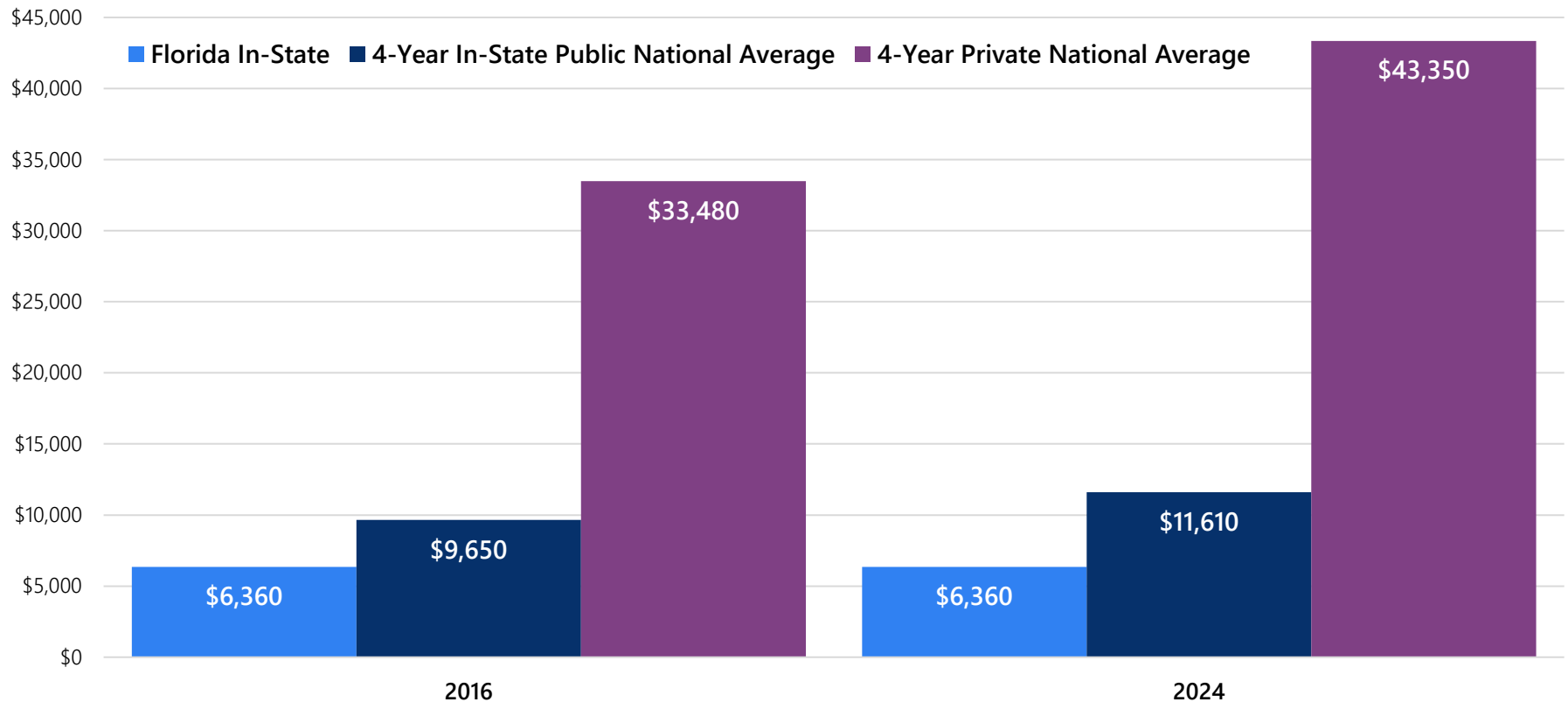




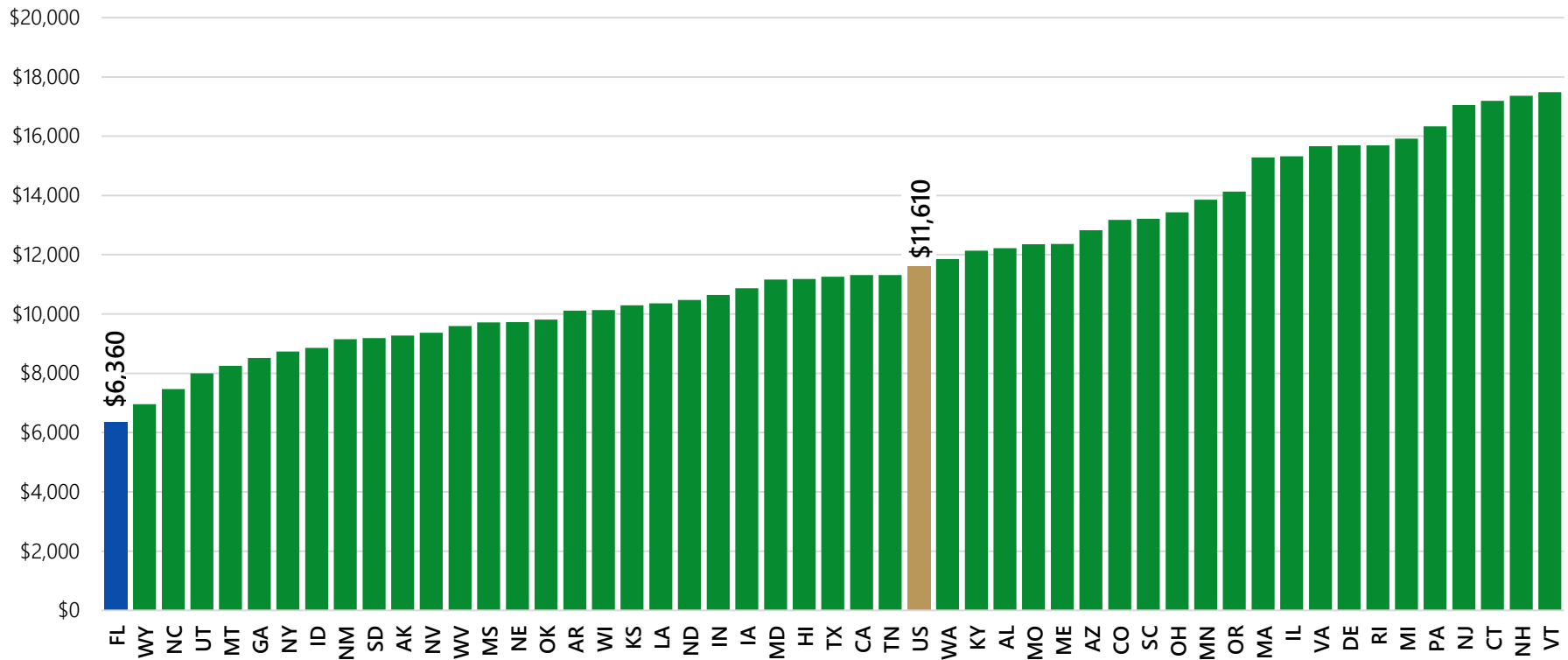
Florida
State University System
Efficiency Study

