



**UNIVERSITY BILLING STATEMENT PROPOSAL
UCF ANALYSES, UNINTENDED CONSEQUENCES, AND UNRESOLVED ISSUES**

**Submitted by
Provost Terry Hickey**

**for
President John C. Hitt**

March 3, 2004

EXECUTIVE SUMMARY

The proposed policy requires a detailed bill for individual students that details the actual cost of the student's education and how state funding and other sources are being used to meet that cost. A detailed costing system that would facilitate such a cost allocation does not exist at the university. An aggregate system would not provide any meaningful data for an individual student. With regard to the requirement to identify amounts of state funding and financial aid provided, it is not clear how detailed this identification must be.

The time between the approval of this policy and the required review and approval process is insufficient to permit the development of the detailed costing system and integration of the reporting system with current information systems. At UCF, the problem is exacerbated by an ongoing software upgrade.

The proposed policy seems to be more of an accountability measure than one of providing value for an individual student. If a student had the information, there would be no change in the student's educational activities. The development and maintenance cost of a comprehensive system will be significant. It does not seem to be cost-beneficial and is not supported as proposed.

UNIVERSITY BILLING STATEMENT PROPOSAL UCF ANALYSES, UNINTENDED CONSEQUENCES, AND UNRESOLVED ISSUES

The Governor's 2004-2005 budget proposal includes a proposed policy on university billing statements. The purpose of this review is to examine how the policy could be implemented at UCF and what expected outcomes might result, including any unintended consequences, either positive or negative, for students and for the university. The proposed policy follows:

University Billing Statements

"All students who are charged tuition and fees must receive a tuition bill which clearly identifies the amount of funding paid by the state on the student's behalf to reflect the true costs of the student's education and identify the entities which are bearing that cost. State funding to universities and state student financial aid shall be itemized. The Board of Governors shall review and approve a sample of each university's bill format prior to August 15, 2004."

Issues

There are several issues associated with the proposed policy that must be considered. The issues are

- identification of the "true cost" of a student's education
- determine the level of identification of supporting entities
- isolation of state funding sources and state student financial aid
- proposal review process and timeline
- implementation process and impediments

The issues are addressed separately below.

Identification of the *true cost* of a student's education

Because the proposed policy focuses on an individual student's bill, it is necessary to determine the cost of that individual student's education. For a given semester bill, does that mean the cost of the courses being offered that semester or the total cost of education? Because it is a semester bill, it seems reasonable to assume that the intent is to focus on that semester's cost.

One might try to determine the cost of education by major, but this will be insufficient to deal with an individual on a semester basis. Clearly, there are significant cost differences by discipline (e.g., English vs. Business.) If one were interested in the cost per course, you would need to know the direct instructional costs such as the instructor's salary and benefits, cost of student assistants, and cost of laboratory assistants. In addition, you would need to know the indirect instructional costs such as computer and communication infrastructure, departmental support, classroom facilities, and laboratory equipment. If you could determine these costs for a given course, you would need to determine the cost per student. Obviously, this depends on the number of students enrolled in the course. Finally, you would need to know the support costs that include all other university operations such as advising, institutional research, registrar, building maintenance, grounds, and library, and have a means of allocating those costs to individual courses or to individual students. Allocating these latter costs would require additional information about the student. For example, a student who is a campus resident may

properly have different costs than one who lives off-campus (e.g., more police protection, food service facilities, housing-related costs not covered by the housing fee.)

Using these cost factors, two students enrolled in different sections of a course taught by the same instructor could have different costs simply because there are a different number of students enrolled in the two sections. Similarly, two students enrolled in different sections of the same course (with the same enrollment) could have a different cost because they had different instructors. Even if instructors have the same base salary, they will likely have different benefit costs that have to be included.

The discussion above indicates the difficulty in computing the cost per course when the instructor and the number of students enrolled in the course are known. Of course, enrollment is not known until the end of add/drop and the instructor is frequently not finalized until shortly before the class begins. Therefore, it is impossible to have an accurate representation of the cost of the course in a bill that is provided to the student.

To develop these kinds of cost estimates, it would be useful to have a fully developed activity based cost (ABC) system. However, this kind of system remains an elusive challenge for universities.

Alternatively, it may be acceptable to estimate an average cost for delivering a course. The existing SUS expenditure analysis may have an approach that could be modified to estimate course costs. However, such a system does not currently exist within the university.

In presenting a bill to a student, there will be an interesting reaction by non-resident students. Currently, we estimate the cost of an undergraduate FTE (40 hours) at \$7,225 per year using the SUS expenditure analysis. The matriculation and non-resident fee ($\$67 + \$350 = \$427$ per credit hour) translates to \$17,080 per year for one FTE. This suggests that non-resident students are paying nearly 2.4 times the actual cost of their education.

Determine the level of identification of supporting entities

If one had the appropriate cost system, there are different entities that incur expenditures on behalf of the students. One aspect of the proposed policy that is not addressed is how refined this identification must be. Are E&G or student fees sufficient descriptions, or do we have to be specific about the source of the student fees or the E&G funds (e.g., general, proviso, initiative)? If more detail is required, the universities will have to develop a means of identifying which kinds of fees do what for particular students. This exercise will not be trivial.

Isolation of state funding sources and state student financial aid

The proposed policy requires that state funding to universities and state student financial aid shall be itemized. We assume that this is intended to address the level of state funds and financial aid that is applied to the tuition bill. This requires that the level of identification described above be resolved. It is not clear what kind of state financial aid is included. For example, does the Florida Prepaid College Program fall into this category? There is a need for additional clarification of what is required, and how it applies to an individual student.

Proposal review process and timeline

The proposed policy requires that each university's proposed bill be reviewed by the Board of Governors by August 15, 2004. We expect that this review would occur at the July FBOG meeting. In order for the UCF BOT to review the proposed university bill at a meeting, it would have to be presented at the UCF BOT May meeting. If the proposed legislation becomes law, it is likely that it will happen after or too close to the May UCF BOT meeting to permit development of such a billing system. Because of the magnitude of the work involved, it may not be prudent to invest those resources on an uncertain *requirement*.

Implementation process and impediments

Implementation requires clarification and resolution of the many issues presented above. If the conclusion is to develop a high-level costing system, such a system will present little information of real value to individual students. The system, which will be costly to develop and implement, should not be developed unless it will be useful.

The most difficult part will be development of the detailed costing system and relating costs to individual students.

If a costing system were developed, it will require a substantial investment to create and populate the system with appropriate data. Such a system would need to be integrated with the existing PeopleSoft enterprise software system that currently generates tuition bills for students. Because the university is upgrading PS V.7.6 to PS V.8.0, no programming modifications to the existing version are currently allowed. All programming efforts at UCF are focused on version 8.0 that will not be on line until fall 2004. This is a substantial impediment to implementation of a new billing system.

