation rates for all contracted programs that report data are over 55%.

The approved performance measures have relevance and utility and should be retained. We recommend that the department and the private institutions continue to work to establish clear reporting requirements, definitions, and collection protocols for all legislative measures. However, there are no measures for the University of Miami Medical School. We recommend that the Legislature adopt three measures for the school, including the number of medical doctor degrees awarded, Step 2 pass rate on the United States Medical Licensing Exam, and the number and percentage of first year medical school students, disaggregated by in-state and out-of-state and by gender and race.

Due to resource constraints and a lack of available performance data and standards, the Department of Education's inspector general has not reviewed source documentation and documentation processes to determine the reliability of the program's performance data. We recommend that the Department of Education determine the validity of the measures and the accuracy of the associated data for each legislative and education accountability measure, as required by law.

Options for Improvement

To ensure achievement of program goals three issues should be addressed, including the cost-effectiveness of the Florida Resident Access Grant, clarifying residency requirements for state financial assistance at private institutions, and assigning responsibility for establishing and reviewing academic program contracts.

The Florida Resident Access Grant program's impact on helping the state avoid the costs of expanding the public community college and university system cannot be determined with available data. Although FRAG recipients are a growing percentage of state undergraduate students, it is not clear whether enough students are drawn away from public institutions to reduce the net tax burden on Florida citizens. To address this concern, the Legislature could consider five options: (1) continue the program with no modifications to program administration, grant award criteria, or statutory goals; (2) increase the FRAG award amount to equate to the state's subsidy of students attending public institutions; (3) set the FRAG award amount where it would induce enough students to ensure cost-effectiveness; (4) award FRAG grants on a needs basis; and (5) discontinue the program.

Private institutions are not required to follow the same residency determination process as public institutions. As a result, private institutions do not collect adequate information to determine residency status, which creates the potential for state financial aid to be awarded to non-resident students. We recommend that private colleges and universities be required to follow Rule 6C-7.005, *Florida Administrative Code*, when making residency decisions and that the clarifying options suggested by our public institution residency report be applied to private institutions.

Since the abolishment of the Postsecondary Education Planning Commission in 2001, no state entity has been assigned responsibility for evaluating existing contract programs and for reviewing the need for academic contracts. To ensure that academic program contracts appropriately benefit the state, we recommend that the State Board of Education direct its staff in the Division of Colleges and Universities to work with the Workforce Estimating Conference to identify academic program needs unmet by the public institutions. Then have staff make recommendations for future contracts in needed academic programs.

Agency Response

The Commissioner of Education and the Executive Director of the Independent Colleges & Universities of Florida each provided written responses to our preliminary and tentative findings and recommendations. (See Appendix E, page 32.)

Introduction

Purpose

This report presents the results of OPPAGA's program evaluation and justification review of the Private Colleges and Universities Program administered by the Department of Education. Justification reviews assess agency performance measures, evaluate program performance, and identify policy alternatives for improving services and reducing costs. Appendix A summarizes our overall conclusions regarding the program.

Background

The Private Colleges and Universities Program provides financial assistance to Florida private colleges and universities through tuition vouchers, grants, and contracts in order to help meet the postsecondary education needs of Florida citizens.¹ The program is made up of four subprograms.

Florida Resident Access Grant. In 1979, to counter the declining percentage of students enrolled at private institutions, the Legislature enacted Ch. 79-222, *Laws of Florida*, creating the Tuition Voucher Program, renamed the Florida Resident Access Grant Program in 1994.² The program provides tuition equalization grants to reduce the gap between public and private tuition, make private institutions more affordable to Florida residents, support a strong dual system of education, and reduce the tax burden on Florida citizens. Currently, 28 private colleges and universities are eligible to receive Florida Resident Access Grants (FRAG).³ These institutions are nonprofit, accredited by the Southern Association of Colleges and Schools, located and chartered in the state, and grant secular baccalaureate degrees.⁴ Students must be

¹ The scope of this review includes only the private institutions that receive appropriations through this program.

² Section 1009.89, *F.S.*

³ These 28 private colleges and universities serve diverse student populations and offer a wide variety of undergraduate programs. They include liberal arts colleges; universities emphasizing technology, aerospace, and health programs; three historically black institutions; an art school; and colleges with strong religious orientations. An additional school (Beacon College) became eligible to receive the FRAG in 2003-04.

⁴ Accredited by the [Southern Association of Colleges and Schools \(SACS\)](#).

Introduction

Florida residents and full-time, degree-seeking undergraduates and may not be enrolled in a program leading to a degree in theology or divinity.

University of Miami health programs. Since 1951, the Legislature has appropriated funds to the University of Miami to subsidize the tuition of Florida residents attending the state's first accredited medical school.⁵ The state also provides grants to subsidize various health services, education, and research projects at the University of Miami.

- The Center for Research in Medical Education provides a variety of training opportunities for medical students, emergency medical technicians, and emergency medical skills instructors, develops cardiac simulation projects, and disseminates information through publications and presentations.
- Sylvester Comprehensive Cancer Center conducts research in a variety of areas including breast cancer, lung cancer, treatment for multiple myeloma, causes of malignant disease, and effects of anticancer drugs.
- The Southeastern Florida Regional Diabetes Program serves children and adults with diabetes mellitus by providing diabetes care and teaching patients and professionals about the disease.

Historically black colleges. Since 1985, the state has issued grants for various activities at three private historically black colleges: Bethune-Cookman in Daytona Beach, Edward Waters College in Jacksonville, and Florida Memorial College in Miami. The grants support educational initiatives, library resource upgrades, building restoration programs, campus security projects, new program start-up costs, and activities to promote recruitment, retention, and graduation of students attending these institutions.⁶

Academic program contracts. Since 1975, the Department of Education has contracted with private colleges and universities to provide education to Florida residents at reduced tuition rates in certain high-demand or unique degree programs including engineering, health, and teacher education.⁷

Program structure

The Department of Education administers the Private Colleges and Universities Program. Under Florida's new governance structure for education, effective January 1, 2003, the state education system has been merged into a single K-20 system that includes kindergarten through twelfth grade and community college and university systems. The system

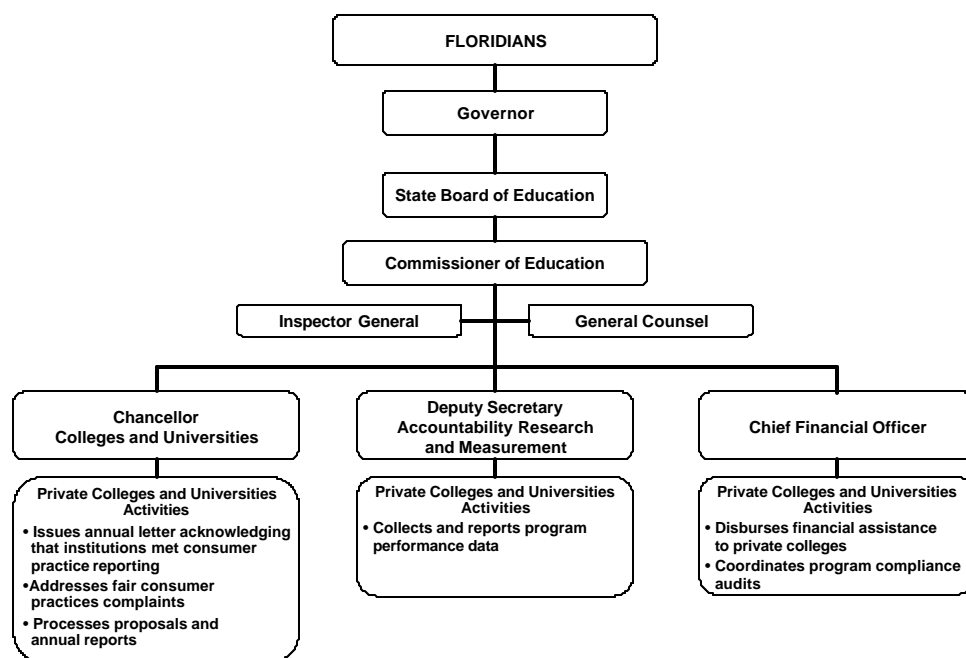
⁵ Section 1011.52, *F.S.*

⁶ Section 1006.59, *F.S.*

⁷ Section 1001.02(2)(p), *F.S.*

is overseen by the State Board of Education, which consists of seven members appointed by the Governor.⁸ In addition, in 2002 voters approved a constitutional amendment to restore a statewide board to oversee the 11 public universities.⁹ A 17-member board of governors is responsible for defining the distinctive mission of each university to avoid duplication of facilities or programs. Exhibit 1-1 shows the current organizational units that administer the Private Colleges and Universities Program within the system.

Exhibit 1-1
Organizational Units Administering the Private Colleges and Universities Program



Source: State Board of Education.

Program funding

The Private Colleges and Universities Program was appropriated \$116,481,658 from the General Revenue Fund for Fiscal Year 2003-04. Private institutions and their students receive state funds through several mechanisms, not all of which are accounted for within this budget entity (e.g., Bright Futures scholarships that some students attending private schools receive are funded through other budget entities).

⁸ Section 2, Article IX of the state constitution creates a State Board of Education with seven members appointed by the Governor and requires the new State Board of Education to appoint the Commissioner of Education.

⁹ Section 7(d), Article IX of the state constitution creates the Statewide Board of Governors with 17 members: 14 members appointed by the Governor, plus the commissioner of education, the chair of the advisory council of faculty senates, and the president of the Florida student association.

Florida Resident Access Grant

The Florida Resident Access Grant (FRAG) provides financial assistance to Florida residents who attend in-state private colleges and universities. The grants are intended to accomplish three goals.¹⁰ First, they broaden student college choice by reducing the tuition difference between public and private institutions. Second, the grants help support a strong system of independent postsecondary institutions. Finally, the grants are intended to produce savings by encouraging students to attend private institutions, thus avoiding costs associated with expanding the state's public community colleges and universities to serve these students.

The Legislature appropriated \$79,841,350 for FRAG in Fiscal Year 2003-04. The grants, in the maximum amount of \$2,251 per year, are provided to approximately 35,468 students who attend eligible private colleges and universities within the state. See Appendix B for a list of these institutions.

FRAG increases choice and supports private institutions; impact on cost avoidance is unclear

The Florida Resident Access Grant program has achieved its objectives of supporting student choice and helping to sustain a strong private postsecondary education system, but available data does not enable a comprehensive study to be done to determine the extent to which it produces net savings to the state.

