

Financial Flexibility

March 19, 2014

Eric J. Barron
President



THE FLORIDA STATE UNIVERSITY

Operating Principle

- It is in the best interests of the families of Florida to have as low a tuition as possible as long as the universities have the funds and the flexibility necessary to maintain quality.



Notes on Funding

- Tuition and fees are low: Should be a source of pride that costs are very low while quality is very high
- State appropriations are below average – but:
 - Deeper cuts in appropriations because of recession impact
 - Comparison with other states also reflects that FL has the highest growth in FTEs in the nation over last 10 yrs (range 8-48%)
 - Note: Promise of additional Performance Funding
- Over the last six years: Tuition is nearly unchanged (flexible dollars), state appropriations have declined (flexible dollars), total fees which include the differential tuition fee (restricted dollars) have increased.
- Argues for examining financial flexibility
- Businesses have the flexibility to direct revenues toward priorities –in contrast, Florida universities have many different “colors” of money and decreasing flexibility



Florida State University

Tuition and Fees (Flexibility)

RESIDENT	<u>2012-13</u>
Tuition:	
Tuition	\$ 103.32
Subtotal	<u>\$ 103.32</u>
Fees:	
Tuition Differential Fee	\$ 49.59
Activity and Service Fee	12.24
Athletic Fee	7.54
Capital Improvement Trust Fund Fee	4.76
Health Fee	13.42
Student Affairs Facility Use Fee	2.00
Student Financial Aid Fee	5.16
Technology Fee	5.16
Transportation Fee	8.90
Subtotal	<u>\$ 108.77</u>
Total per Credit Hour	<u>\$ 212.09</u>
Facility Use Fee per semester	<u>\$ 20.00</u>
Academic Year (30 Hours)	<u>\$ 6,402.70</u>



THE FLORIDA STATE UNIVERSITY

2012-2013 Undergraduate In-State Fees as a Percentage of Reported Tuition & Fees

School	Fee Percentage
Texas A & M University	38%
Florida State	28%
North Carolina State	26%
North Carolina	24%
Georgia Tech	24%
Georgia	22%
Virginia-Main Campus	21%
Maryland	19%
Virginia Polytechnic Institute	16%
Indiana -Bloomington	13%
Missouri	13%
Kansas	9%
Pittsburgh	5%
Syracuse	4%
Duke	3%
Miami	3%
Louisville	2%
Boston College	2%
Notre Dame	1%
Wake Forest	1%

But NOTE: FSU is at 51% when differential tuition is included as legislatively mandated (as a fee)



Comparison of Resources

	Florida State University	University of Georgia	University of North Carolina
2012-2013 Appropriations per FTE*	\$5,842	\$8,429	\$11,743
2012-2013 Tuition	3,099	7,646	5,823
2012-2013 Differential fee	1,488		
2012-2013 Fees	1,815	2,196	1,870
Total	<u>\$12,244</u>	<u>\$18,271</u>	<u>\$19,436</u>

* State-wide average



THE FLORIDA STATE UNIVERSITY

Reflection

- All budget cuts have been in academic and operations budgets (flexible dollars), tuition is nearly unchanged, while “fees” (non-flexible dollars) have increased
- Standard fees are still not out of line with other universities
- Flexible tuition (non-fee) is one-third of revenues
- Florida Universities therefore have considerably less financial flexibility than other universities
- Without fungibility, not able to rebalance or manage priorities
- Added note: Monitoring of differential tuition is also an administrative challenge (sabbaticals; types of courses taught)