University Billing Statement Summary

The proposed policy requires a detailed bill for individual students that detail the actual cost of the student's education and the amount of state funding and other sources that are being used to meet that cost. A detailed costing system that would facilitate such a cost allocation does not exist at the university. An aggregate system would not provide any meaningful data for an individual student. With regard to the requirement identifying the amounts of state funding and financial aid provided, it is not clear how detailed this identification must be.

The time between the approval of this policy and the required review and approval process is insufficient to permit the development of the detailed costing system and integration of the reporting system with current information systems. At UCF, the problem is exacerbated by an ongoing software upgrade.

The proposed policy seems to be more of an accountability measure than one that provides value for an individual student. If a student had the information, there would be no change in the student's educational activities. The development and maintenance cost of a comprehensive system will be significant. The proposed policy does not seem to be cost-beneficial and is not supported as proposed.



**EXCESS CREDIT HOURS PROPOSAL
UCF ANALYSES, UNINTENDED CONSEQUENCES, AND UNRESOLVED ISSUES**

**Submitted by
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**for
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March 3, 2004

EXECUTIVE SUMMARY

The review of the proposal to require boards of trustees to “establish policies which require students who are in excess of the number of hours needed to graduate by more than ten percent or who are not enrolled as degree-seeking to pay the out-of-state fee per credit hour” provides a compelling argument not to support this proposed policy. In particular, the proposed policy proposes the same remedy for two very different issues that should not be considered together when establishing a policy.

The review examined undergraduate excess hours at UCF in detail. The number of credit hours taken above 110% of the number required for graduation ranged from 3.9 to 5.2 depending on the type of student (native, community college transfer, or other transfer). These values are lower than the SUS average for all types of students. At UCF, these excess hours correspond to approximately 642 undergraduate FTE. Applying the non-resident fee to the excess hours would increase the total cost of a degree by 18% to 47% (based on the total matriculation fee for the catalog hours). We do not know what behavior changes might be induced by an average increase of this magnitude. It is likely that some students will not complete a degree because of the cost.

On the second issue, the review examined the types of students who are enrolled at UCF but not seeking a degree. The 241 Florida resident undergraduate non-degree students (0.7% of all Florida undergraduates) include all of the dual-enrolled high school students (whose tuition is paid by the school district), transient students, and some students who are enrolled for personal development. One group of Florida resident graduate students includes 311 students (5% of graduate students) enrolled in 68 graduate certificate programs. These programs provide a focused, advanced education (typically 3-4 courses) that meet particular job needs for the metropolitan area workforce. The third group includes 1,026 post-baccalaureate students (16% of graduate students) who are in teacher certification programs, and are applicants to doctoral, specialist, master’s, and certificate programs who are taking courses while awaiting completion

of their application paperwork (usually official transcripts), and some students who are taking professional enrichment courses, many of whom are teachers. All of these *non-degree seeking* students are in legitimate educational activities consistent with the metropolitan mission of UCF. Many of these students will be in a degree status at some time. Florida residents who are high school students taking college courses, teachers pursuing certification, and students waiting on paperwork to be processed should not be charged a non-resident fee. If a non-resident fee is imposed, all graduate certificate programs should be treated the same as full degree programs.

Based on this analysis, the proposed policy as structured is not supported. The university is opposed to applying a non-resident fee to all non-degree seeking students under any circumstances. If the excess hours policy is adopted, we recommend that it be applied only to excess hours generated at the institution at which the excess hours were earned. In terms of implementation, we recommend that, if the policy is adopted, it initially be applied using a 115% threshold in order to determine what behaviors can be influenced while still encouraging students to complete the degree program.

EXCESS CREDIT HOURS PROPOSAL UCF ANALYSES, UNINTENDED CONSEQUENCES, AND UNRESOLVED ISSUES

The Governor's 2004-2005 budget proposal includes a proposed policy on *excess credit hours*. The purpose of this review is to examine how the policy could be implemented at UCF and what expected outcomes might result, including any unintended consequences, either positive or negative, for students and for the university. The proposed policy follows:

Excess Credit Hours

“University boards of trustees shall establish policies which require students who are in excess of the number of hours needed to graduate by more than ten percent or who are not enrolled as degree-seeking to pay the out-of-state fee per credit hour.”

Issues

The proposed policy addresses two issues that should be addressed separately. The apparent reason for linking them is that they share the same proposed solution, namely applying the out-of-state fee per credit hour (non-resident fee). The two issues are

- students who are in excess of 110% of the number of credits needed to graduate
- students who are not enrolled as degree-seeking

The issues are addressed separately below.

Students Exceeding 110% of Credits Required To Graduate

At the outset, we assume that this proposed policy applies to undergraduate students only. The SUS creates an *Hours to Degree* file that serves many purposes, including examining excess hours. Table 1 was created from data in a DCU report based on the 2002-2003 Hours to Degree file. The table reflects the total excess hours above the number required for graduation that had been taken at the time of graduation. Because the data are reported regardless of where those hours were accumulated, the data do not reflect on the institution from which the student eventually graduated, except for the beginning (native) students. Students who have taken double majors or double degrees are excluded from this analysis.

SUS and UCF Data Analysis

The obvious conclusion from table 1 is that native students accumulate fewer hours in excess of 110% of the catalog requirement than do community college transfer students who in turn accumulated fewer hours than do other transfer students. For UCF, native students have an average of 5.6 hours above 110% of the catalog requirements, community college transfer students have an average of 14.3 hours above 110% of the catalog requirements, and other transfer students have an average of 20.2 hours above 110% of the catalog requirements at graduation.

The data in table 1 indicate that UCF graduates 15.5% of all native graduates in the state who account for 8.6% of the native excess hours. UCF community college transfer students constitute 23.3% of the SUS community college transfer graduates and account for 25.1% of the state's excess hours for that group. Overall, UCF graduates account for 17.4% of the excess hours in the SUS, but represent 18.4% of the SUS undergraduate graduates in 2002-2003.