The FRAG program is meeting its goal of reducing tuition differences between private and public institutions. Florida's private institutions charge higher tuition rates than public community colleges and universities, which receive a portion of their budgets from state funding. In 2002-03, the average tuition of the private institutions was \$11,700 higher than that charged by public universities. The FRAG reduced this difference by approximately 23% (ranging from 12% to 141%), thus making it more affordable for state residents to attend private colleges and broadening student choice. For some students, private institutions have qualities that make them more desirable than public colleges or universities. For example, private colleges and universities are typically smaller than public institutions and often have specialized missions (e.g., Ringling School of Art and Design) that are not characteristic of state

¹⁰ Section 1009.89(1), F.S.

universities or community colleges. Appendix B describes each private college and university. Between 1998-99 and 2002-03, the Legislature increased its appropriation for FRAG from \$40.8 million to \$79.8 million.¹¹ During this period, FRAG recipients as a percentage of all full-time undergraduate students grew from 9% to 11%, indicating that Florida residents chose to attend private institutions at an increasing rate.

The program is also meeting its goal of supporting private colleges and universities. The \$79.8 million in FRAG funds, which are paid directly to institutions, provides some private institutions with a substantial funding source. For instance, 26% (7 of 27) of private institutions received more than 10% of their annual revenue from the FRAG.¹²

The program's impact on reducing taxpayer costs cannot be determined using available data. The per-student cost of providing FRAG grants is clearly lower than the cost of serving students in public institutions. In Fiscal Year 2001-02, the state provided an average of \$8,147 in funding to public universities for each full-time undergraduate student, compared to the \$2,575 FRAG grant to students who attended eligible private colleges. Although the state spent an average of \$5,572 less for FRAG recipients, these savings would accrue only for those students who would have attended a public institution if they had not received the FRAG grant. However, many of these students likely would have attended a private college irrespective of the FRAG grants due to the factors discussed above.

To achieve cost avoidance, the program would need to draw enough students from the public institutions to offset the state's postsecondary education costs by an amount equal to or exceeding the cost of providing the grants. As shown in Exhibit 2-1, in Fiscal Year 2001-02 this breakeven point would have been reached if 8,585 students (32% of grant recipients) divert from private to public universities in the absence of their FRAG awards. See Appendix C for more information about our analysis.

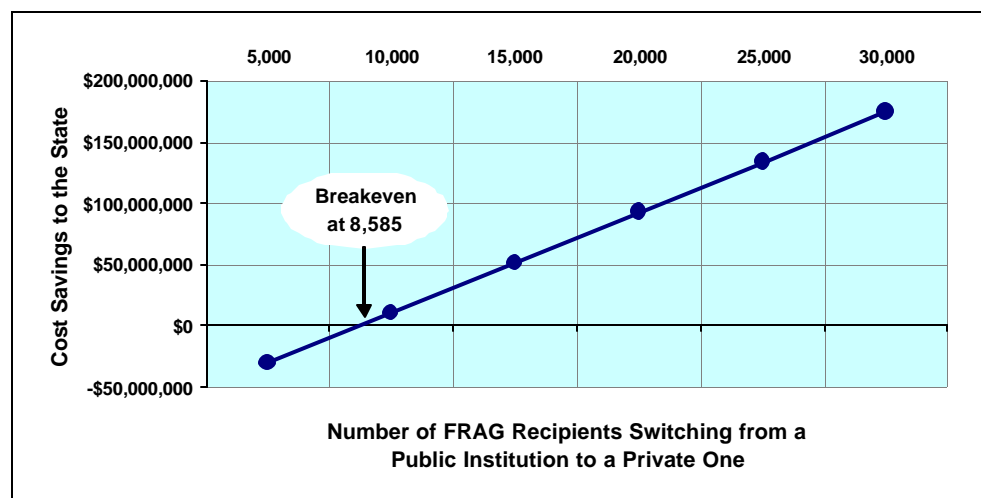
Data is not available to determine how many students are drawn away from public institutions due to the FRAG grants. Many factors influence students' decisions on where to attend college, including location, available programs, personal preference, costs, and the availability of federal, state, institutional, and private financial aid. Statewide data does not exist on the family income and financial aid received by all students who attend private colleges, nor is information available on whether students and families would have made different college choices if FRAG grants were unavailable. As the number of FRAG recipients that would be diverted to public institutions in the absence of FRAG is unknown, we are unable to assure the Legislature that the program is meeting its statutory goal of reducing the tax burden on Florida's citizens.

¹¹ The appropriation accommodated increasing the maximum grant 49%, from \$1,800 in 1998-99 to \$2,686 in 2002-03 and 55% more grant recipients from 21,657 in 1998-99 to 33,498 in 2002-03.

¹² Based on the total revenue for 27 schools and FRAG awards, we determined that on average schools received 3% of their annual revenue from FRAG.

Exhibit 2-1

FRAG Would Fully Offset Costs If at Least 8,585 Grant Recipients Would Have Attended a Public University in the Absence of the Award



Source: Department of Education, Division of Colleges, Universities and Office of Student Financial Assistance, and OPPAGA calculations.

We analyzed five options that the Legislature could consider to address the uncertain cost-effectiveness of FRAG.¹³

- Continue the current program.
- Increase the FRAG award level to make it comparable to the state's subsidy of students attending public institutions.
- Set the FRAG award amount at the level necessary to induce enough students to ensure cost-effectiveness.
- Award FRAG grants on a needs basis.
- Discontinue the program.

The advantages and disadvantages of these options are discussed below.

Continue FRAG with no modifications. By choosing this status quo option, the Legislature would continue FRAG with no changes to eligibility requirements, grant awards, or statutory goals. The program would likely continue to support student choice and help sustain a strong private postsecondary education system. However, the program's cost-effectiveness would remain uncertain, with the possibility of the grant being awarded to students already planning to attend private institutions or to students with little or no financial need.

Increase FRAG award level. In this option, the Legislature would increase the FRAG award level to make it comparable to the state cost of

¹³ Chapter 2003-65, *Laws of Florida*, created the Access to Better Learning and Education Grant Program (ABLE), similar to the FRAG, but making independent for-profit colleges and universities eligible to receive state funding. The Legislature may wish to consider applying these FRAG options to the ABLE grant as well.

subsidizing students who attend public colleges and universities. This option would have the effect of creating a voucher system by which the state would provide equivalent amounts of funding for students irrespective of whether they attend a public or private institution.

Under this option, the program goals of increasing student choice and providing support for a strong dual system of postsecondary education would be maximized. However, there are caveats associated with this option. First, it could substantially increase the state's costs of FRAG. For example, increasing the grant level to \$8,147 (the average state funding to public universities for each full-time undergraduate student) would require an estimated additional \$209 million in state resources to support the current number of FRAG recipients. However, if the option promoted a significant shift of students from public to private universities, FRAG funding requirements could be substantially higher. Such a shift could have far-ranging effects on the state's university system that would need to be analyzed carefully to avoid unanticipated costs such as underutilized facilities.

Set FRAG award at a cost-effective level. In this option, the Legislature would establish FRAG award amounts based upon additional research that establishes the precise grant level necessary to achieve the breakeven point at which the program produces cost savings. At this point, the state's cost of the FRAG program would match the expense it would have incurred if enough students receiving the grant had attended a public institution.

Establishing this grant amount would require private institutions to report additional information, such as tuition and fee levels and all financial aid received by students. This also would require FRAG recipients to complete the Free Application for Federal Student Aid, which includes detailed information about student financial status. Based on this information, the Department of Education would annually calculate the award levels and program requirements needed to ensure the program's cost-effectiveness. Requiring private colleges and universities to report information on their use of funds and students would increase their administrative costs as well as raise concerns about releasing students' financial and academic information.

Make FRAG need-based. In this option, the Legislature would award the FRAG on a financial need basis rather than to all qualified students who attend an eligible private college or university. This would reduce program costs while supporting the state policy that a majority of state financial assistance be need-based.¹⁴

¹⁴ Section 1000.93(2)(a), *F.S.*

For example, in Fiscal Year 2002-03, 35% of FRAG recipients also received state need-based financial assistance.¹⁵ Limiting FRAG awards to these students and maintaining grant amounts at the current level would reduce program expenditures to \$27.9 million, \$51.9 million less than the current appropriation. Alternatively, the Legislature could increase FRAG award amounts to students with financial need and maintain the current program appropriation level. While only the first alternative would result in cost savings, either approach would help to ensure that economically disadvantaged students receive the full benefit of state-funded financial assistance and experience increased access to private institutions.

However, this option has disadvantages. By reducing the number of students who receive FRAG awards, it would adversely affect two of the program's statutory goals - supporting student choice and helping to sustain a strong private postsecondary education system. Under this option, college choice would be increased for students with economic need but decreased for other students. The option also would have a negative fiscal impact on private institutions that currently receive a substantial percentage of their funding from FRAG.

Discontinue FRAG. The fiscal impact of eliminating the FRAG award is uncertain because the number of FRAG recipients that would be diverted to public institutions is unknown. Discontinuing the program would adversely affect the 35,468 students who currently receive the awards as well as the institutions that serve these students. Without the grant, these students would either be required to obtain funding from other sources (e.g., student loans), or they could be financially required to switch to public institutions where tuition costs are lower. This could increase costs at some public institutions that would need to increase their enrollments to serve these students. Private institutions, particularly those which receive a significant percentage of their total funding from the FRAG, could suffer a fiscal hardship if students dropped out or transferred to a public university.

Residency determination process could be improved

Private colleges and universities are responsible for evaluating the resident status of students to determine if they are eligible for the Florida Resident Access Grant and other state financial aid. However, private institutions are not required to follow the same residency determination process as public institutions, and they use less stringent requirements. As a result, there is an increased potential for state financial aid to be awarded to non-resident students.

¹⁵ This 35% represents only students who received state financial aid and does not include FRAG recipients who received Pell Grants, Stafford and Perkins Loans, and other forms of assistance.