Florida versus National Average Tuition and Fees Public and Private 2016 v. 2024



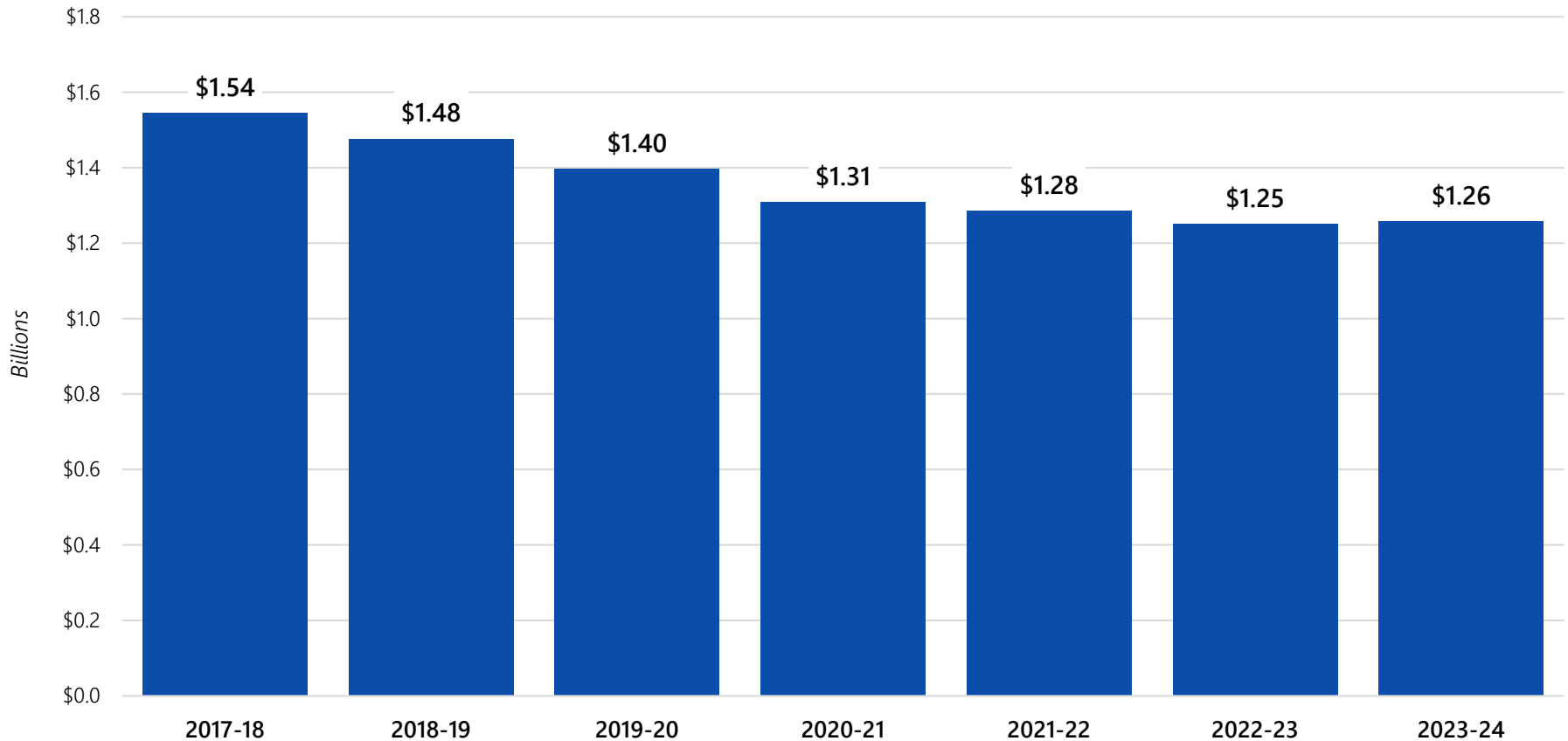
- Florida is leading the country in providing a high-quality, low-cost college education
- Florida has been holding the line on the cost of college while other states and private colleges have been increasing the cost
- Tuition for Florida's public higher education is a fraction of the average cost of tuition charged by private universities (15%)