Table 1. SUS excess hour summary

2002- 2003 GRADUATES	FAMU	FAU	FGCU	FIU	FSU	UCF	UF	UNF	USF	UWF	SUS
Beginning (Native) Students											
Number of Students	990	540	53	1207	2874	2353	4642	650	1565	304	15178
Avg of Hours Used for Degree	135.4	121.9	124.6	122.4	121.4	123.0	122.9	121.6	123.5	121.6	123.3
Avg. Catalog Hrs Req'd	121.1	121.0	120.0	120.9	120.6	120.7	121.5	120.5	121.0	120.5	121.0
Average Excess Hours over 110% per Graduate	22.1	3.6	1.8	17.6	5.7	5.6	10.3	8.8	13.8	8.4	
Total Excess Hours over 110%	21899	1967	98	21190	16242	13098	47646	5727	21600	2543	152010
Community College Transfer Students											
Number of Students	131	1602	206	1433	1433	3147	1889	874	2047	733	13495
Avg of Hours Used for Degree	143.9	122.1	127.6	122.9	120.7	122.8	122.7	121.9	123.5	121.7	122.7
Avg. Catalog Hrs Req'd	121.0	121.0	120.0	121.1	120.4	120.5	121.5	120.7	120.9	120.3	120.8
Average Excess Hours over 110% per Graduate	21.3	8.9	19.5	21.8	5.7	14.3	13.8	13.6	12.3	13.8	
Total Excess Hours over 110%	2791	14187	4012	31205	8235	44883	26157	11910	25152	10104	178637
Other Transfer Students											
Number of Students	101	732	86	788	536	638	529	309	710	317	4746
Avg of Hours Used for Degree	147.0	122.7	128.2	122.3	121.3	123.4	123.4	122.7	124.5	122.1	123.5
Avg. Catalog Hrs Req'd	121.2	121.0	120.0	121.0	120.5	120.6	121.9	120.7	120.9	120.4	120.9
Average Excess Hours over 110% per Graduate	27.9	14.3	25.3	12.2	8.3	20.2	12.7	20.5	21.1	18.3	
Total Excess Hours over 110%	2823	10444	2173	9593	4431	12898	6713	6321	15016	5793	76204
Total Graduates											
Total Students	1222	2874	345	3428	4843	6138	7060	1833	4322	1354	33419
Total Excess Hours over 110%	27512	26598	6283	61988	28908	70879	80516	23958	61768	18440	406851
Percent of SUS Excess Hours over 110%	6.8%	6.5%	1.5%	15.2%	7.1%	17.4%	19.8%	5.9%	15.2%	4.5%	100%
Excess Hours over 110% per Graduate	22.5	9.3	18.2	18.1	6.0	11.5	11.4	13.1	14.3	13.6	12.2

Excess hours occur for many reasons. The DCU report summarized the various reasons for excess hours within the SUS. Table 2 contains data extracted from the DCU analysis that shows the reasons and sources of excess hours for UCF and the SUS. The table also shows the average number of changes of major for each student.

Table 2. SUS excess hour sources, UCF and SUS

2002-2003	Beginning (Native)					
	Students		FL CC Transfers		Other Transfers	
	UCF	SUS	UCF	SUS	UCF	SUS
Number of Students	2,353	15,178	3,147	13,495	638	4,746
Avg of Hours Used for Degree	123.0	123.3	122.8	122.7	123.4	123.5
Avg. Catalog Hrs Req'd	120.7	121.0	120.5	120.8	120.6	120.9
Average Number of Major Changes	1.4	1.3	0.7	0.6	0.9	0.7
Excess Hours from Repeated Courses	0.3	2.2	0.2	0.8	0.1	1.1
Excess Hours from Withdrawal	4.7	5.6	2.8	3.1	3.4	3.2
Excess Hours from Failed Courses	2.7	3.1	1.4	1.7	1.7	1.9
Excess Lower-Division Hours Earned and Not Applied to Degree	2.0	2.3	0.3	0.2	0.5	0.4
Excess Upper-Division Hours Earned and Not Applied to Degree	3.9	4.9	3.3	3.4	2.6	2.4
Excess Florida Comm College Hours	0.7	0.6	10.5	10.3	2.1	2.4
Excess Hours from a Diff SUS	0.1	0.2	0.7	0.5	3.8	2.6
Excess Hours from Test Credit	0.6	0.5	0.3	0.4	0.5	0.3
Avg Excess Hours from Other Than FL Comm. Coll or SUS	0.2	0.3	4.6	2.9	14.6	11.3
Total excess hours per graduate	17.6	22.1	26.3	25.3	32.3	28.1
Hours in excess of 110% per graduate	5.6	10.0	14.3	13.2	20.2	16.1

Table 2 indicates that transfer students earn significant excess hours outside the institution. The results of eliminating those outside sources is reflected in Table 3 so that it now represents the

excess hours attributable to work while at the institution. In computing the number of excess hours above the catalog requirements, we used 50% of the catalog requirement as the comparison base for transfer students.

Table 3. SUS excess hours at institution

2002-2003	Beginning (Native)					
	Students		FL CC Transfers		Other Transfers	
	UCF	SUS	UCF	SUS	UCF	SUS
Number of Students	2,353	15,178	3,147	13,495	638	4,746
Avg of Hours Used for Degree	123.0	123.3	122.8	122.7	123.4	123.5
Avg. Catalog Hrs Req'd	120.7	121.0	120.5	120.8	120.6	120.9
Excess Hours from Repeated Courses	0.3	2.2	0.2	0.8	0.1	1.1
Excess Hours from Withdrawal	4.7	5.6	2.8	3.1	3.4	3.2
Excess Hours from Failed Courses	2.7	3.1	1.4	1.7	1.7	1.9
Excess Lower-Division Hours Earned and Not Applied to Degree	2.0	2.3	0.3	0.2	0.5	0.4
Excess Upper-Division Hours Earned and Not Applied to Degree	3.9	4.9	3.3	3.4	2.6	2.4
Total institution excess hours per graduate	16.0	20.5	10.2	11.2	11.2	11.5
Hours in excess of 110% per graduate at institution (100% catalog--native)	3.9	8.4				
Hours in excess of 110% per graduate at institution (50% catalog--transfers)			4.2	5.1	5.2	5.5
Estimated total excess hours	9,134	127,036	13,260	69,190	3,290	26,054
Estimated student FTE	228	3,176	331	1,730	82	651
Addition revenue from non-resident fee	\$3,197,694	\$44,475,262	\$4,642,224	\$24,223,426	\$1,151,920	\$9,121,344

Note: Table values are rounded. Computations are made using actual values.

Financial Consequences

Table 3 clearly indicates that penalizing a student taking hours in excess of 110% of the hours required for graduation is an issue for all types of students, although UCF's performance is better than the SUS average. The 3.9 average excess credit hours for native students translates to 9,134 SCH or 228 undergraduate FTE students, the 4.2 average translates to 13,260 SCH (331 FTE) for community college transfer students, and the 5.2 average translates to 3,290 SCH (82 FTE) for other transfer students. Using an estimated undergraduate funding level of \$7,225 per FTE at UCF, the 25,684 hours (642 FTE) in excess of 110% of the appropriate catalog level translate to approximately \$4,639,106 in enrollment funding that is being applied to non-degree producing activities. For comparison purposes, if the threshold were set at 115% of the required catalog hours, excess hours for native students decreases to zero, to 1.2 hours for community college transfer students, and to 2.1 hours for other transfer students. The total effect on UCF is 5,143 SCH (129 FTE) or \$932K in enrollment funding at the 115% of catalog threshold.