To receive a FRAG award, students must meet Florida residency requirements outlined in law, which govern residency for both public and private institutions. In general, students qualify for in-state residency if they or their parents/legal guardians have lived in Florida for at least 12 months prior to the student's residency qualification. However, private colleges and universities are not required to abide by Rule 6C-7.005, *Florida Administrative Code*, which provides guidance on making residency determinations for public institutions. These guidelines go beyond the rules and policy manuals that private institutions use to make residency decisions. The private institutions are required to contract with independent certified public accountants on a biennial basis for program audits of state student financial aid and FRAG awards.¹⁶ As part of these audits, residency determination decisions are examined on a sample basis. The outside auditors are required to examine a random sample of 50 award recipients at each institution and confirm that a Florida address, as well as a sworn statement of compliance with residency requirements, is on file.¹⁷

Our examination of student financial aid files and private institution compliance audits found that while private institutions generally made appropriate residency decisions, in some cases state financial aid was apparently awarded to non-resident students. We examined a random sample of 404 files used by private universities and colleges to determine state financial aid eligibility and identified five students who were incorrectly classified as Florida residents and received the FRAG. These students' files contained no documentation that would justify the institution's decision to classify them as Florida residents. In addition, we determined that the private institutions frequently collected insufficient documentation for student dependency status and proof of 12-month residency.

Dependency status is an important factor in the residency determination process because, for dependent students, the residency of their parents or legal guardians must be examined. However, our analysis found that while 65% of the students in our sample were less than 24 years of age and therefore likely to qualify as dependent, there was little documentation that the institutions had determined the dependency status of the students or their parent/legal guardian state of residency. Moreover, the information that the private institutions had collected was often inadequate to verify residency. To determine whether the 12-month residency requirement has been met, institutions should collect documents including Florida driver licenses, voter registrations, and vehicle registrations. In our sample, only

¹⁶ Rule 6A-20.0021, *Florida Administrative Code*. We examined 27 compliance audit reports for Fiscal Year 2000-01; 25 of these audits reported that the private institutions were adhering to state financial aid eligibility guidelines for FRAG. Two of these reports questioned FRAG costs due to ineligible students receiving awards. In 2001-02, the Office of Student Financial Assistance found 1 of 23 reports questioned FRAG costs due to ineligible students receiving awards.

¹⁷ Rule 6A-20.0021, *Florida Administrative Code*, requires a sample of 50 or 25% of the total award recipients, whichever is less.

20% of the files included a driver's license number, 3% included a voter registration number, and 2% included a vehicle registration number.

In a previous report, OPPAGA expressed similar concerns about the processes used by public colleges and universities to make residency determinations.¹⁸ Specifically, we reported that residency classification criteria and procedures are unclear and inconsistently applied, current residency criteria provide insufficient guidance for determining student dependency status, and public institutions apply different residency documentation requirements. The report recommended that the Legislature consider several options for clarifying state residency criteria for public institutions, including amending the *Florida Statutes* and the *Florida Administrative Code* to clarify residency criteria. We recommend that these same clarifying options be applied to private institutions, and that private colleges and universities be required to follow Rule 6C-7.005, *Florida Administrative Code*, when making residency decisions.

Private institutions are beginning to report required performance data; performance-based funding could be implemented once data is collected

Private institutions have not yet reported all required accountability data, and thus there is limited information available to assess Florida Resident Access Grant program outcomes. The Legislature has required since Fiscal Year 2001-02 that the Private Colleges and Universities Program report performance measures that are similar to those reported by the State University System, the program has yet to report this data for students who receive the FRAG. The Department of Education reports that private institutions have begun to collect and share performance information with the department, but data collection protocols need to be improved. Appendix D lists program performance measures.

Private institutions already report some performance information through an annual accountability report published by the Independent Colleges and Universities of Florida. This report includes baccalaureate degree production and graduation rates from each private institution, but does not provide separate data for FRAG grant recipients. The available data shows that between 1997-98 and 2001-02, private colleges and universities awarded an average of 12,400 baccalaureate degrees per year. This represents 26% of total baccalaureate degrees awarded in the state.¹⁹ The production of college graduates is an important economic

¹⁸ *Special Review: Non-Residents Qualify Too Easily for Much Lower Resident Tuition Rates, Report No. 03-29*, April 2003.

¹⁹ In 1999-00, compared with the State University System, private institutions accounted for 33% of the business and management baccalaureate graduates, 26% of the education baccalaureate graduates, and 18% of the health professional baccalaureate graduates.

development benefit for the state, as the need for college-level education is increasing, and the Florida Agency for Workforce Innovation estimates that there will be 540,000 new jobs created by 2009 in occupations requiring a baccalaureate degree. In 2001-02, 50% of the students attending private colleges and universities obtained bachelor's degrees within six years of their initial registration in college; the state university system has a graduation rate of 60%.²⁰ The department has established an agreement with private institutions to report student-level data to track workforce outcomes and is currently developing such outcomes for 2001-02 graduates.

In addition, the State Board of Education is implementing a performance accountability system to assess the effectiveness of Florida's kindergarten through graduate school public education delivery system and to show what citizens receive in return for educational funding.²¹ Section 1008.31(2), *Florida Statutes*, requires that the State Board of Education cooperate with each delivery system to develop proposals for performance-based funding, using measures adopted pursuant to this law. Because private colleges and universities are not components of the public education system, they are not currently subject to performance-based funding. However, once the department and private institutions establish clear reporting requirements, definitions, and collection protocols for all legislative measures and gather baseline performance information that has been verified by the department's inspector general, the Legislature could consider using the measures to establish a performance-based funding system for private institutions that receive state funds. Including such institutions in the education performance accountability system would create a fair incentive system to help ensure that legislative outcomes are achieved.

Conclusions and recommendations

The Florida Resident Access Grant reduces the cost to attend private colleges and universities, thereby increasing student choice while supporting private institutions. However, because the number of FRAG recipients that would divert to public institutions in the absence of FRAG is unknown, we are unable to assure the Legislature that the program is meeting its statutory goal of reducing the tax burden on Florida's citizens. To address this concern, the Legislature could consider five options: (1) continue the program with no modifications to program administration, grant award criteria, or statutory goals; (2) increase the FRAG award amount to equate to the state's subsidy of students attending public institutions; (3) set the FRAG award amount where it

²⁰ 2002 Accountability Report: Quality, Productivity, Diversity, and Access, Independent Colleges and Universities of Florida, August 2003.

²¹ The Legislature established a timeline for the board to develop a comprehensive performance funding formula by December 2004.

would induce enough students to ensure cost-effectiveness; (4) award FRAG grants on a needs basis; and (5) discontinue the program.

Private institutions are not required to follow the same residency determination process as public institutions. As a result, private institutions do not collect adequate information to determine residency status, which creates the potential for state financial aid to be awarded to non-resident students. We recommend that private colleges and universities be required to follow Rule 6C-7.005, *Florida Administrative Code*, when making residency decisions and that the clarifying options suggested by our public institution residency report be applied to private institutions. Specifically, to improve the residency classification process, we recommend that the Legislature consider amending state law to require that students (or their parents if the students are dependents) must maintain legal residence in the state for at least 12 months immediately prior to their initial enrollment or registration at a Florida postsecondary institution to be eligible for classification for in-state residency. We also recommend that the Residency Committee take the actions described below.

- Modify the Postsecondary Residency Guidelines to clarify the minimum documentation requirement for “all Florida” (Florida high school graduation and Florida permanent and emergency addresses) applicants and other applicants to be classified as Florida residents.
- Modify the standard residency form in applications to include questions about filed taxes or earned wages. These questions should be answered by the person claiming Florida residency and should cover the most recent to two years prior to enrollment.
- Consider routinely requesting copies of documents such as certified tax returns or wage/earnings statements.
- Develop standards to evaluate students’ independent status. A standard definition may be a student earning or possessing funding to provide for at least 51% of the true cost of living expenses.

Because the private institutions and the Department of Education have reported only limited performance information for the approved program measures, legislative standards have not been established to evaluate program performance. We recommend that the department and the private institutions establish clear reporting requirements, definitions, and collection protocols for all legislative measures. Once baseline performance information is collected and the Department of Education’s inspector general has verified measure validity and reliability of associated data, we recommend that the Legislature consider using the measures to establish a performance-based funding system for private institutions receiving state funds.

University of Miami Health Programs

Through this program component, the Legislature supports various education, health service, and research projects at the University of Miami (UM). These include the university’s medical school and medical training and simulation laboratory, as well as its cancer research and regional diabetes center. The Legislature appropriated \$20.3 million to support these activities in Fiscal Year 2003-04.²²

Medical school. The largest portion of the Fiscal Year 2003-04 appropriation to the University of Miami is \$14.9 million to subsidize the operation of its medical school. This subsidy encourages the school to give admission preference to Florida residents, providing qualified applicants access to the highly limited supply of medical school positions. As shown in Exhibit 3-1, the medical school received over 2,600 admission applications for the 2003-04 school year, and interviewed and accepted more Florida than non-Florida applicants.²³

Exhibit 3-1
UM Medical School Accepted a Higher Percentage of Florida Residents

	Florida Residents		Non-Florida Residents		Total
	Number	% of Total	Number	% of Total	
Applications	1,183	45%	1,440	55%	2,623
Interviewed	225	69%	100	31%	325
Applicants Accepted	106	75%	35	25%	141

Source: University of Miami School of Medicine data for the class of 2003-04.

This subsidy also helps meet the state’s need for physicians, as most physicians in Florida come from out of state.²⁴ The University of Miami graduates, on average, 41% of the medical doctors educated in Florida (see Exhibit 3-2).

²² In 2003-04, the Legislature moved funding (\$1,426,000) for the brain and spinal cord research from the Private Colleges and Universities Program to the Department of Health, Health Care Practitioner and Access Program’s Community Health Resources program.

²³ The medical school changed its admission policy and began increasing the number of students it accepts from states other than Florida without an increase in the number of total students in 2003-04. The percentage of new students enrolled from Florida dropped from 86% to 75% between 2002-03 and 2003-04.

²⁴ *Summary of Findings of an Assessment of the Adequacy and Capacity of Florida’s Medical Education System*, MGT of America Inc., March 1999.

**Exhibit 3-2
UM Medical School Produces 41% of Florida Medical Doctor Graduates Annually**

Medical School	1997-98 MDs	1998-99 MDs	1999-00 MDs	2000-01 MDs	2001-02 MDs	5-Year Total
University of Florida	117	117	115	120	107	576
University of South Florida	94	89	93	90	104	470
University of Miami	138	154	156	145	144	737
Total	349	360	364	355	355	1,783
University of Miami % of Total	40%	43%	43%	41%	41%	41%

Source: US Department of Education, Integrated Postsecondary Education Data System and the DOE Division of Colleges and Universities Fact Books.