Average Tuition and Fees State by State Comparison 2024



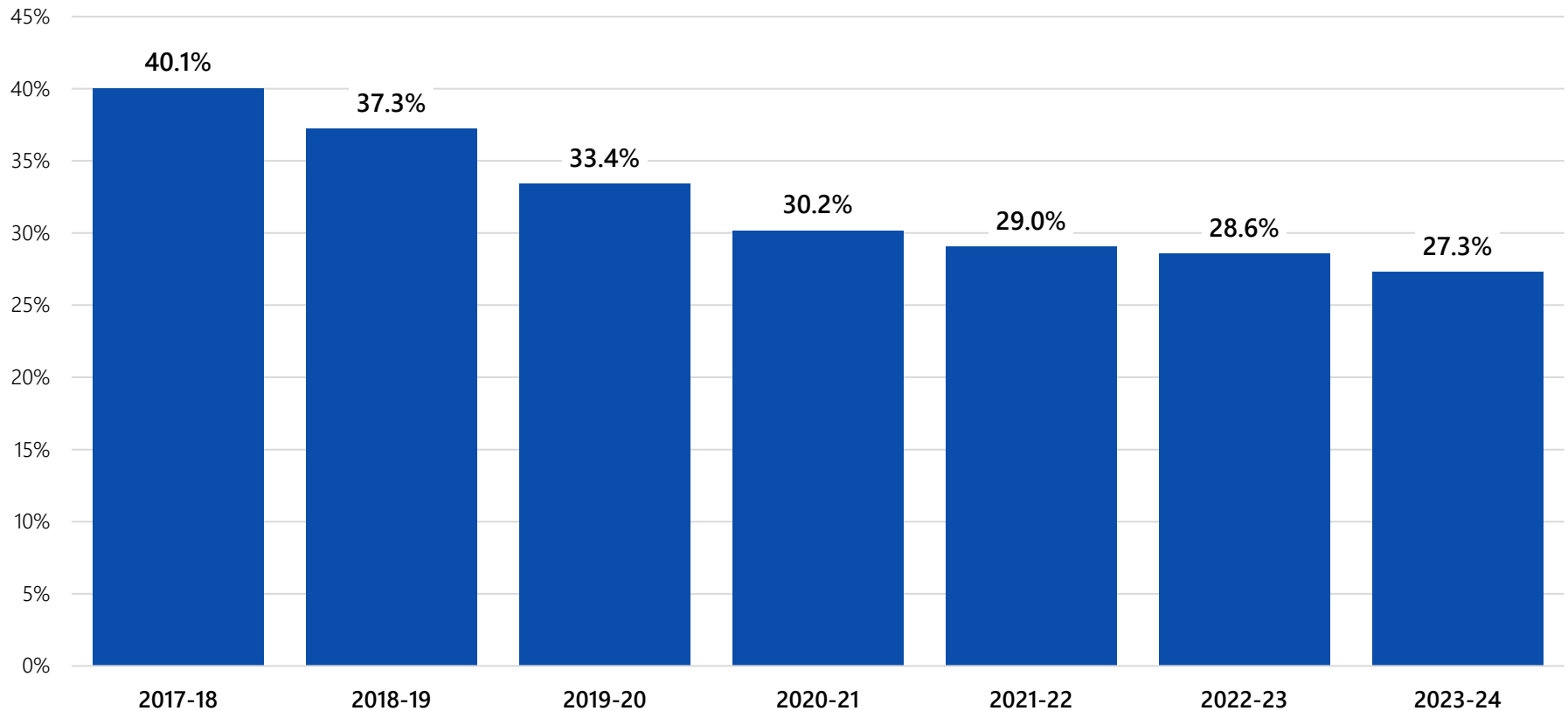
- Florida has the lowest tuition of any state in the country
- Keeping the cost of college affordable for Florida's families has been a priority and explicit policy of the Governor and Legislature for many years
- Florida's tuition is 55%, about half, of the national average tuition for public universities, at \$6,360/year

Annual Student Loans* Amount of Debt Used to Finance Higher Education Last 7 Years



- The annual amount of student loans used to pay for tuition and fees has decreased over the last 7 years
- The annual revenues universities derived from student loans have decreased by \$280 million or nearly 20% over the last 7 years