Table 3 shows the results of applying the \$350.10 non-resident fee to the excess hours, treating all excess hours as being generated by Florida residents (this creates an upper bound assuming that a second non-resident fee would not be applied to non-residents.) That application would generate \$8,991,839 in additional revenue for the university. The application of the non-resident fee would increase the average degree cost by \$1,359 for native students, by \$1,475 for community college transfer students, and by \$1,806 for other transfer students. The nominal tuition for a degree, at \$63.41 per credit hour matriculation, is \$7,654 for a native student and \$3,827 for a transfer student (treating all transfer students as community college transfer

students.) The non-resident fee represents an 18% increase in the tuition cost of a degree for native students, 38% for community college transfer students, and 47% for other transfer students. Since these are average costs, the costs for some individual students will be much higher and may affect retention.

The calculations above assume that the fee is associated only with the excess hours at that institution. If cumulative excess hours that include hours from outside of the institution were considered and the excess hours fee were imposed at a threshold set at 110% of catalog hours, the university would receive revenue associated with 70,879 excess SCH (see table 1) in the amount of \$24,814,787. We do not know what effect such a policy would have on enrollment. Students who made bad course selection decisions early on, or who could not make up their mind about a major, may give up on completing a degree due to the additional cost.

If the excess hours policy is applied at the cumulative level (includes excess hours from outside of the institution) and not the institution level, it is expected that resident undergraduate students will have one to two semesters (assuming 3 semester hour courses) for which they are paying non-resident rates based on the data in Table 1. If the policy is applied at the institutional level at UCF, students will have to take one to two courses at the non-resident rate. If the policy is applied, we recommend that it be applied only to courses at that institution. In terms of implementation, we recommend that, if the policy is applied, it initially be applied using a 115% threshold to determine what behaviors can be influenced while still encouraging students to complete the degree program.

Special Conditions: Double Majors and Minors

Establishing a threshold where the next credit hour taken constitutes an “excess” hour assumes that there is a defined program of study and that a student is not pursuing a minor or a double major. We have well established programs for minors and double majors and encourage our students to take advantage of this opportunity to expand their education and broaden their preparation for the workforce. Frequently, a student may not make the decision to pursue one of these options until the latter part of a program of study. We assume that it is not the policy intent to effectively establish a non-resident fee structure for all minors and double majors. Any policy on excess hours has to allow for minors and double majors, and develop a billing process that does not include a penalty for those hours.

Excess Hours Summary

For 2002-2003 UCF graduates, native students take 3.9 credit hours at UCF above 110% of the credit hours required to graduate, community college transfer students take 4.2 credit hours at UCF above 110% of the credit hours required to graduate, and other transfer students take 5.2 credit hours at UCF above 110% of the credit hours required to graduate. Considering all courses by the time that students graduate, native students take 5.6 credit hours, community college transfer students take 14.3 credit hours, and other transfer students take 20.2 credit hours more than 110% of that needed to graduate. If non-resident fees (\$350.10 per credit hour) were applied to the institution excess or to the total excess, UCF would receive additional revenue of \$8,991,839 or \$24,814,787, respectively.

The application of the non-resident fee for UCF excess hours would result in an increased cost to the student for the degree of \$1,359 for native students, \$1,475 for community college transfer students, and \$1,806 for other transfer students. These represent significant costs increases above normal resident tuition that may affect retention behavior.

If the policy is applied, we recommend that it be applied only to excess hours generated at that institution. In terms of implementation, we recommend that, if the policy is applied, it initially be applied using a 115% threshold in order to determine what behaviors can be influenced while still encouraging students to complete the degree program. Finally, any excess hours policy must allow for minors and double majors, and develop a billing process that does not include a penalty for those hours.

As an aside, the data reveals that the native students require the equivalent of 5.3 courses, the community college transfer students require 3.4 courses, and other transfer students require 3.7 courses at UCF above the number of credit hours required to satisfy the degree requirements. From a student's perspective and assuming courses are 3 semester hours, the hours taken above minimum represents from one to two additional semesters of work, increase the student's cost, and delay the student's entry into the work force. Of course, some students may be interested in expanding their educational experience and deliberately choose to do so.

Non-degree Seeking Students

The proposed policy requires all non-degree seeking students to pay the non-resident fee. The non-resident fee is \$350.10 per credit hour for undergraduate students and \$542.17 for graduate students.

The focus on this analysis is not on revenue and costs, per se, but rather on the number and types of students that may be affected by the implementation of the proposed policy. Table 4 summarizes the Fall 2003 enrollment at UCF. However, with respect to the proposed policy, it is only necessary to examine the Florida residents who are not enrolled as degree-seeking. There are three categories of students at UCF that may meet this definition. These include those students classified as undergraduate non-degree, graduate non-degree, and graduate certificate students. The enrollment data for these three groups of Florida students are summarized in Table 5.

Table 4. UCF Enrollment, Fall 2003

Classification		Florida			Non-Florida			Total		
		Full-Time	Part-Time	Total	Full-Time	Part-Time	Total	Full-Time	Part-Time	Total
Undergraduate	Freshman	6,458	479	6,937	410	34	444	6,868	513	7,381
	Sophomore	4,685	577	5,262	210	14	224	4,895	591	5,486
	Junior	6,251	2,448	8,699	294	40	334	6,545	2,488	9,033
	Senior	7,218	4,634	11,852	293	89	382	7,511	4,723	12,234
	Non-Degree	25	216	241	15	10	25	40	226	266
	Total	24,637	8,354	32,991	1,222	187	1,409	25,859	8,541	34,400
Graduate	Non-Degree	31	995	1,026		46	46	31	1,041	1,072
	Prof. Cert.	17	294	311	1	6	7	18	300	318
	Master's	1,551	2,487	4,038	367	163	530	1,918	2,650	4,568
	Specialist	48	17	65	2		2	50	17	67
	Doctoral	335	429	764	413	83	496	748	512	1,260
	Total	1,982	4,222	6,204	783	298	1,081	2,765	4,520	7,285
Grand Total		26,619	12,576	39,195	2,005	485	2,490	28,624	13,061	41,685

Table 5. UCF Fall 2003 Florida non-degree seeking students

Fall 2003 Florida Resident	Full-time	Part-time	Total
Undergraduate non-degree	25	216	241
Graduate non-degree	31	995	1026
Graduate Certificate	17	294	311

The following classifications will help to describe who these students are and what kinds of relationships they represent for the university. The Florida resident undergraduate non-degree seeking students include non-degree off-campus students (e.g., students in a course offered at a local high school), transient students (e.g., students from another university taking a course while at home during the summer term), high school dual-enrolled students (whose tuition is paid by the school district), and some students who simply enrolled for enrichment purposes. About 90% of these students are part-time. They represent 0.7% of all Florida undergraduate students.