Moreover, the subsidy allows the University of Miami to charge somewhat lower medical school tuition to Florida residents than to non-residents. Specifically, in 2003-04, Florida residents paid \$8,690 less than their out-of-state counterparts did for medical school tuition and fees at the University of Miami (\$28,180 compared to \$36,870).²⁵ However, tuition and fees at the university are higher than at the state’s public medical schools, which receive larger amounts of state funding. For example, the average resident tuition and fees for medical school at a public institution were \$15,499 in 2003-04.

Medical training. The state appropriated \$2.4 million (50% of program cost) to the University of Miami’s medical training and simulation laboratory in Fiscal Year 2003-04. The Center for Research in Medical Education provides a variety of training opportunities for medical students, instructors, and professionals, including on-site training for paramedics. Courses in basic and advanced cardiac life support and emergency management of acute myocardial infarction and acute stroke are provided for continuing education credits and certification. The state appropriation supports this training, including participant travel and hotel costs. Registration fees paid by some participants also support the program. In 2002-03, the program realized about \$245,000 from registration fees, primarily paid by the fire-rescue services in south Florida; the fees covered about 6% of the cost of providing the training.

Cancer research. The University of Miami ‘s Sylvester Comprehensive Cancer Center conducts research in a variety of areas including breast cancer, lung cancer, treatment for multiple myeloma, causes of malignant disease, and effects of anticancer drugs. The center was appropriated \$2,375,200 (1.4% of program cost) in Fiscal Year 2003-04. The center has used the state funds for various research projects, including one that has resulted in

²⁵ This tuition reduction is less than the \$29,901 state subsidy per Florida resident attending the University of Miami medical school.

successful phase I tests (i.e., showing that the vaccine is safe and is effective immunologically and potentially clinically) of a vaccine designed to generate an immune killer cell response in patients with advanced lung cancer.

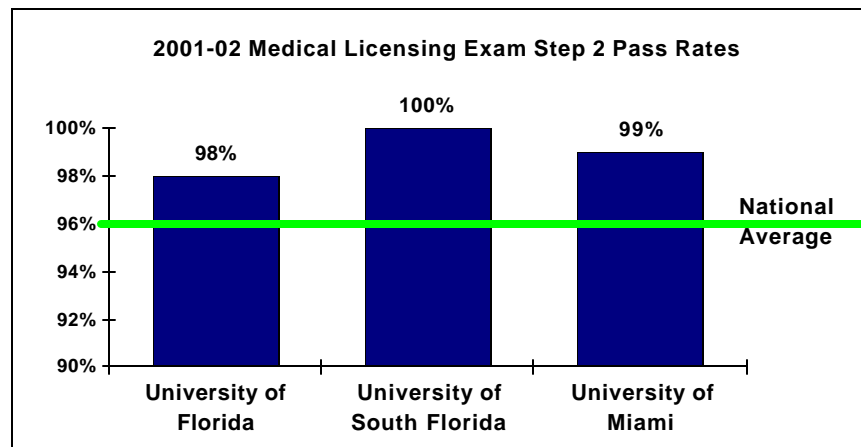
Diabetes education and services. The University's Southeastern Florida Regional Diabetes Program provides direct support to diabetic patients and provides patient, pre-professional, and professional education. The program was appropriated \$596,094 (100% of program cost and 4.1% of the Diabetes Research Institute budget) in Fiscal Year 2003-04. The program provides numerous educational activities including individual counseling and structured group programs for patients, courses for medical school students, and continuing professional development training.

UM medical school students perform as well as other state university students on national exams

University of Miami medical school students performed similarly to students attending Florida's public medical schools and better than the national average on the United States Medical Licensing Exam.²⁶ As shown in Exhibit 3-3, the University of Miami medical school student pass rate on Step 2 of the exam (taken by third year medical students) was 99% compared to 98% at the University of Florida, 100% at the University of South Florida, and 96% for the national average. Pass rates on step 1 of the exam range from 88% to 99%. These results indicate that the quality of the medical school education at the University of Miami is high and comparable to that provided by other institutions.

Exhibit 3-3

Public and Private Medical School Students in Florida Have Similar Pass Rates on Step 2 of the United States Medical Licensing Exam



Note: Pass rates are for all first-time exam takers through June 2002.

Source: University of Florida, University of South Florida, and University of Miami medical schools.

²⁶ The examination is a series of knowledge-based exams taken after their first (step 1) and third year (step 2) of medical school and after their first year of residency training (step 3).

Performance measures should be established for the medical school

Currently, the University of Miami is not required to report performance information to the Legislature regarding outcomes achieved through its medical school, medical training, cancer research, and diabetes education programs. The university does provide some data related to its medical training, cancer research, and diabetes education programs to the Department of Education. For example, for its medical training program, the university reports the number and type of participants trained. We feel that this performance information is sufficient, given the relative small size of the programs and the limited state funds that support them. However, because over 73% of the university’s Private Colleges and Universities Program appropriation is used to support the medical school, we believe that legislative performance measures should be adopted to improve accountability for state funds and to provide information to policymakers. Exhibit 3-4 provides our recommended performance measures.

Exhibit 3-4
UM Medical School Performance Measures Should Be Included in the 2004 Appropriations Act

Legislative Approved Measures for 2003-04	OPPAGA Comments	OPPAGA’s Recommended Measures
None	<p>We recommend that the Legislature add this measure.</p> <p>The number of medical school graduates each year reflects the product of the state subsidy to the University of Miami medical school.</p>	Number of medical doctor degrees awarded
None	<p>We recommend that the Legislature add this measure.</p> <p>To become licensed and practice medicine, all medical students are required to take the United States Medical Licensing Examination (USMLE). The examination is a series of knowledge-based exams taken after their first (step 1) and third year (step 2) of medical school and after their first year of residency training (step 3). These exams can be used as indicators of the results and quality of the medical education delivered at the institution.</p>	Step 2 pass rate on the United States Medical Licensing Exam for first-time exam takers
None	<p>We recommend that the Legislature add this measure.</p> <p>This measures Florida resident student access to medical education through enrollment and counters negative attempts to increase outcomes by altering admission policies. Disaggregating this measure by race is also important in order to track whether under-represented student populations’ access to medical school education is improving.</p>	Number/percentage of first year medical school students, disaggregated by in-state and out-of state and by ethnicity and gender

Source: General Appropriations Act and OPPAGA analysis.

Conclusions and recommendations

The University of Miami medical school provides Florida residents with admission preference for a limited number of positions at reduced tuition. Of the medical doctors educated in Florida, on average, 41% graduate from the University of Miami medical school. These students perform similarly to students attending Florida's public medical schools and better than the national average on the United States Medical Licensing Exam.

The University of Miami medical school is not required to report performance information to the Legislature. We recommend that the Legislature adopt performance measures for the University of Miami medical school, including the number of degrees awarded, the pass rate on the U.S. medical licensing exam, and the number and percentage of Florida residents admitted.

Private Historically Black Colleges

Through this program component, the state provides funding to the three historically black private colleges—Bethune-Cookman College, Edward Waters College, and Florida Memorial College. These institutions provide educational opportunities to academically and economically disadvantaged students who might otherwise have limited opportunities to pursue a postsecondary education.

The institutions were appropriated \$8.97 million in Fiscal Year 2003-04 to support the Legislature’s performance-based budgeting initiatives. The funds have been used for various educational initiatives including recruitment activities, academic skill enhancement programs, building restoration projects, library resource upgrades, new program start-up costs, and improved security measures. The state appropriation in 2003-04 averaged \$1,200 per student at Bethune-Cookman College and Florida Memorial College and \$3,000 per student at Edward Waters College.

Access, retention, and graduation outcomes show improvement over time

Several of the program’s legislative measures demonstrate that private historically black colleges are performing well. For example, the number of students admitted to the colleges generally has increased, the freshmen retention rate has improved, the total number of graduates has increased, and passage rates on licensing exams is high. However, graduation rates are relatively low at all three colleges, and concerns about data reliability limit the usefulness of some of the performance measures.

The Legislature approved seven performance measures that apply to the private historically black colleges (see Appendix D). However, we concluded that data reliability for two of the measures is questionable. Specifically, for the measures “of those graduates remaining in Florida, the percentage employed at \$22,000 or more one year following graduation” and “of those graduates remaining in Florida, the percentage employed at \$22,000 or more five years following graduation,” data reliability was questionable because there were discrepancies in the number of graduates reported for each cohort compared to U.S. Department of Education, Integrated Postsecondary Education Data System reports and Independent Colleges and Universities of Florida accountability reports.

Because of these limitations, we used only five legislative measures to evaluate program performance. The five measures are the number of first-time-in-college students admitted, the retention of these students, their graduation rates, the number of graduates produced, and license/certification passage rates. Historical data for these measures is shown in Exhibit 4-1.

Exhibit 4-1
Private Historically Black Colleges Show Increasing Outcomes Over Time

Historically Black Colleges and Universities		1997-98	1998-99	1999-00	2000-01	2001-02
Number of first time in college students, disaggregated by in-state/out-of-state						
	Bethune-Cookman	529/244	410/228	447/251	510/330	457/269
	Edward Waters	378/104	206/54	205/29	286/52	417/99
	Florida Memorial	285/147	340/159	360/192	454/175	527/195
Retention rate of freshman						
	Bethune-Cookman	76%	78%	74%	77%	81%
	Edward Waters	28%	60%	51%	50%	50%
	Florida Memorial	68%	51%	60%	76%	76%
Graduation rate (six-year rate)						
	Bethune-Cookman	32%	38%	36%	32%	28%
	Edward Waters	20%	20%	20%	23%	27%
	Florida Memorial	24%	20%	17%	28%	29%
Number of graduates						
	Bethune-Cookman	273	274	268	206	281
	Edward Waters	31	87	128	133	131
	Florida Memorial	182	145	154	204	195
Licensure/certification rates						
Nursing/	Bethune-Cookman	45%/100%	80%/100%	100%/100%	100%/100%	100%/100%
Education	Edward Waters	NA	NA	NA	NA	NA
Education	Florida Memorial	NA	NA	88%	87%	92%

NA = Not available.

Source: Florida Department of Education and private historically black colleges.