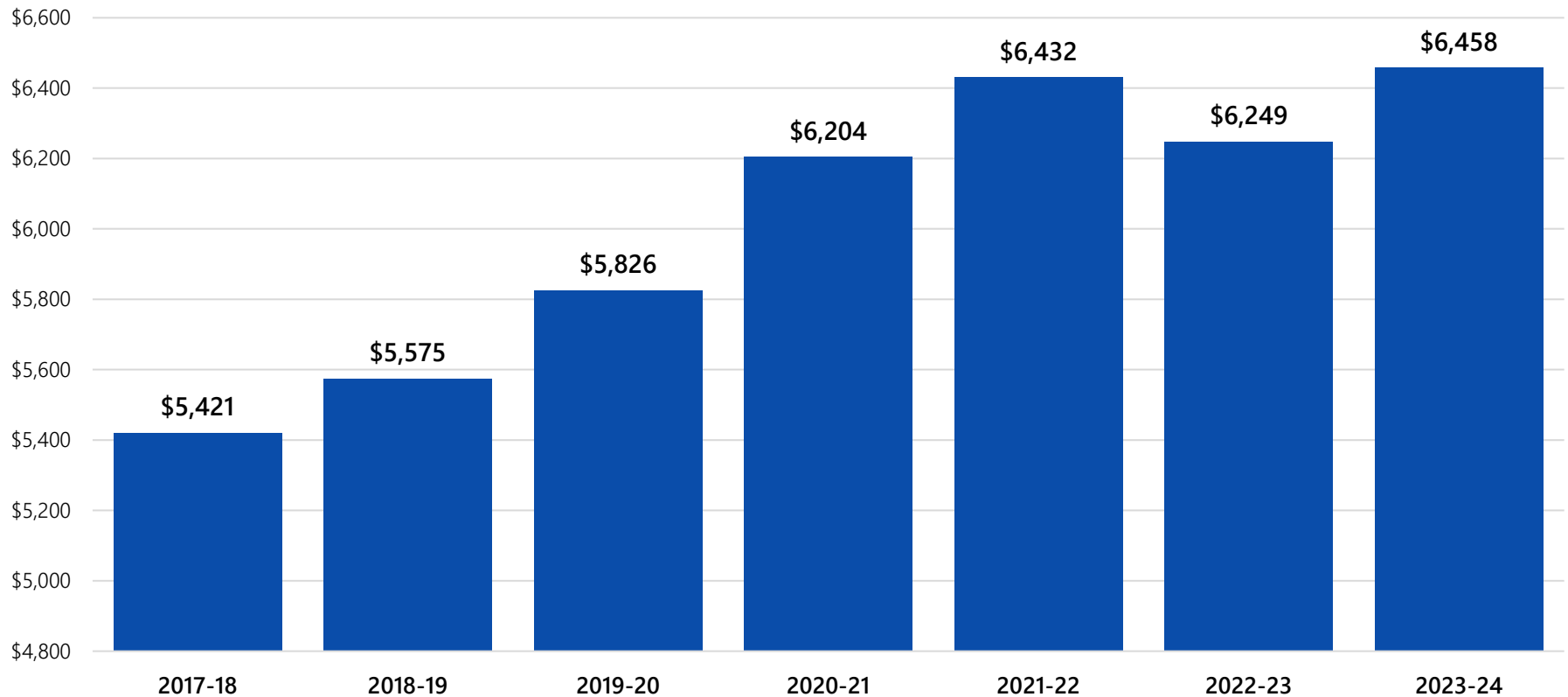
Student Loans* Percentage of Students with Loans Last 7 Years



- A little over 1 in 4 (27.3%) students have student loans outstanding
- The percentage of students with loans has decreased significantly over the last 7 years, from 40.1% to 27.3%, or nearly a 13-point decline

Student Loans*

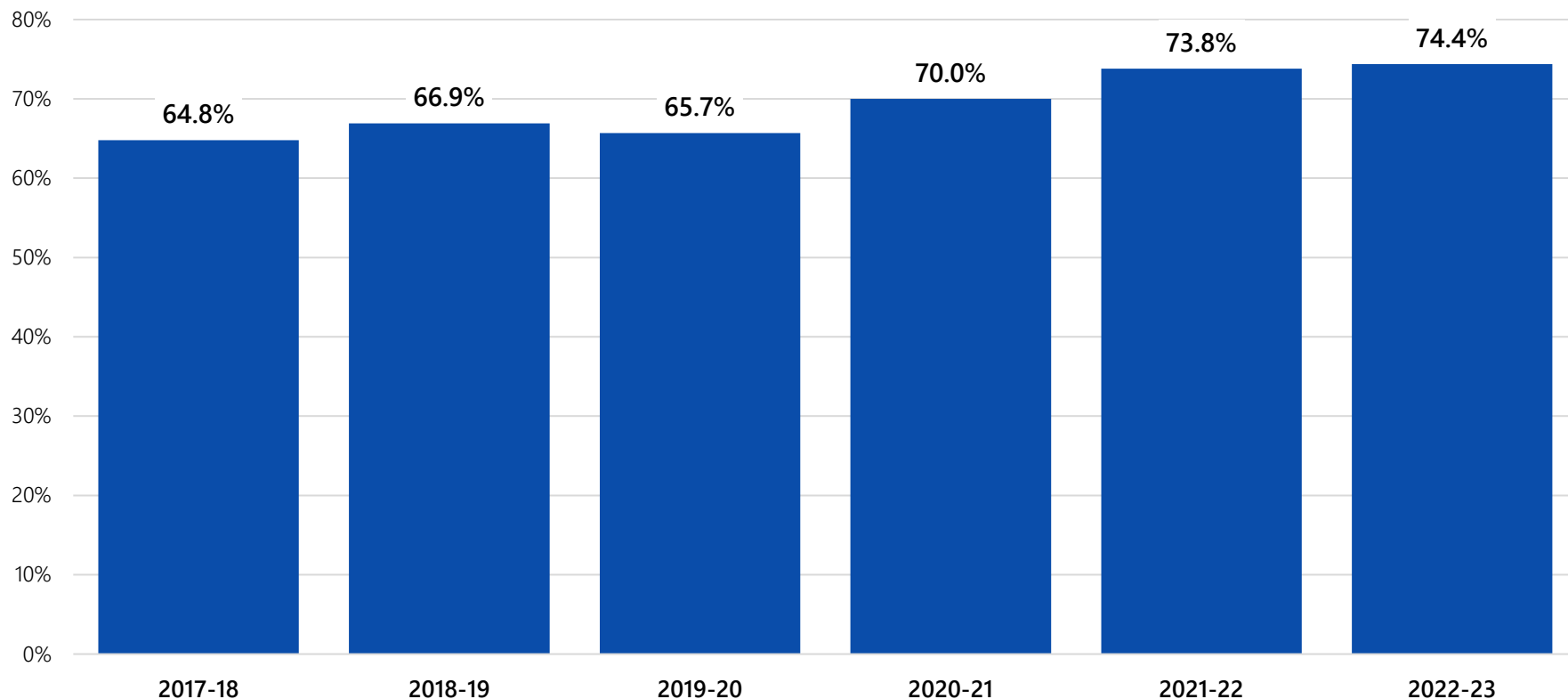
Average Amount of Student Loan Outstanding Last 7 Years