The Florida resident graduate non-degree students include students enrolled in teaching certificate programs; students who have applied for doctoral, specialist, master's, and certificate programs who have started course work while their applications are being processed, usually waiting to complete paperwork (frequently official transcripts); transient students; and some students who are taking coursework for enrichment. The 1,026 post-baccalaureate students in this group represent about 16% of all graduate students at UCF. Almost 97% of the students in this group are part-time, typically working professionals who are advancing their education.

The final group of students includes Florida residents enrolled in graduate certificate programs, new programs at UCF that do not provide a degree, but rather provide focused coursework in an advanced graduate area that meets workforce needs. These are frequently in technical areas. The university now has 68 graduate certificate programs. Although some students are enrolled in these programs while pursuing a degree, the 311 students in Table 5 are enrolled only in the graduate certificate programs. These students constitute 5% of all graduate students at UCF.

Almost 95% of the students in this group are part-time, again typically working professionals, advancing their education in very focused areas.

Non-degree Seeking Student Summary

The graduate certificate programs are a focused effort that serves the metropolitan region by providing advanced education in selected areas that support the professional needs of the community. For purposes of the proposed policy, all graduate certificate programs should be treated the same as full degree programs.

All of the non-degree seeking students are in legitimate educational activities consistent with the metropolitan mission of UCF. Providing access and serving the educational needs of the metropolitan community is a clear focus for the university. Many of these non-degree students will be in a degree status at some time. We strongly believe that Florida residents who are high school students taking college courses, teachers pursuing certification, and students waiting on paperwork to be processed should not be charged a non-resident fee.

**UNIVERSITY OF CENTRAL FLORIDA
BLOCK TUITION PROPOSAL
UCF ANALYSES, UNINTENDED CONSEQUENCES, AND UNRESOLVED ISSUES**

The Governor's 2004-2005 budget proposal includes a proposed policy on "block tuition." The purpose of this review is to examine how the policy could be implemented at UCF and what expected outcomes might result, including any unintended consequences, either positive or negative, for students and for the university. The proposed policy follows:

Universities Can Establish Block Tuition

Individual university boards of trustees are authorized to establish block tuition and fee policies for undergraduate full-time students based on a course load of 15 credit hours beginning with the 2004-2005 academic year. The Board of Governors shall review and approve such policies prior to their implementation. Such policies shall not increase costs to students or the state regarding state supported student financial aid programs or the Florida Prepaid College Tuition Program.

Relevant Planning Factors:

1. Applies to undergraduate full-time students only
2. Applies to tuition and fees
3. Based on a 15 credit hour load
4. No increase in costs to students
5. No increase in costs to state financial aid or the Florida Prepaid College Tuition Program

Current Definition of a Full-time Undergraduate Student

An undergraduate full-time student is any student who is registered for 12 credit hours or more in a given semester. The definition of full-time does not change for the Summer semester. This definition is used by the state, for financial aid, and for visas.

Scenarios

Scenario A. The block tuition is set at the 15 credit hour rate using current per credit hour rates. Under this scenario, a full-time student taking 12 hours pays for 15 hours as does a full-time student taking more than 15 credit hours. The following graph in figure 1 summarizes per credit hour tuition and fees for scenario A where the block tuition equals \$1,416.30. Note that this scenario violates planning factor number 4.

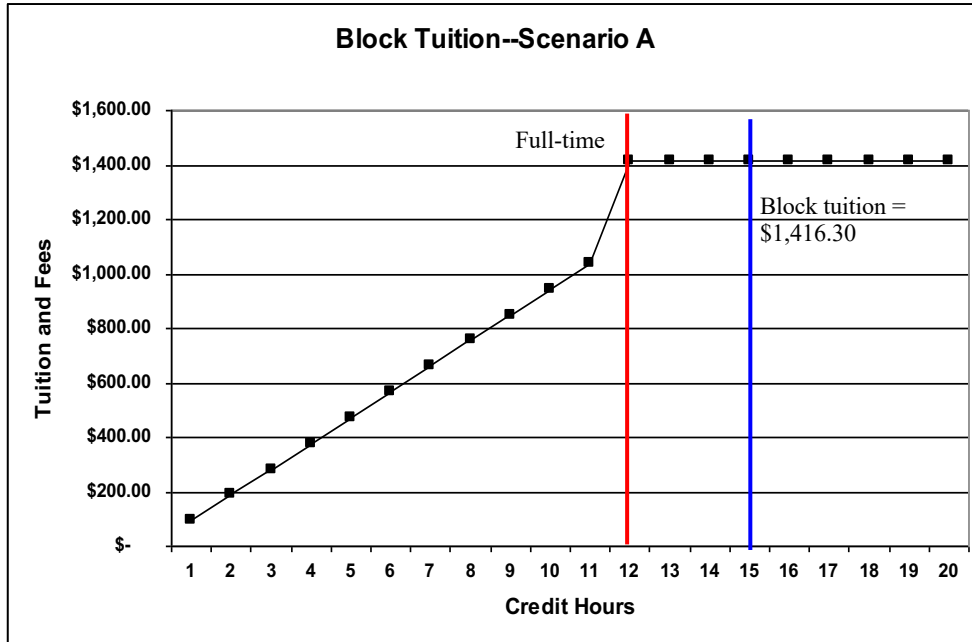


Figure 1. Block tuition scenario A

Scenario B. The block tuition is set at a 12 credit hour rate using current per credit hour rates. Under this scenario, students do not pay for any credit hours in excess of 12. The following graph in figure 2 summarizes per credit hour tuition and fees for scenario B where the block tuition equals \$1,133.04. Note that under scenario B, there is no incentive for students to increase their load from 12 to 15 hours as there is in scenario A.