As shown in the exhibit, the number of students admitted to the colleges has fluctuated over the years but generally has increased over time, with the largest gains occurring at Florida Memorial College, which had an 85% increase in first-time-in-college in-state enrollment between 1997-98 and 2001-02. Similarly, the freshmen retention rate increased at all three colleges between 1997-98 and 2001-02, with the largest increase occurring at Edward Waters College. The total number of graduates also increased at all three colleges over the period, with the largest increase occurring at Edward Waters College. Moreover, license and certification passage rates were high at colleges that offer programs in nursing and education. However, the graduation rates at all three colleges were relatively low, with fewer than 40% of the students attaining bachelor's degrees within six years of enrollment. The colleges report that they are making efforts to improve their graduation rates, but the results of these efforts may not be demonstrated for several years.

Validity and reliability of performance data has not been established

Although the Department of Education's inspector general is required to determine the validity of each legislative performance measure and the reliability of associated data, this determination has not been completed for the program's measures.²⁷ The inspector general cited resource constraints and lack of available data as reasons for not conducting this review. Moreover, there are indications that the data reported for the private historically black colleges may not be fully accurate. For example, there is a discrepancy in the number of baccalaureate degrees awarded that is reported in the performance budget measures and the number of degrees reported to the U.S. Department of Education in its Integrated Postsecondary Education Data System.²⁸ Consequently, our discussion of program performance is provided without the full assurance that the associated data is accurate.

Conclusions and recommendations

The private historically black colleges serve a public benefit by providing educational opportunities to academically and economically disadvantaged students who might otherwise have limited opportunities to pursue a postsecondary education. Several legislative performance measures show that the colleges have improved their enrollment and retention, but the institutions should take additional steps to increase their graduation rates, which remain relatively low.

To improve confidence in the performance measures, an independent entity should assess the reported performance data. We recommend that the department's inspector general determine the validity of the measures and reliability of associated data for each of the program's legislative performance measures, which would resolve the accuracy problems with the two measures that we could not use in our analysis.

²⁷ Required by s. 20.055, *F.S.*

²⁸ For example, the number of graduates produced in 1999-00 by Edward Waters College was reported as 174 to the Florida Department of Education, but was reported as 128 to the U.S. Department of Education.

Academic Program Contracts

Since 1975, the state has contracted with Florida private colleges and universities to enable residents to participate at reduced tuition rates in selected academic programs. These contracts are intended to provide Florida residents access to educational programs and facilities that meet needs unfilled by the public postsecondary education system.²⁹ In Fiscal Year 2003-04, the state contracted with four private universities to provide programs in 11 academic areas. Exhibit 5-1 indicates that the Legislature appropriated \$7.3 million for these contracts in Fiscal Year 2003-04 and includes funding information by institution.³⁰

Exhibit 5-1
Florida Appropriated \$7.3 Million for Academic Programs in 2003-04

Private College and University Academic Program Contracts	2003-04
Barry University	
BS/Nursing	\$81,436
MSW/Social Work	81,422
Florida Institute of Technology	
BS/Engineering	\$163,507
BS/Science Education	43,665
Nova Southeastern University	
Osteopathy ¹	\$2,944,218
Urban, Rural Unmet Needs ¹	125,000
Pharmacy ¹	1,079,014
Optometry ¹	1,042,518
MS/Speech-Language Pathology	91,368
University of Miami	
Ph.D./Biomedical Sciences ¹	\$1,076,200
Ph.D./Marine and Atmospheric Sciences	241,473
BS/Motion Pictures	349,897
Total	\$7,319,718

¹ Academic programs appropriated funds for 2003-04 without a contracting requirement.
 Source: General Appropriation Acts and Division of Colleges and Universities for allocation of funds.

²⁹ Section 1001.02(2)(p), F.S.

³⁰ In prior years, the state had contracted for as many as 19 programs at the private colleges.

Several contracted programs perform well, but data is incomplete and data verification is needed

As part of contract terms and conditions, institutions are required to provide certain information on the programs that receive state funds. For example, institutions under contract must report, via the *Annual Renewal and Performance-Based Budgeting Report*, retention and graduation rates for award recipients, number of graduates, number of degrees granted, and other information (see Exhibit 5-2). However, since 2001-02, the Legislature has appropriated funds to four academic programs without requiring the programs to report performance data (Nova Southeastern University osteopathy, pharmacy, and optometry programs and University of Miami biomedical sciences program). Consequently, the Nova Southeastern University programs have not reported performance information for the last two fiscal years.

Available information shows that contracted academic programs generally perform well. For example, the retention rates for social work, engineering, speech language pathology, biomedical sciences, and motion pictures contracted programs are at 100%. Similarly, graduation rates for all contracted programs that report data are over 55%.

While we believe that the current performance measures provide useful information, we have concerns about the reliability of performance data. Although the Department of Education's inspector general is required to determine the validity of the measures and the reliability of the associated data for each legislative performance measure, this determination has not been completed for the program's measures.³¹ The inspector general cited resource constraints and lack of available data as reasons for not reviewing source documentation and data gathering processes to determine the accuracy of the program's performance data. Consequently, OPPAGA's discussion of performance is provided without assurance that the measures are valid or that the associated data is accurate.

³¹ Required by s. 20.055, F.S.

**Exhibit 5-2
Contract Award Recipients Perform Well on Most Legislative Measures**

2001-02 Annual Renewal and Performance-Based Budgeting Report								
Private College and University Academic Program Contracts	Retention Rate of Award Recipients	Graduation Rate of Award Recipients	Number of Prior Year's Graduates	Number/Percentage Found in High/Wage High/Skill Jobs	Number of Prior Year's Graduates Remaining in Florida	Percentage of Graduates Remaining in Florida, Employed at \$22,000 or More 1 Year Later	Percentage of Graduates Remaining in Florida, Employed at \$22,000 or More 5 Years Later	Licensure/Certification Rates of Award Recipients
Barry University								
BS/Nursing	89%	73%	24	21/88%	24	100%	NA	88%
MSW/Social Work	100%	95%	19	NA	19	79%	89%	NA
Florida Institute of Technology								
BS/Engineering	100%	85%	16	13/81%	11	82%	100%	Na
BS/Science Education	67%	80%	3	3/100%	3	100%	100%	67%
Nova Southeastern University								
Osteopathy ¹	NA	NA	91	NA	NA	NA	NA	NA
Pharmacy ¹	NA	NA	70	NA	NA	NA	NA	NA
Optometry ¹	NA	NA	26	NA	NA	NA	NA	NA
MS/Speech-Language Pathology	100%	NA	8	Na	8	100%	100%	100%
University of Miami								
Ph.D./Biomedical Sciences ¹	100%	55%	2	Na	2	NA	NA	Na
PhD/Marine and Atmospheric Sciences	95%	100%	1	Na	0	NA	100%	Na
BS/Motion Pictures	100%	NA	16	16/100%	3	100%	100%	Na

NA= not available.

Na= not applicable.

¹ Academic programs appropriated funds for 2003-04 without a performance reporting requirement.

Source: Department of Education, Office of K-16 Articulation.

Contract review process should be re-established

While performance data indicates that contracted institutions generally perform well, there is no formal process in place to ensure that the programs offered by these institutions are meeting state educational needs. Prior to the 2001 reorganization of the state's education governance structure, the Postsecondary Education Planning Commission was assigned responsibility for recommending contracts to the State Board of Education and to review each contracted program every five years.³² In its last review (September 2000), the commission recommended that all 2000-01 academic program contracts be continued and that contracting with independent institutions

³² Section 240.147(4), *F.S.*, required the Postsecondary Education Planning Commission to recommend contracts with independent institutions and review each program every five years. The commission used a request for proposal process to identify and evaluate potential academic programs submitted by private colleges and universities and preference was given to proposals addressing limited access programs. Chapter 2001-170, *Laws of Florida*, abolished the Postsecondary Education Planning Commission and created in its place, the Council for Education Policy Research and Improvement.

be retained as a strategic option in Florida.³³ The report concluded that the contracts benefited the state, citizens, and the private colleges and universities. The state benefited by avoiding the cost of creating additional academic programs at public universities and community colleges, citizens gained access to needed programs at public tuition rates, and independent institutions benefited from the increased number of students who were able to enter these programs with state assistance.

However, when the commission was abolished in 2001, this review function was not transferred to the Council for Education Policy Research and Improvement (CEPRI) nor has the Department of Education established a process for reviewing academic program contracts to determine which programs to add, continue, or discontinue.

Conclusions and recommendations

Academic program contracts provide Florida residents increased access to specially selected educational programs. Legislative performance measures show that students attending contract programs do well in terms of retention and graduation rates. However, not all programs are routinely reporting performance information. Therefore, we recommend the Legislature require that all individually state funded academic programs report performance information to the department to support the Legislature's performance-based budgeting initiatives.

To ensure the integrity of reported performance information, we recommend that the Department of Education's inspector general determine the validity of the measures and the reliability of associated data and that once such a review is completed, baseline data be used to establish performance standards for each academic program contract.

Since the abolishment of the Postsecondary Education Planning Commission in 2001, no state entity has been assigned responsibility for evaluating existing contract programs and for reviewing the need for academic contracts. To ensure that academic program contracts appropriately benefit the state, we recommend that the State Board of Education direct its staff in the Division of Colleges and Universities to work with the Workforce Estimating Conference to identify academic program needs unmet by the public institutions. Staff should then make recommendations for future contracts in needed academic programs.

³³ *Annual Review of Academic Program Contracts Between the State Board of Education and Florida Independent Postsecondary Institutions*, Postsecondary Education Planning Commission, September 2000. *A Review of the Academic Program Contracting Process with Independent Postsecondary Institutions*, Postsecondary Education Planning Commission, January 2000.

Appendix A

Program Evaluation and Justification Review Conclusions

Section 11.513, *Florida Statutes*, provides that OPPAGA program evaluation and justification reviews shall address nine issue areas. Our conclusions on these issues as they relate to the Private Colleges and Universities Program are summarized in the table below.