- The average loan amount has increased from \$5,421 to \$6,458, or by nearly 20%, compared with the inflation rate of 25% for the same period
- Although fewer students are financing the cost of college, the amount being borrowed has gone up
- The average student loan balance, although higher than 7 years ago, appears manageable for graduates

Job Placement*

Percentage of Bachelor Graduates Employed/Continuing Education Last 6 Years



- Increase in job placement/continuing education nearly 10 percentage points over last 6 years; 64.8% to 74.4%
- Drop in job placement in 2020 likely due to COVID
- National average job placement/continuing education rate for class of 2023 bachelor graduates estimated at 85%**

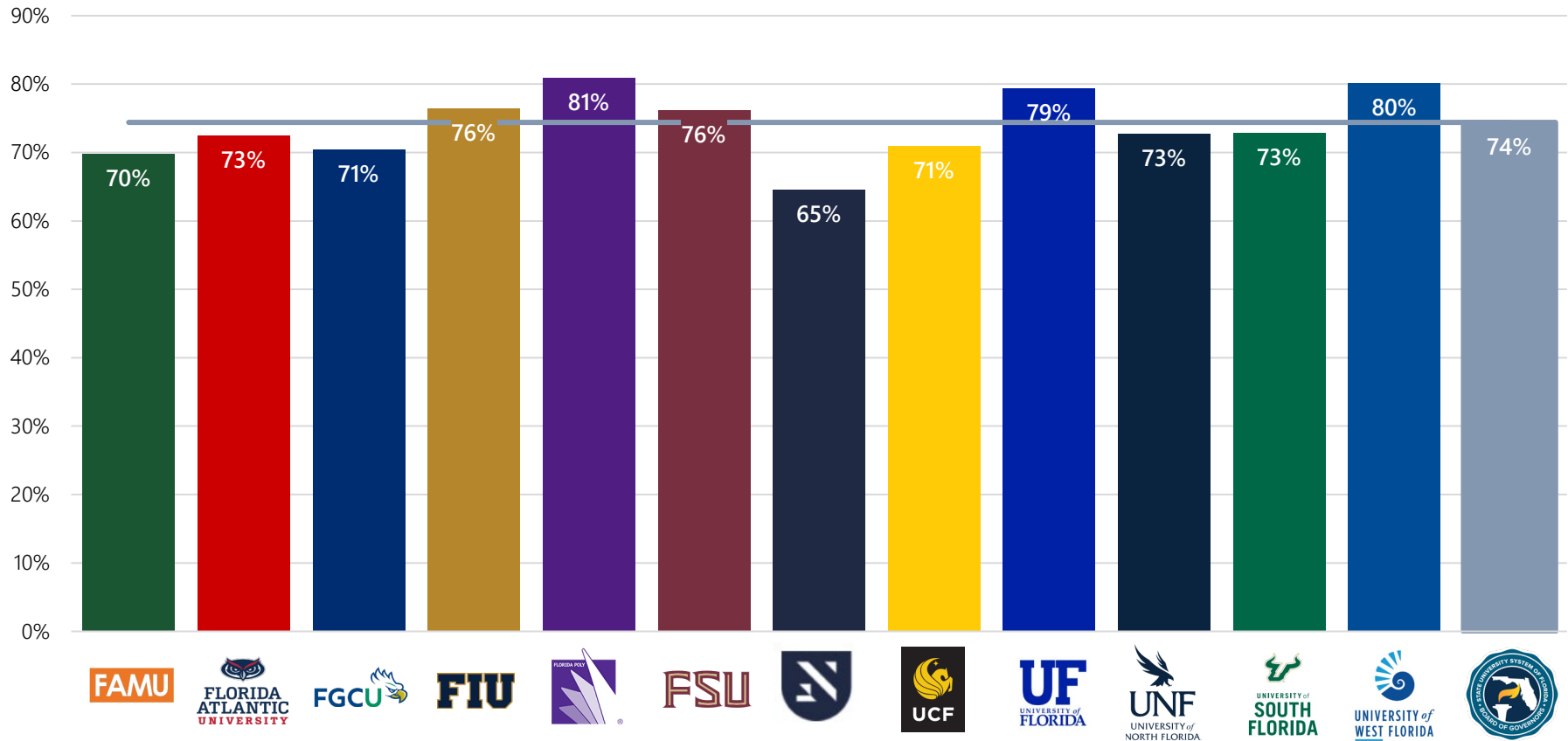
Source: Board of Governors Accountability Plans. Salary threshold for graduates was \$40,000 in FY 21 through FY 23 and \$30,000 in FY 18 through FY 20