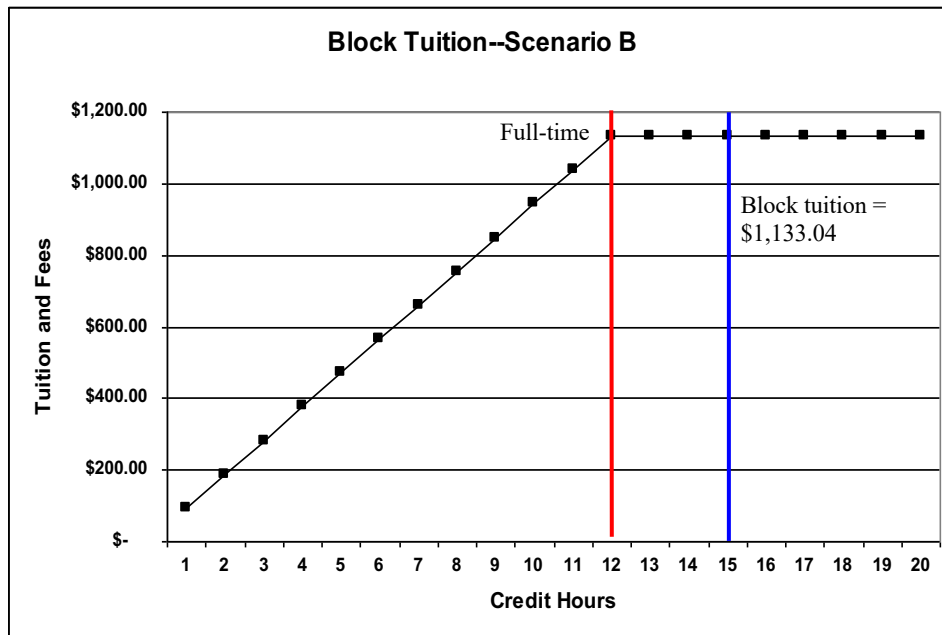


Figure 2. Block tuition scenario B

Note that scenario B is a feasible scenario that complies with the requirement that there be no increase in costs to students. For example, under scenario A, a student who chooses to take 12 credit hours would actually be paying for 15 hours which represents a 25% increase in costs. If the intent of the policy is that student costs should not increase above the 15 credit hour level, then scenario A would be feasible. If the intent of the policy is that student costs should not increase above their current costs, then only scenario B is feasible.

Scenario C. A third scenario provides for an increase in costs at the given rate up to 15 hours at which time the tuition is flat at the 15 hour rate. This scenario is feasible in that it does not increase costs to students, but like scenario B, it does not provide any incentive for 12-hour students to increase their course loads. In addition, it does not require all full-time students to pay the block tuition rate. The scenario is illustrated in figure 3.

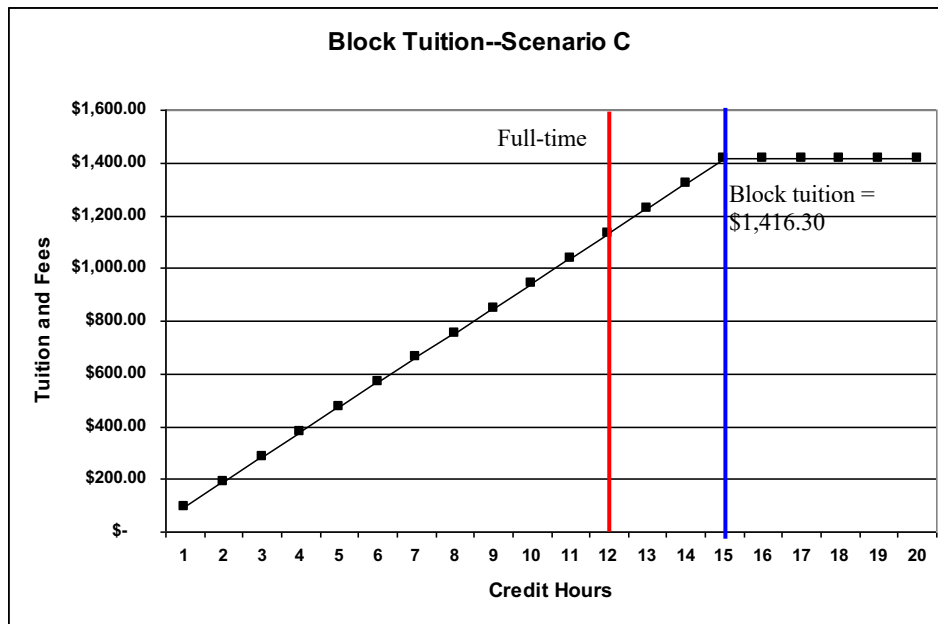


Figure 3. Block tuition scenario C

Scenario Summary

If the intent of the policy is to not increase student costs above what they would currently have to pay for a given course load, then both scenario B and scenario C are feasible. However, scenario C does not require all full-time students to pay the block tuition. If the intent of the policy is to not increase costs above what they would have to pay for a 15 hour course load, then scenario A is feasible.

Potential Effects on Financial Aid Costs

The effects on financial aid costs are uncertain depending on which scenario is implemented, how students react to block tuition, and how financial aid regulations are interpreted.

The Florida Prepaid College Plan (FPCP) offers a 4-Year University Tuition Plan that covers 120 university undergraduate credit hours and also offers a 2+2 Tuition Plan that covers 60 community college credit hours and 60 university undergraduate credit hours. (University hours may be used in a community college and vice versa.) Under scenario A (paying for 15 hours if registered for 12 or more), if student behavior does not change and the 12 credit hour students continued to take 12 hours while paying for the equivalent of 15 under block tuition, the cost to the FPCP would increase. In particular, the cost would be 120% of what it would have been under the straight-line plan. Only if ALL of the students taking 12, 13 or 14 credit hours increased their load to 15 credit hours would there be no effect on the FPCP. For those students taking more than 15 hours under scenario A, the FPCP costs may actually decrease if a student completes the program using less than 120 paid hours (e.g., a student taking 20 hours per semester could complete in 6 semesters while being billed for the equivalent of 90 hours under block tuition.) Whether savings accrue depends on what students do in other semesters (e.g., taking less than 15 hours). Under scenario B, the FPCP cost actually decreases because all students taking over 12 hours are only paying for 12 hours. The additional hours are essentially free. Under scenario C, the same thing happens, only at 15 credit hours.

Bright Futures will pay 100% of tuition and fees for students enrolled in 12 or more credit hours. Therefore, Bright Futures will experience the adverse same consequences as FPCP for scenario A, but perhaps worse. Unlike FPCP that caps credit hours at 120, Bright Futures may have a greater burden since it will pay up to 110% of the credit hours required for a degree (132 or 141 SCH.) Again, the only way that there will not be a negative effect on Bright Futures under scenario A is if ALL of the students taking 12, 13, and 14 hours change their behavior and take 15 hours. As with FPCP, scenarios B and C result in some savings to Bright Futures.