Issues	OPPAGA Conclusions
The identifiable cost of each program	The Private Colleges and Universities Program was appropriated \$116,481,658 for 2003-04.
The specific purpose of each program, as well as the specific public benefit derived therefrom	<p>Florida Resident Access Grant. The Florida Resident Access Grant provides financial assistance to Florida residents who attend in-state private colleges and universities. The grants are intended to accomplish three goals: (1) broaden student choice through the provision of tuition assistance to reduce the gap between public and private institutions; (2) support institutional diversity through the provision of a dual system of higher education; and (3) reduce the tax burden on the citizens of the state.</p> <p>University of Miami health programs. The appropriation to the University of Miami subsidizes the operation of its medical school and various health services, education, and research projects. In return, the medical school gives admissions preference to Florida residents at reduced tuition. The Center for Research in Medical Education provides emergency medical training opportunities at little or no cost to students. The Sylvester Comprehensive Cancer Center uses state funds to conduct research in a variety of areas. The Southeastern Florida Regional Diabetes Program uses state funds to provide direct support to diabetic patients and provides patient, pre-professional, and professional education.</p> <p>Historically black colleges. Three historically black private colleges - Bethune-Cookman College, Edward Waters College, and Florida Memorial College - are appropriated state funds to improve student access, retention, and graduation. The funds are used for various educational initiatives including recruitment activities, academic skill enhancement programs, building restoration projects, library resource upgrades, new program start-up costs, and improved security measures. These institutions provide educational opportunities to academically and economically disadvantaged students who might otherwise have limited opportunities to pursue a postsecondary education.</p> <p>Academic program contracts. The contracts are intended to provide Florida residents access to educational programs and facilities that meet needs unfilled by the public postsecondary education system at reduced tuition.</p>
Progress toward achieving the outputs and outcomes associated with each program	<p>The Legislature first approved performance measures for Fiscal Year 2001-02, but due to a lack of baseline and historical data, the Legislature did not establish performance standards for the Private Colleges and Universities Program. Consequently, we could not evaluate the system's progress towards meeting expected outputs and outcomes. However, we used available data to draw the conclusions presented below about program performance.</p> <p>Florida Resident Access Grant. Between 1997-98 and 2001-02, private colleges and universities awarded an average of 12,400 baccalaureate degrees per year. This represents 26% of total baccalaureate degrees awarded in the state. In 2001-02, 50% of the students attending private colleges and universities obtained a bachelor's degree within six years of their initial registration in college; the state university system has a graduation rate of 60%.</p>

Issues	OPPAGA Conclusions
	<p>University of Miami health programs. Of the medical doctors educated in Florida, on average, 41% graduate from the University of Miami medical school. These students perform similarly to students attending Florida's public medical schools and better than the national average on the United States Medical Licensing Exam.</p> <p>Historically black colleges. The number of students admitted to Bethune-Cookman College, Edward Waters College, and Florida Memorial College has generally increased, the freshmen retention rate has improved, the total number of graduates has increased, and passage rates on license and certification exams are high. The graduation rate is less than 40% at all three colleges.</p> <p>Academic program contracts. Contracted academic programs generally perform well, with 100% retention rates for social work, engineering, speech language pathology, and motion pictures programs. Similarly, graduation rates for all contracted programs that report data are over 55%. However, performance data is not reported for three academic programs.</p>
<p>An explanation of circumstances contributing to the state agency's ability to achieve, not achieve, or exceed its projected outputs and outcomes, as defined in s. 216.011, <i>F.S.</i>, associated with each program</p>	<p>The Private Colleges and Universities Program PB² performance measures do not include associated standards or benchmarks. Consequently, we could not evaluate the program's ability to meet legislative performance expectations.</p>
<p>Alternative courses of action that would result in administering the program more efficiently or effectively</p>	<p>Florida Resident Access Grant. The number of FRAG recipients that would divert to public institutions is unknown, thus, we are unable to assure the Legislature that the program is cost-effective. To address this concern, the Legislature could consider five options: (1) continue the current program; (2) increase the FRAG award level to make it comparable to the state's subsidy of students attending public institutions; (3) set the FRAG award amount at the level necessary to induce enough students to ensure cost-effectiveness; (4) award FRAG grants on a needs basis; and (5) discontinue the program.</p> <p>Private institutions are not required to follow the same residency determination process as public institutions and consequently adhere to less stringent requirements. As a result, private institutions may not collect adequate information to determine residency status, which creates the potential for state financial aid to be awarded to non-resident students. We recommend that private colleges and universities be required to follow Rule 6C-7.005, <i>Florida Administrative Code</i>, when making residency decisions and that the clarifying options suggested by our public institution residency report be applied to private institutions. Specifically, to improve the residency classification process, we recommend that the Legislature consider amending state law to require that students (or their parents if the students are dependents) must maintain legal residence in the state for at least 12 months immediately prior to their initial enrollment or registration at a Florida postsecondary institution to be eligible for classification for in-state residency. We also recommend that the Residency Committee take the actions described below.</p> <ul style="list-style-type: none"> ▪ Modify the Postsecondary Residency Guidelines to clarify the minimum documentation requirement for "all Florida" (Florida high school graduation and Florida permanent and emergency addresses) applicants and other applicants to be classified as Florida residents. ▪ Modify the standard residency form in applications to include questions about filed taxes or earned wages. These questions should be answered by the person claiming Florida residency and should cover the most recent to two years prior to enrollment. ▪ Consider routinely requesting copies of documents such as certified tax returns or wage/earnings statements. ▪ Develop standards to evaluate students' independent status. A standard definition may be a student earning or possessing funding to provide for at least 51% of the true cost of living expenses. <p>Academic program contracts. Since the abolishment of the Postsecondary Education Planning Commission in 2001, no state entity has been assigned responsibility for evaluating existing contract programs and for reviewing the need for new academic contracts. To ensure that academic program contracts appropriately benefit the state, we recommend that the State Board of Education delegate responsibility for academic program contract review to its staff in the Division of Colleges and Universities.</p>

Issues	OPPAGA Conclusions
The consequences of discontinuing the program	The consequences of discontinuing the Private Colleges and Universities Program vary depending on student financial need. Without state support, either students or private institutions would cover the difference, or students would be forced either to seek a lower cost education alternative or to discontinue their education. Private institutions, particularly those significantly dependent on state revenues, would have to cut expenditures or risk a financial emergency if students were unable to make up the difference in tuition cost.
Determination as to public policy, which may include recommendations as to whether it would be sound public policy to continue or discontinue funding the program, either in whole or in part	General Revenue funding is appropriate for the Private Colleges and Universities Program because the program primarily benefits taxpayers. State funding of students at private institutions helps to ensure a viable dual system of postsecondary education to help meet state workforce needs, which contributes to the state's economic growth and well-being.
Whether the information reported as part of the state's performance-based program budgeting system has relevance and utility for the evaluation of each program	The approved performance measures all have relevance and utility and should be retained. However, there are no measures for the University of Miami Medical School. We recommend that the Legislature adopt three measures for the school, including the number of medical doctor degrees awarded, Step 2 pass rate on the United States Medical Licensing Exam, and the number and percentage of first year medical school students, disaggregated by in-state and out-of-state and by race and gender.
Whether state agency management has established control systems sufficient to ensure that performance data are maintained and supported by state agency records and accurately presented in state agency performance reports	Due to resource constraints and a lack of available performance data and standards, the Department of Education's inspector general has not reviewed source documentation and documentation processes to determine the reliability of the program's performance data. We recommend that the Department of Education determine the validity of the measures and the accuracy of the associated data for each legislative and education accountability measure, as required by law.

Source: OPPAGA analysis.

Appendix B

List of Private Colleges and Universities

The table below summarizes information about the private colleges and universities that are currently eligible to receive the FRAG.

Private College and University	Year Founded	Total Enrollment ¹	Main Location	Carnegie Classification
Barry University	1940	8,469	Miami Shores	Master's College and University I
Bethune-Cookman College	1904	2,584	Daytona Beach	Baccalaureate College—General
Clearwater Christian College	1966	688	Clearwater	Baccalaureate College—General
Eckerd College	1959	1,604	St. Petersburg	Baccalaureate College—Liberal Arts
Edward Waters College	1866	1,282	Jacksonville	Baccalaureate College—General
Embry Riddle Aeronautical University	1926	4,772	Daytona Beach	Other Specialized Institutions
Flagler College	1968	1,973	St. Augustine	Baccalaureate College—General
Florida College	1944	460	Temple Terrace	Associate's College
Florida Hospital College of Health Sciences	1992	1,053	Orlando	Associate's College
Florida Institute of Technology	1958	4,506	Melbourne	Doctoral/Research University—Intensive
Florida Memorial College	1879	2,260	Miami	Baccalaureate College—General
Florida Southern College	1885	2,569	Lakeland	Baccalaureate College—General
International College	1990	1,349	Naples	Baccalaureate College—General
Jacksonville University	1934	2,987	Jacksonville	Master's College and University I
Lynn University	1963	2,110	Boca Raton	Master's College and University I
Nova Southeastern University	1964	21,619	Fort Lauderdale	Doctoral/Research University—Intensive
Palm Beach Atlantic University	1968	2,784	West Palm Beach	Master's College and University I
Ringling School of Art and Design	1931	1,015	Sarasota	School of Art, Music and Design
Rollins College	1885	3,835	Winter Park	Master's College and University I
Southeastern College	1935	1,458	Lakeland	Faith-Based Institution ²
St. Leo College	1889	10,714	St. Leo	Master's College and University II
St. Thomas University	1962	2,365	Miami	Master's College and University I
Stetson University	1883	3,318	Deland	Master's College and University I
University of Miami	1925	14,978	Coral Gables	Doctoral/Research University—Extensive
University of Tampa	1931	4,264	Tampa	Master's College and University I
Warner Southern College	1964	1,132	Lake Wales	School of Business and Management
Webber International University	1927	580	Babson Park	School of Business and Management

¹ Enrollment represents all students in bachelor's-, master's-, and doctoral-level programs in the fall 2002.

² Southeastern College offers religious and non-religious academic degree programs including business and education.

Source: Independent Colleges and Universities of Florida, 2002 Accountability Report and Carnegie classifications (2000).

Florida Resident Access Grant Breakeven Analysis

To compare the costs of the Florida Resident Access Grant to the state's cost of providing instruction for similar students attending a public institution, we updated the Board of Regents calculation of the full cost of education and general programs for 2001-02. Based on 2001-02 figures, the State University System (SUS) full cost per undergraduate student was \$13,040.67 (see Table C-1).

For cost comparison purposes, the full-time equivalent student figure was converted from 40 to 31 credit hours. SUS cost figures are based on a 40 credit full-time equivalent, while most national comparisons use 30 credit hours. For the private institutions, a full-time equivalent can range from a low of 24 (representing two 12-hour semesters, the minimum annual enrollment for a student to qualify for the FRAG) to a high of 40 (the SUS divisor). According to the *2001 Accountability Report* by the Independent Colleges and Universities of Florida, the mean time to graduate was 4.2 years and the mean credit hours accrued was 132, yielding an average annual load of 31.43 hours. This figure was rounded to 31 and used as the divisor for calculating a comparable full-time equivalent student cost in the public sector.