*Represents undergraduate graduates meeting applicable salary thresholds or continuing education 1 year after graduation

**As reported by the National Education of Colleges and Employers (NACE)

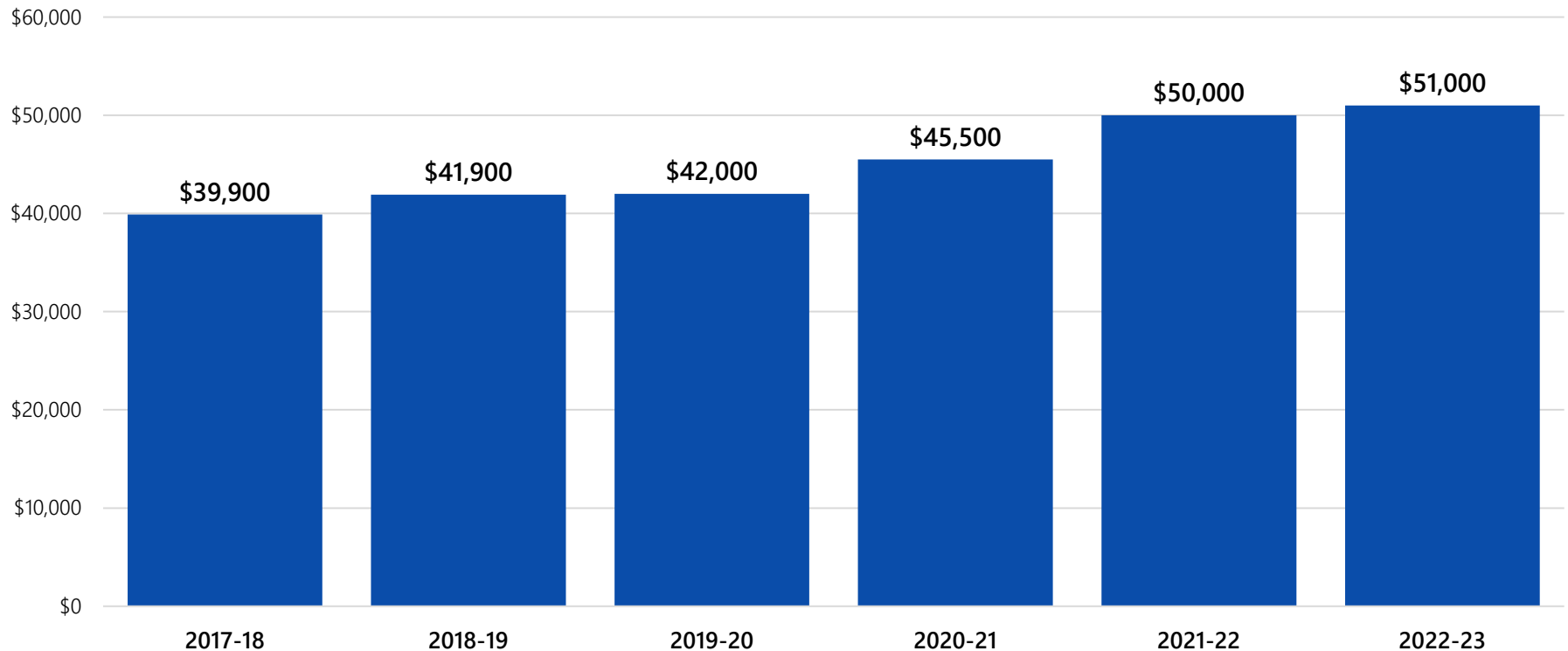
Job Placement – By University

Percentage of Bachelor's Degree Graduates Employed/Continuing Education* FY 2023



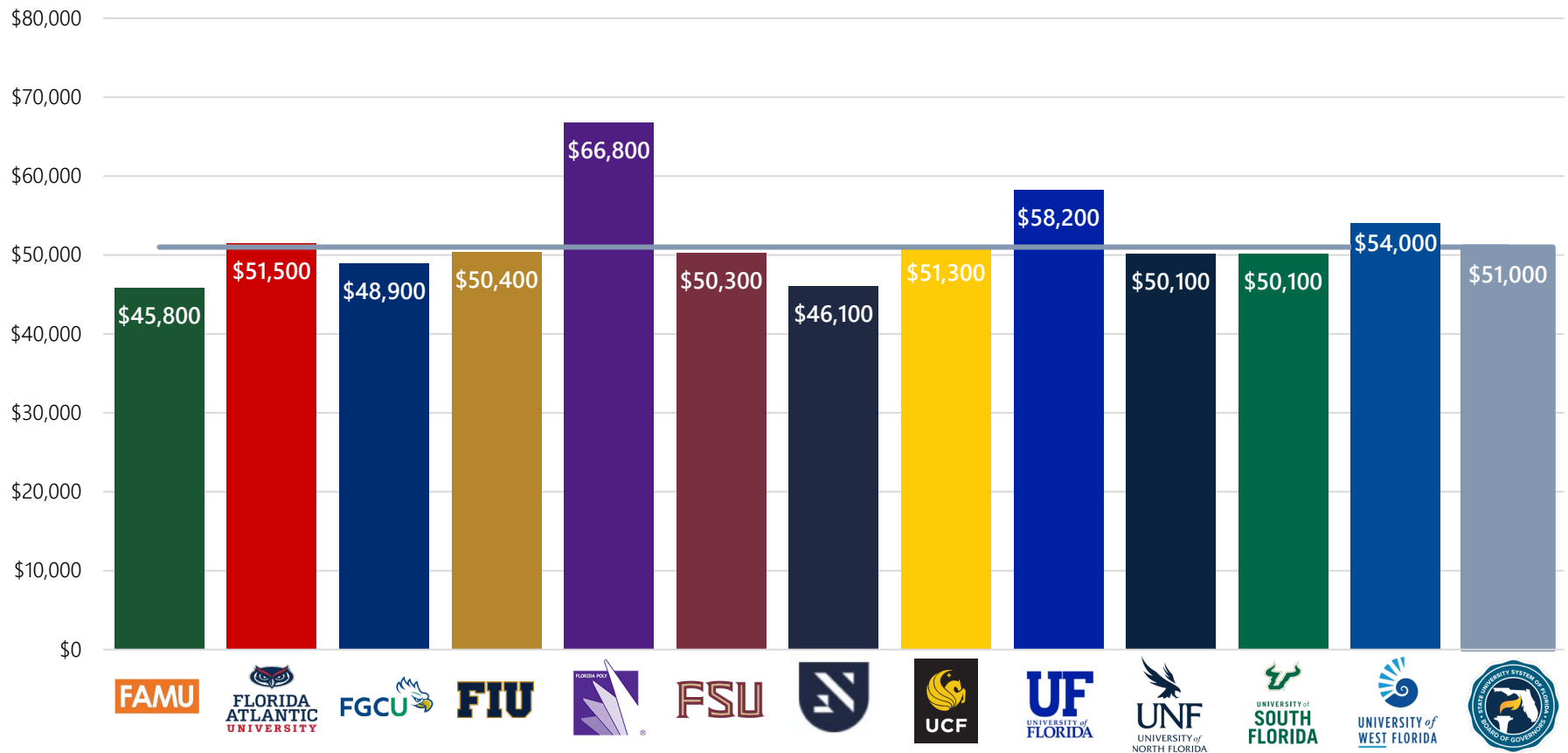
- Performance funding and focus on student outcomes has had a significant positive impact on retention and graduation rates