Financial Aid Summary

The effect of block tuition on the Florida Prepaid College Program and on Bright Futures depends on which scenario is selected. Both scenarios B and C may result in some savings for the programs. On the other hand, scenario A will result in increased costs for FPCP and Bright Futures. It is very important to note that the only way that they will not be affected is if ALL of the students taking 12, 13, or 14 credit hours change their behavior and enroll in 15 or more hours,

Analysis of UCF Enrollment

The following analysis of enrollment illustrates the potential effects of block tuition at UCF. The analysis is conducted using actual UCF student enrollment data for Spring 2003, Summer 2003, and Fall 2003. The proposed policy does not make any special distinction for summer, and since a full-time student is defined the same for all semesters, summer is included in the analysis. It is recognized that student behavior is different during the summer semester.

In calculating tuition and fee effects, as a first approximation, it is assumed that residency distributions are spread over all levels. Therefore, a weighted tuition and fee level is used using a weight of 95.9% for in-state and 4.1% for out-of-state tuition (this is the actual undergraduate

split in Fall 2003). The Spring 2003 resident and non-resident tuition and fee levels were \$88.01 and \$401.63, respectively. The corresponding values for Summer 2003 and Fall 2003 are \$94.42 and \$462.02. The resulting weighted undergraduate tuition and fees for Spring 2003 is \$100.87 and for Summer 2003 and Fall 2003 is \$109.49.

The number of undergraduate students enrolled at each credit level in 2003 and the associated SCH are summarized in the table 1.

Table 1. 2003 Undergraduate Enrollment Summary

# CH	Spring 2003		Summer 2003		Fall 2003		Total 2003	
	Total HC	SCH	Total HC	SCH	Total HC	SCH	Total HC	SCH
0	66	0	115	0	68	0	249	0
1	26	26	69	69	20	20	115	115
2	23	46	96	192	28	56	147	294
3	1336	4008	4835	14505	1245	3735	7416	22248
4	143	572	569	2276	179	716	891	3564
5	60	300	221	1105	54	270	335	1675
6	2243	13458	6604	39624	2317	13902	11164	66984
7	388	2716	838	5866	399	2793	1625	11375
8	178	1424	341	2728	160	1280	679	5432
9	2489	22401	2871	25839	2632	23688	7992	71928
10	608	6080	563	5630	755	7550	1926	19260
11	429	4719	242	2662	464	5104	1135	12485
12	10485	125820	1326	15912	11885	142620	23696	284352
13	2896	37648	237	3081	4255	55315	7388	96044
14	1919	26866	92	1288	2460	34440	4471	62594
15	5042	75630	428	6420	4822	72330	10292	154380
16	1313	21008	74	1184	1449	23184	2836	45376
17	514	8738	40	680	469	7973	1023	17391
18	239	4302	32	576	200	3600	471	8478
19	72	1368	7	133	58	1102	137	2603
20	11	220	4	80	19	380	34	680
21	11	231	5	105	18	378	34	714
22	10	220	0	0	5	110	15	330
23	3	69	4	92	1	23	8	184
24	3	72	4	96	1	24	8	192
25	0	0	0	0	0	0	0	0
26	0	0	1	26	0	0	1	26
Total 0	66	0	115	0	68	0		0
Total 1-9	6886	44951	16444	92204	7034	46460		183615
Total 10-12	11522	136619	2131	24204	13104	155274		316097
Total 13-15	9857	140144	757	10789	11537	162085		313018
Total 16-26	2176	36228	171	2972	2220	36774		75974
Total	30507	357942	19618	130169	33963	400593		888704

Applying the weighted tuition rates to these enrollment results in the following estimated tuition and fee generation totaling \$94,219,025 for calendar year 2003 as summarized in Table 2.

Table 2. 2003 Estimated Tuition and Fee Generation

Student Load	Spring 2003	Summer 2003	Fall 2003	Total 2003
<10 hours	\$4,534,136	\$10,095,563	\$5,086,980	\$19,716,680
10-12 hours	\$13,780,543	\$2,650,135	\$17,001,199	\$33,431,876
13-15 hours	\$14,136,104	\$1,181,305	\$17,746,946	\$33,064,355
>15 hours	\$3,654,261	\$325,409	\$4,026,444	\$8,006,114
Total	\$36,105,044	\$14,252,412	\$43,861,569	\$94,219,025

If scenario A is implemented, all tuition and fees associated with credit hours in excess of 15 are lost. Table 3 summarizes the lost tuition and fees for each credit hour level.

Table 3. 2003 Lost Tuition and Fees Due to Block Tuition, Scenario A

# Credit Hours	Spring 2003	Summer 2003	Fall 2003	Tuition
16	\$132,440	\$8,102	\$158,653	\$291,094
17	\$103,693	\$8,759	\$102,703	\$206,396
18	\$72,323	\$10,511	\$65,695	\$138,018
19	\$29,050	\$3,066	\$25,402	\$54,452
20	\$5,548	\$2,190	\$10,402	\$15,949
21	\$6,657	\$3,285	\$11,825	\$18,482
22	\$7,061	\$0	\$3,832	\$10,893
23	\$2,421	\$3,504	\$876	\$3,297
24	\$2,723	\$3,942	\$985	\$3,709
25	\$0	\$0	\$0	\$0
26	\$0	\$1,204	\$0	\$0
Total	\$361,916	\$44,563	\$380,374	\$742,290

Lost Tuition and Fee Summary

The total lost tuition and fees for scenario A for the year are \$742,290, or almost 0.8% of total tuition and fees for the year. This is the same loss for scenario C since the block tuition level is the same for both scenarios. However, if scenario B is implemented (students effectively pay for only 12 credit hours), the lost tuition and fees increase to \$6,923,447 or 7.4% of total tuition and fees (no table shown).

If scenario A is implemented and students do not change their behavior and continue to enroll at the 12, 13, and 14 hour levels, university collections of tuition and fees would increase by \$9,055,658 without any increased requirement to provide more classes. This amount is the direct cost increase that is borne by students at the 12, 13, and 14 credit hour levels. The details based on student load are summarized in table 4.

Table 4. 2003 Increased Tuition and Fees Due to Block Tuition, Scenario A, Status Quo

Student Load	Spring 2003	Summer 2003	Fall 2003	Total 2003
12	\$3,172,816	\$435,558	\$3,903,923	\$7,076,739
13	\$584,230	\$51,899	\$931,774	\$1,516,003
14	\$193,566	\$10,073	\$269,349	\$462,916
Total	\$3,950,613	\$497,530	\$5,105,046	\$9,055,658

Additional Tuition and Fee Summary

The total additional tuition and fees for scenario A for the year are \$9,055,658, or 9.6% of total tuition and fees for the year. This additional revenue represents an additional cost to the 12, 13, and 14 hour students because they are paying additional tuition whether or not they are taking more courses. For scenarios B and C, there are no additional tuition and fees generated.