Options

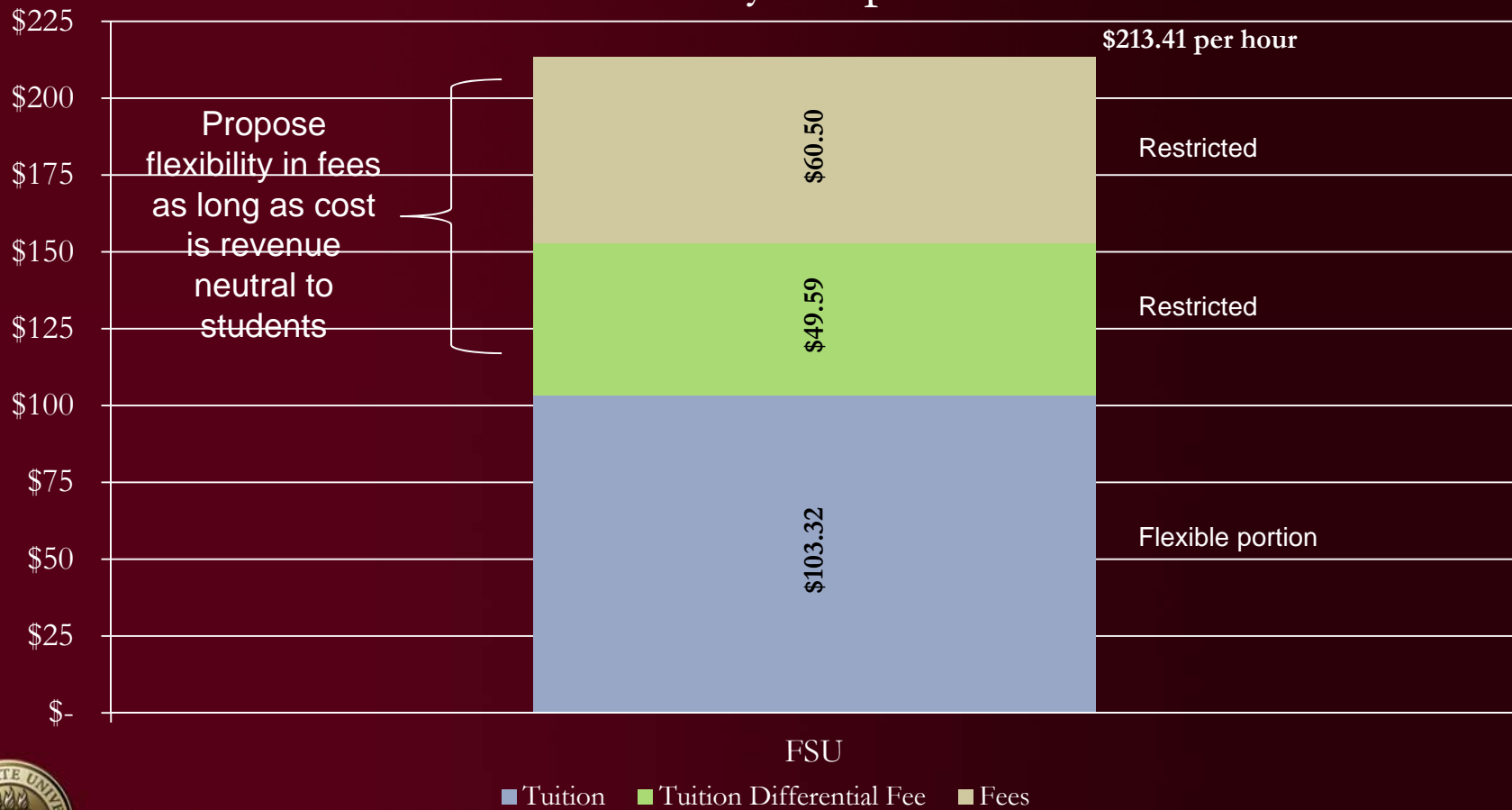
- Release SUS institutions from restrictions on use of differential tuition (true tuition rather than fee) – adds flexibility and reduces administrative costs
- Allow rebalancing of tuition and fees as long as total tuition + fees is neutral (Texas Tech) – adds flexibility
- Allow short term rebalancing to address key priorities – adds flexibility
- Have one number (cost per credit hour) for families— universities have two categories, tuition and directed tuition, that allows universities to manage distribution as needed (University of Texas, Austin) – adds much greater flexibility and any % change reflects actual increase in costs of attendance



State University System

2012-2013 Undergraduate In-State Tuition, Tuition Differential Fee and Fees per Credit Hour

Summary Proposal



THE FLORIDA STATE UNIVERSITY

SOURCE: Current Tuition and Fees from FL BOG