- Job placement/continuing education rate ranges between 65% to 81% with all but one university having a job placement rate greater than 70%

Growth in Starting Salary Median Salary of SUS Graduates Last 6 Years



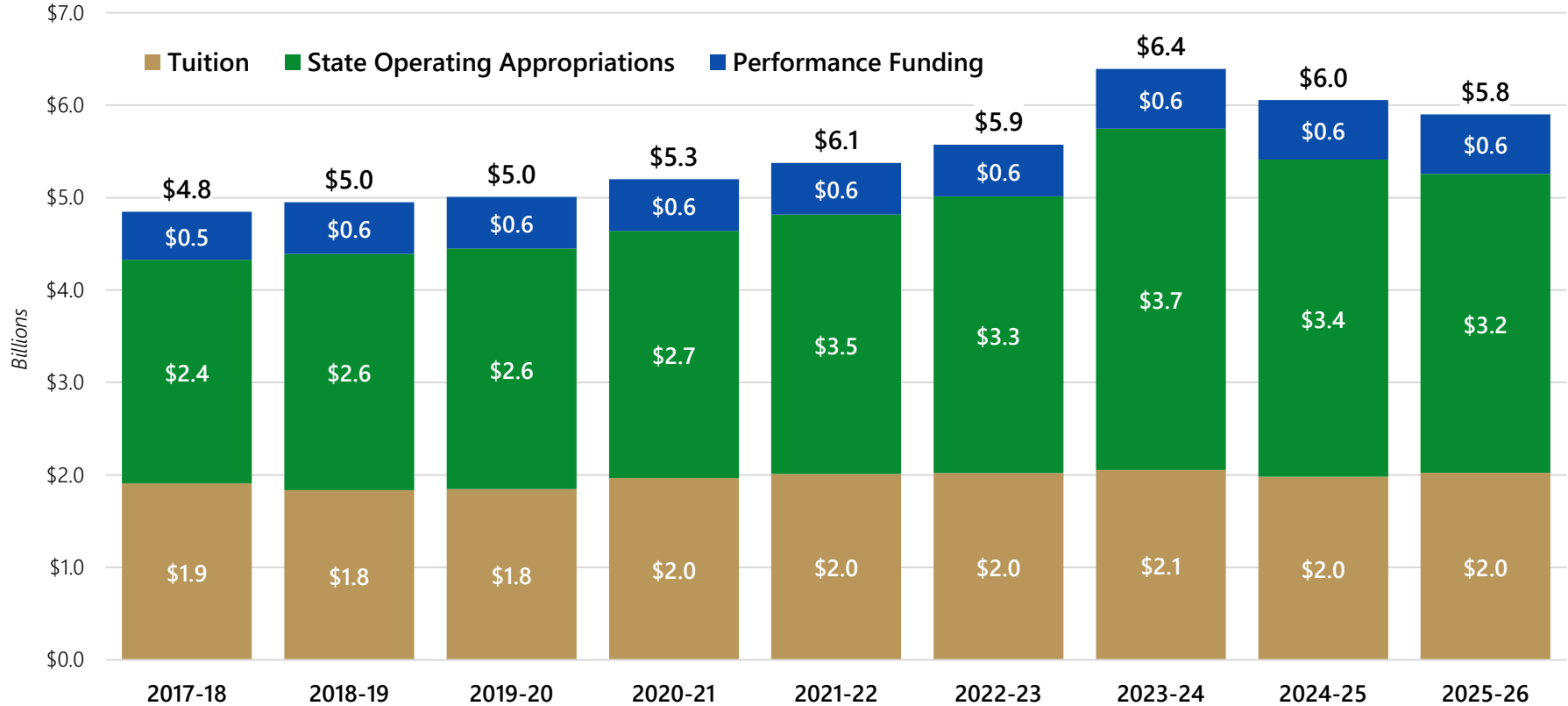
- Growth in median income for Florida graduates increasing; 28% increase in median salary over last 6 years
- 2024 national average salary (mean, not median) for new university graduates was estimated at approximately \$61,620
- Higher starting salaries for STEM (\$79,900 to \$91,400) and business (\$66,600) based on NACE survey data