If all students at the 12, 13, and 14 credit hour levels increase their course enrollments to exactly 15 credit hours, the cost to the students in the above table still exists and the total still exists as increased tuition and fees for the university, but now the students are receiving additional credit hours. If the student behavior does change and the students in the 12-14 group all take 15 hours, they will generate an additional 106,665 student credit hours as shown in table 5. , or 2,667 FTE students who are not funded by the state. The new SCH by level are show in the following table.

Table 5. 2003 Potential SCH Increase Due to Block Tuition, Scenario A

Student Load	Spring 2003	Summer 2003	Fall 2003	Total 2003
12	31455	3978	35655	71088
13	8688	711	12765	22164
14	5757	276	7380	13413
Total	45900	4965	55800	106665

Additional Unfunded SCH and FTE

If the block tuition policy is “successful” and induces student to take more credit hours, the total additional 106,665 student credit hours for scenario A for the year results in an **additional 2,667 FTE students** who are not funded by the state. The additional 106,665 student credit hours from scenario A will generate a demand for approximately **1,855 new sections** (assuming a section size of 30) which corresponds to about **132 new faculty** per year assuming a teaching load of three sections per faculty member for each of three semesters.

For scenarios B and C, there are no additional SCH and FTE generated at this level because there are no inducements—no “free” hours.

For this analysis, it is assumed that students who are currently enrolled in less than 12 hours would not be induced to increase their load. However, students enrolled at the 15 hour level may be inclined to increase their load and perhaps seek a minor or double major that they otherwise could not afford. This would result in another unspecified and unfunded student FTE increase and would apply equally to scenarios A, B, and C.

The additional 106,665 student credit hours from scenario A where all 12-14 hour students increase their load to 15 hours will generate a demand for approximately **1,855 new sections** (assuming a section size of 30). This generates a need for about 395 sections per semester or 1,855 classroom hours per week. At a 40 hour per week effective utilization per classroom, this increased demand result in a need for approximately 30 classrooms.

Plant Capacity Summary

Considering the 2,667 additional FTE generated by a “successful” block tuition policy, the necessity of adding approximately 395 courses per semester generates an instant demand for two or more additional classroom buildings to provide 30 classrooms, laboratory space, and office space for 132 new faculty that are required.

UCF Analysis Summary

Scenario A

will result in an immediate tuition and fee loss of \$742,290 associated with students enrolled in more than 15 hours
will result in an immediate tuition and fee increase of \$9,055,658 associated with students currently enrolled in 12-14 hours
may result in increased demand for 106,665 student credit hours (2,667 unfunded FTE) associated with students currently enrolled in 12-14 hours due to behavior change, along with a need for 30 additional classrooms and 132 full-time instructional faculty
Assuming an undergraduate FTE cost of \$7,225, scenario A results in a **net loss of \$10,952,997** to UCF ($\$9,055,658 - \$742,290 - \$7,225 \times 2,667 = -\$10,952,997$). Any additional enrollment above 15 hours will result in increased unfunded enrollment.

Scenario B

will result in an immediate tuition and fee loss of \$6,923,447 associated with students enrolled in more than 15 hours
Any additional enrollment above 15 hours will result in increased unfunded enrollment

Scenario C

will result in an immediate tuition and fee loss of \$742,290 associated with students enrolled in more than 15 hours
Any additional enrollment above 15 hours will result in increased unfunded enrollment

Only scenario A provides any incentive for 12, 13, and 14 credit hour students to increase their enrolled hours.

Other Issues

Excess Hours. With Block Tuition, does it make sense to worry about excess hours? As indicated above, some students may be inclined to take additional credit hours to pursue a minor or a second (double) major. Since those credit hours are provided “free,” how does one charge a non-resident rate for the “excess?”

Student Performance. Will students be pressured to take 15 hours because of cost when they are not academically ready to handle that load? If they do poorly, they may lose some financial aid that depends on performance, thereby further increasing their cost.

Student Withdrawals. Block tuition will create new problems for handling refunds for withdrawals.

Last Semester or End of Program. Under scenario A, would a student who only needed 12 hours to graduate have to pay the block tuition (15 hour) rate?

Course Offerings and Scheduling. If needed courses are not offered in a given semester, why should the student have to pay a premium price (for 15 hours) if the student can only register for 12 hours because the university has not scheduled the course as promised?

[The following concerns were provided by Vanessa Fortier]

Time frame for implementation

The time frame for implementation should be considered. This proposal warrants some analysis to determine the impact to the students and the university. Students begin registering for fall classes during the spring semester. It is already difficult to give students an estimate of fall tuition and fees because several of the amounts are not determined until the legislative session has finished and the governor has approved the appropriations bill. Additionally, if implementation of block tuition has to be approved by the Board of Governors, it will be difficult to get approval, make system and process changes, communicate with the students, and implement before fall of 2004.

Administrative functions potentially impacted

The PeopleSoft system would need to be modified to accommodate block tuition. This may or may not be easily accomplished. Student Accounts and Student Financial Assistance would need to implement both system and process changes. This could be particularly challenging if the policy requires no increase in costs to students participating in the state supported financial aid and prepaid programs.

Impact to areas other than E&G

If the block tuition applies to all per credit hour fees, this change would have an impact on Athletics, Student Health, Parking Services, and all activities funded by the activity & service fee. The implementation time frame would be important for these areas. The budgeting process for the activity & service fee for next fiscal year is already under way, using the assumption that fees will be charged per credit hour as they are now. Student Health has already projected fees under our current method of assessing fees, and those fee projections were used to support issuance of the bonds for the health center renovation and expansion.

E&G impact

Until we have some history of how students react to the change to block tuition, budgeting for E&G (and other areas listed above) will be a challenge because the amount of tuition and fees will be more difficult to estimate.

Other items needing clarification

Would a full-time student be charged for a 15 hour block, whether they enrolled in more or less than 15 credit hours?

It sounds as though the block tuition applies to undergraduate students only. Does this include both resident and non-resident students?

Would the block tuition apply to just matriculation or to all per credit hour fees? It sounds as though it would apply to all per credit hour fees.

A large percent of the UCF student population participates in Bright Futures (93% of FTICs), Florida Prepaid, or both. If the university cannot increase costs to these students, what incentive does the student have to take 15 hours per semester instead of 12?

Targeted Incentive Program

We will certainly compete for the targeted incentive money with the biggest problem being that funds arrive after-the-fact. Be that as it may, it is still better than not having those funds at all.