Table C-1 displays the total cost per full-time equivalent for state university undergraduates and identifies costs within the SUS figure not directly related to undergraduate instruction (e.g., research and public service). Considering the state's heavy reliance on students graduating from a community college before entering the SUS, the state's average annual cost would be less for students transferring credits from a community college to a state university, effectively raising the breakeven point.

The next step in this analysis includes calculating average student tuition and fees. The tuition and fees were added together and then multiplied by the number of credit hours per full-time equivalent for total tuition and fees. The total tuition and fees were then subtracted from state university expenditures to determine the final cost to the state.

The final step in this analysis divided the total FRAG appropriation from 2001-02 by the final SUS cost. This yields the breakeven number of students that the grant would cover if those students attended a public university. If more students than the breakeven number would have attended a public university if not for the grant, then the grant saves the state money. Conversely, if fewer students than the breakeven number had attended a public university if not for the grant, then the grant would not be cost-effective.

As shown in Table C-1, the breakeven number of students varies depending on several factors. For instance, the breakeven point depends on what the full-time equivalent is based (e.g., 40 or 31 credits) as well as what costs are excluded (e.g.,

Appendix C

research and public service). As mentioned above, the breakeven point would increase if community college system costs were included. The FRAG expenditure amount also affects where the breakeven point occurs. As the state expenditure for the grant increases, with all else held constant, the breakeven point would increase.

Table C-1
Breakeven Analysis of the Florida Resident Access Grant for 2001-02

Activities	State University System Cost Factors Per Full-Time Equivalent Student			
	Expenditures	Annual FTE	\$/40 Credit FTE	\$/31 Credit FTE
Undergraduate Instruction	\$539,100,907	130,623.70	\$4,127.13	\$3,198.53
Academic Advising	54,239,601	130,623.70	415.24	321.81
Academic Administration	156,340,148	130,623.70	1,196.87	927.58
Public Service	23,855,923	130,623.70	182.63	141.54
Research	204,431,239	130,623.70	1,565.04	1,212.91
Library Resources	40,818,784	130,623.70	312.49	242.18
Library Staffing	54,708,678	130,623.70	418.83	324.59
University Support	199,716,849	130,623.70	1,528.95	1,184.93
Financial Aid	42,151,324	130,623.70	322.69	250.09
Student Services, other	99,386,016	130,623.70	760.86	589.66
Plant Operations and Maintenance (PO&M)	177,640,894	130,623.70	1,359.94	1,053.96
Fixed Capital Outlay (FCO) ¹			850.00	658.75
Total	\$1,592,390,363	130,623.70	\$13,040.67	\$10,106.52
Shaded Total	\$1,321,951,877	130,623.70	\$10,970.31	\$8,501.99
Shaded Total w/o PO&M and FCO	\$1,144,310,983	130,623.70	\$8,760.36	\$6,789.28
Note: Shaded figures are those directly related to the provisions of undergraduate instruction. Expenditure of research, public service, and PO&M funds are not generally associated with student credit hours.				
Student Tuition and Fees				
Tuition Per Credit Hour ²			\$55.67	\$55.67
Financial Aid Fee Per Credit Hour			2.78	2.78
Capital Improve Fee Per Credit Hour			4.76	4.76
Subtotal Fees Per Credit Hour			<u>63.21</u>	<u>63.21</u>
Total Student Fees			\$2,528.40	\$1,959.51
Cost to the State Less Tuition and Fees				
Total			\$10,512.27	\$8,147.01
Shaded Total			\$8,441.91	\$6,542.48
Shaded Total w/o PO&M			\$6,231.96	\$4,829.77
Breakeven Number of Students				
FRAG Expenditure for 2001-02	\$69,940,547			
Total			6,653	8,585
Shaded Total			8,285	10,690
Shaded Total w/o PO&M			11,223	14,481

¹ Fixed capital outlay costs were estimated based on actual construction costs per FTE experienced by the State University System as report in *Challenges and Choices: The Master Plan for Florida Postsecondary Education*, Report and Recommendations by the Florida Postsecondary Education Planning Commission, January 1998. The fixed capital outlay costs were then adjusted for inflation using Engineering News-Record building cost index.

² Does not include local fees as these costs are not reflected in state level expenditures.

Source: Department of Education, Division of Colleges and Universities, the General Appropriations Act, Postsecondary Education Planning Commission, and OPPAGA calculations.

Appendix D

Performance Measures Approved by the Legislature for Fiscal Year 2003-04

Program	Measure	Standard
Florida Resident Access Grant	Retention rate of first time in college award recipients, using a six-year rate	TBD
	Graduation rate of first time in college award recipients, using a six-year rate	TBD
	Number of degrees granted for award recipients and contract program recipients	TBD
	Retention rate of award recipients	TBD
	Graduation rate of award recipients	TBD
	Of those graduates remaining in Florida, the percentage employed at \$22,000 or more one year following graduation	TBD
	Of those graduates remaining in Florida, the percentage employed at \$22,000 or more five years following graduation	TBD
	Licensure/certification rates of award recipients	TBD
	Number/percentage of baccalaureate degree recipients who are found placed in an occupation identified as high wage/high skill on the Workforce Estimating Conference list	TBD
	Number of prior year's graduates	TBD
Historically Black Colleges	Retention rate	TBD
	Graduation rate	TBD
	Of those graduates remaining in Florida, the percentage employed at \$22,000 or more one year following graduation	TBD
	Of those graduates remaining in Florida, the percentage employed at \$22,000 or more five years following graduation	TBD
	Licensure/certification rates	TBD
	Number of prior year's graduates	TBD
	Number of FTIC students, disaggregated by in-state and out-of-state	TBD
Academic Program Contracts	Retention rate of award recipients	TBD
	Graduation rate of award recipients	TBD
	Of those graduates remaining in Florida, the percentage employed at \$22,000 or more one year following graduation	TBD
	Of those graduates remaining in Florida, the percentage employed at \$22,000 or more five years following graduation	TBD
	Licensure/certification rates of award recipients	TBD
	Number/percentage of baccalaureate degree recipients who are found placed in an occupation identified as high wage/high skill on the Workforce Estimating Conference list	TBD
	Number of prior year's graduates	TBD
	Number of prior year's graduates remaining in Florida	TBD

TBD = To be determined.

Source: 2003 General Appropriations Act.

Agency Responses

In accordance with the provisions of s. 11.51(5), *Florida Statutes*, a draft of our report was submitted to the Commissioner of Education and to the Executive Director of the Independent Colleges & Universities of Florida (ICUF) for each to review and respond.

Written responses were provided by both the Commissioner of Education and the Executive Director of ICUF. Their responses have been reprinted herein beginning on pages 33 and 37, respectively.

FLORIDA DEPARTMENT OF EDUCATION

STATE BOARD OF EDUCATION

F. PHILLIP HANDY, *Chairman*

T. WILLARD FAIR, *Vice Chairman*

Members

SALLY BRADSHAW

LINDA J. EADS, ED.D.

CHARLES PATRICK GARCIA

JULIA L. JOHNSON

WILLIAM L. PROCTOR, PH.D.

December 19, 2003

Mr. Gary R. VanLandingham
Interim Director
Office of Program Policy Analysis
And Government Accountability
111 West Madison Street, Room 312
Tallahassee, Florida 32399-1475

Dear Mr. VanLandingham:

Enclosed is the Department's response to the preliminary findings and recommendations of the justification review: *Private Colleges and Universities Program*.

If you have any questions, please contact Inspector General John M. Franco at 245-0403.

Sincerely,

/s/ Jim Horne
Commissioner

JH/br

Enclosure



JIM HORNE
Commissioner of Education



Florida Department of Education

**Response to the Preliminary Findings and Recommendations
of the Justification Review Private Colleges and Universities Program
December 19, 2003**

Comments:

Generally, we believe that the OPPAGA review substantiates to a large extent the positive outcomes of the Private Colleges and Universities Program, as well as pointing out where greater accountability might be created with a minimum of additional reporting requirements. The report indicated positive outcomes associated with the Program's four subcomponents: the Florida Resident Access Grant, the University of Miami Health Programs, Historically Black Colleges, and the Academic Program Contracts.

Florida Resident Access Grant (FRAG)

The range (from highest to lowest institution) of FRAG's reduction of the differential between public and private tuition points to a disadvantage of the OPPAGA report—namely, that the information is provided in the aggregate. In order to adequately determine the extent to which FRAG has been a wise investment, data need to be disaggregated by institution. It may very well be the case that certain FRAG-recipient institutions are doing more with their dollars than others, but it is not possible to determine this when the data from all 27 institutions are aggregated.

The report notes that, between 1998-99 and 2002-03, the Legislature increased its appropriation for FRAG by virtually 100% while, in the same period, FRAG-recipients as a percentage of all full-time undergraduate students grew from 9% to 11 %. Rather than, "indicating that Florida residents chose to attend private institutions at an increasing rate," we question why the report authors chose to not further explore the disparity between those percentage gains.

We noted with interest that "26% (7 of 27) of private institutions received more than 10% of their annual revenue from FRAG"; however, the report's footnote indicates that, "based on the total revenue for all 27 schools and FRAG awards, we determined that on average schools received 3% of their annual revenue from FRAG," a determination that we believe is inconsequential. Once again, we believe that disaggregating this data would have provided clearer insight into the relative importance of FRAG dollars from one institution to another.

The OPPAGA report provides a number of options with respect to FRAG. We do not believe that the report provides sufficient evidence of benefit to warrant option two—increasing the FRAG award level. The option of discontinuing FRAG appears to be the least tenable given the report's own finding of a lack of clarity as to the effectiveness or ineffectiveness of the FRAG program.

Another option—making FRAG need-based—would require further research. As the report points out, independent colleges and universities account for 26% of baccalaureates produced in Florida, a number that may decrease if awards were need-based only. It stands to reason that reducing the

program by \$51.9M, the equivalent of two thirds of its present allocation, may well have a negative impact on the program's effectiveness as measured in degree productivity.

We agree with the report's finding that residency determination might be improved, and that FRAG-recipient institutions should use the same process and standards as public institutions use for determining residency. With respect to the potential for a performance-based funding system, we recommend that the Legislature explore that option at such time as the k-20 performance accountability system has demonstrated effectiveness and validity.

University of Miami Health Programs

Recognizing the importance of these programs to the State, and the fact that 41% of the medical doctors trained in Florida received that training at the University of Miami, we agree with the recommendation that the Legislature consider adopting a minimal number of relevant performance measures as outlined in the report.

Private Historically Black Colleges

Although we generally agree with the recommendation to determine the validity of certain performance measures currently associated with these institutions, we note also that the measures in question, both of which relate to graduates earning @ \$22,000, may not be the most meaningful of the seven performance measures now used.

Academic Contracts

The report notes that, when the Postsecondary Education Planning Commission was recreated as the Council for Educational Policy Research and Improvement (CEPRI), the Legislature did not give CEPRI the authority to continue the review of academic contract programs. At such time as the Legislature determines the efficacy of a review process that would be useful in its decision-making, we would be happy to participate.

Florida Department of Education **Office of Inspector General**

The Office of Inspector General (OIG) has included reviews of the Department's performance measures in its audit plans for the past two years. These reviews have not been performed due to resource constraints, a lack of available data, and for the reasons explained below. Also, the OIG's monitoring plan has not been revised. The OIG does not plan to review the Department's current performance measures; but will revise its monitoring plan and assess measures when the new measures being developed are approved.

Following passage of the Florida Education Governance Reorganization Implementation Act in 2001, the "Florida K-20 Education Code" was substantially revised (Chapters 1000-1013, *Florida Statutes*). The State Board of Education (SBOE) was directed "To establish accountability standards for existing legislative performance goals, standards, and measures, and order the development of mechanisms to implement new legislative goals, standards, and measures." [§ 1001.02 (2) (t), F.S.] In accordance with the latter provision, the SBOE authorized the Commissioner of Education to

Appendix E

appoint a K-20 Accountability Advisory Council, which returned a set of preliminary recommendations on August 28, 2002. These recommendations provided the basis for the deliberations of the K-20 Education Performance Accountability Task Force and four subsidiary task forces representing each of the component education delivery systems: K-12 education, community college education, workforce education, and college and university education. The existing K-20 performance measures and standards will be replaced by the "common definitions, measures, standards, and performance improvement targets" [§ 1008.31 (2) (d), F.S.] as adopted by the SBOE.

The OIG has participated in the K-20 Education Performance Accountability Task Force meetings that are developing new performance measures. At this time, however, the performance measures being developed by the accountability task force do not contain specific measures and standards but only higher level measures; because of this, the Department has not developed a unified set of performance measures and standards. When the new K-20 performance measures are fully developed and are approved by the Board of Education and the legislature, the OIG will determine the most efficient and effective mechanism for assessing the validity and reliability of the measures, and, accordingly, revise its monitoring plan. At this time, we anticipate that assessing the measures will be co-sourced because the OIG does not have sufficient staff to perform this task as well as internal audits and other functions that are the responsibility of the office. Until such time that these measures and standards have been accepted by the legislature, the OIG will not be able to effectively evaluate the measures.

The Department of Education recently was selected to participate in a pilot project to move to an activity based budgeting (ABB) system. Activities and measures for the DOE have been developed and approved by legislative staff and Governor's Office staff. When approved by the legislature, the OIG will determine the most efficient and effective mechanism for assessing the validity and reliability of the measures and include this in our monitoring plan.

Even though the K-20 performance measures are under development and an ABB system is being considered, the Department does have approved performance measures for the divisions of Blind Services and Vocational Rehabilitation. Data for these measures has been reported in the Department's 2004-2005 Legislative Budget Request. The OIG plans to evaluate the reliability of this data during the current fiscal year.

Appendix E

**INDEPENDENT
COLLEGES &
UNIVERSITIES
OF
FLORIDA**



ED H. MOORE
Executive Director

111 SOUTH MONROE STREET • SUITE 2000-A • TALLAHASSEE, FLORIDA 32301
TELEPHONE 850-681-3188 • FACSIMILE 850-681-0057 • WWW.ICUF.ORG

December 16, 2003

BARRY UNIVERSITY
Miami
**BETHUNE-COOKMAN
COLLEGE**
Daytona Beach
**CLEARWATER CHRISTIAN
COLLEGE**
Clearwater
ECKERD COLLEGE
St. Petersburg
EDWARD WATERS COLLEGE
Jacksonville
**EMBRY-RIDDLE AERONAUTICAL
UNIVERSITY**
Daytona Beach
FLAGLER COLLEGE
St. Augustine
FLORIDA COLLEGE
Temple Terrace
**FLORIDA HOSPITAL COLLEGE
OF HEALTH SCIENCES**
Orlando
**FLORIDA INSTITUTE OF
TECHNOLOGY**
Melbourne
FLORIDA MEMORIAL COLLEGE
Miami
FLORIDA SOUTHERN COLLEGE
Lakeland
INTERNATIONAL COLLEGE
Naples
JACKSONVILLE UNIVERSITY
Jacksonville
LYNN UNIVERSITY
Boca Raton
**NOVA SOUTHEASTERN
UNIVERSITY**
Ft. Lauderdale
**PALM BEACH ATLANTIC
UNIVERSITY**
West Palm Beach
**RINGLING SCHOOL OF ART
AND DESIGN**
Sarasota
ROLLINS COLLEGE
Winter Park
SAINT LEO UNIVERSITY
Saint Leo
ST THOMAS UNIVERSITY
Miami
SOUTHEASTERN COLLEGE
Lakeland
STETSON UNIVERSITY
Deland
THE UNIVERSITY OF TAMPA
Tampa
UNIVERSITY OF MIAMI
Coral Gables
WARNER SOUTHERN COLLEGE
Lake Wales
WEBBER INTERNATIONAL UNIVERSITY
Babson Park

Gary VanLandingham
Interim Director
OPPAGA
Room 312, Claude Pepper Bldg.
111 West Madison Street
Tallahassee, FL 32399-1475

Dear Mr. VanLandingham:

We have read your draft justification review of the Florida Resident Access Grant (FRAG) and have found it to be an encouraging profile of a program that has helped pay more than 500,000 tuition bills for Florida students and their families during the last 25 years.

As your report notes, this tuition equalization grant reduces the gap between public and private higher education tuitions for Florida residents. This provides Florida students with more higher education options and opportunities. We were pleased that your study concluded that the FRAG has succeeded in making private institutions more affordable for Florida residents and that it supports a strong dual system of higher education. Since 1979, the 28 independent colleges and universities have emerged as a major component of Florida's higher education force that is 90 percent privately financed. The public university system, in contrast is nearly 90 percent financed by the State of Florida. Today, ICUF students receive less than 3 percent of the State's higher education budget and account for 1/3 of all higher education degrees awarded. With more than 120,000 degree seeking and non-degree seeking students, the ICUF institutions are stable, secure and substantial partners at a bargain price.

Although you concluded that the state spent an average of \$5,572 less for each FRAG recipient than for each public university attendee, we were not surprised that you were not able to exactly calculate the savings to the taxpayers. Each ICUF institution is different in its mission, design and costs, but every ICUF institution is more costly to a student than a public

Appendix E

Mr. VanLandingham

Page 2

12/16/03

university. When a student chooses an ICUF institution, the student decides to pay costs that taxpayers would pay if that student went to a public university in Florida. Such a decision has many factors that are difficult to isolate. Our review of SAT score records uncovered that the overwhelming majority of students that choose to attend an ICUF institution also had sent their SAT scores to several Florida public universities. In short, their other higher education choices are public universities.

You outlined several options for the Legislature to use to optimize the FRAG. We have some additional information that we believe may be helpful for those deliberations. We were gratified that your study found that ICUF's percentage of full-time undergraduate students has gone up during the last dozen years, indicating that Florida residents have been choosing independent higher education at an increasing rate. We have, however, identified an alarming trend. The rate of FRAG enrollment growth in the last three years has stalled out. The picture is clear. In the mid-90s, the Legislature agreed to increase the FRAG up to \$3,000 per award. As they increased the award each year, the rate of enrollment growth increased by an average of 10 percent per year. That meant thousands of additional students chose to attend independent institutions instead of "more budget-costly" public universities. As the FRAG award has declined since 2000, the rate of enrollment growth of the FRAG has also declined to around 5 percent in 2003. That's a fifty percent decline in just three years. If the FRAG award continues to decline, we foresee in-state enrollment growth soon reaching zero. Whatever the exact costs, this means that thousands of students will be choosing public not independent institutions. That's a costly trend. We believe that the Legislature can reverse this trend by setting the FRAG at \$3,000 per eligible student for the next three years. We have determined through discussions and data analysis with our institutions that reviving the agreement to set the FRAG at \$3,000 would boost the rate of FRAG-related enrollment growth to more than 10 percent, again.

Your report also reviews the process of eligibility determination. ICUF institutions have always taken this responsibility very seriously. The Office of Student Financial Aid has consistently over the years found that we are in full and vigorous compliance with state eligibility requirements. We were gratified that your compliance audit of the residency determinations of 404 students found that 399 were correctly classified and documented. We agree that we should do even better than that as perfection should be our goal, and are resolved to review with our institutions their procedures and practices to further upgrade our performance. We believe that it is timely for public and private higher education institutions to review the various statutory and administrative directives pertaining to residency. With new technology and streamlined regulations, we believe that ICUF schools can do better and that public universities can match our performance.

Finally, you reviewed performance measurement of independent higher education. We believe that efforts at ICUF, the Florida Department of Education and the Legislature can soon finish an accountability system for higher education in Florida. For the past decade, ICUF has annually issued an Accountability Report. This study has detailed most of the elements that the Department has now concluded that public universities should be providing in order to be more accountable. We also have been working with the Department to provide graduate and first-time enrollment data that will incorporate ICUF into their longitudinal studies of student outcome and

Mr. VanLandingham
Page 3
12/16/03

income. We are enthusiastic about these developments and this evolving performance accountability system. We intend to be fully cooperative and incorporated into this process as it emerges in the upcoming year.

We want to thank your staff members Jane Fletcher and Mark Frederick for a vigorous and enlightening review. We found them to be dogged, but fair and open minded. We found the process to be helpful. It raised some valid issues about the FRAG that we feel we are well along the way to resolving. Any program after 25 years needs a tough review. We feel that we have gotten one and that over all we have gotten a very positive evaluation. Thank you for this productive engagement.

Sincerely,

/s/
Ed H. Moore
Executive Director

EHM:jmm