Starting Salary by University Median Salary for Graduates FY 2023



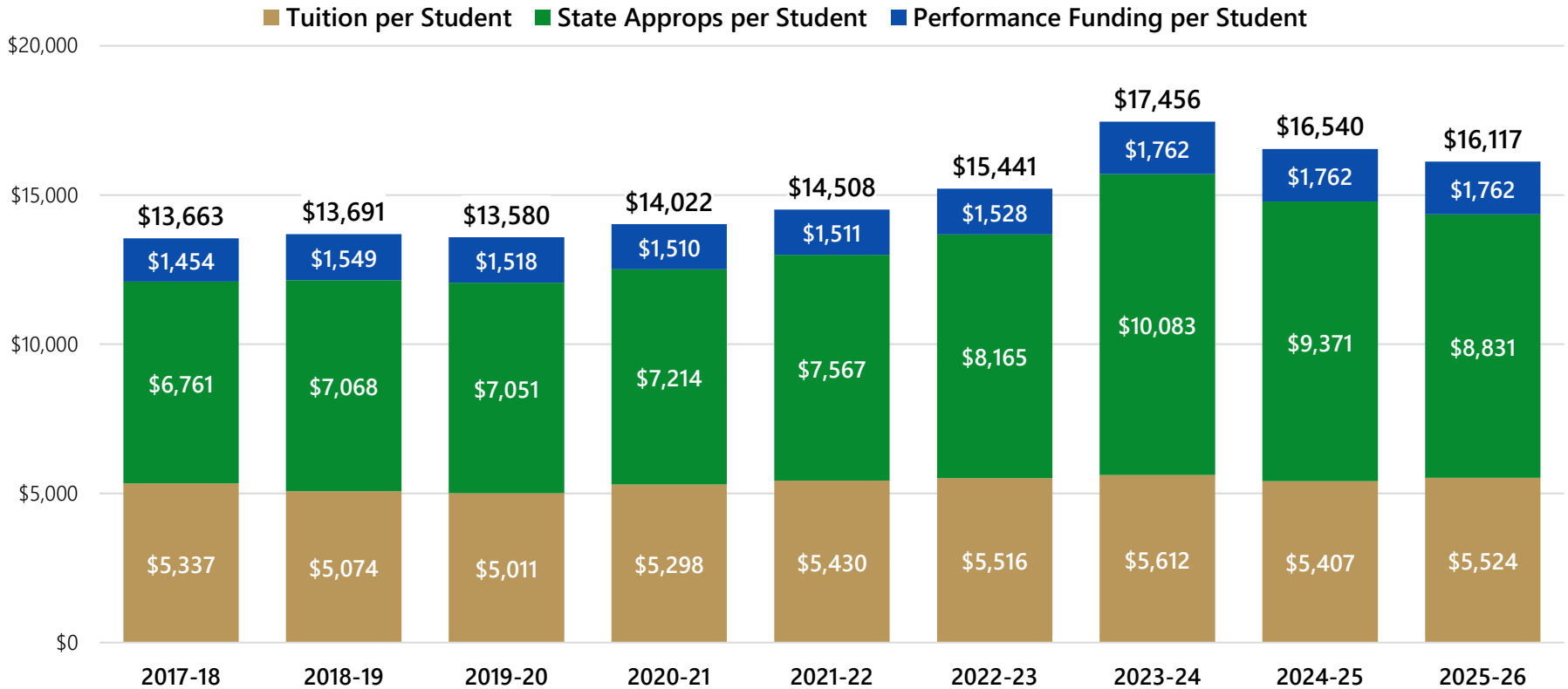
- All universities exceed the \$43,200 benchmark used for awarding performance funding in FY 2023
- The Board of Governors adopted their strategic plan, "SUS 30," in January 2025 which updated the median starting salary goal to \$50,000 for FY 2025 and \$60,000 for FY 2030 to establish a more rigorous threshold

State University System Funding Tuition and State Operating Appropriations* Last 8 Years



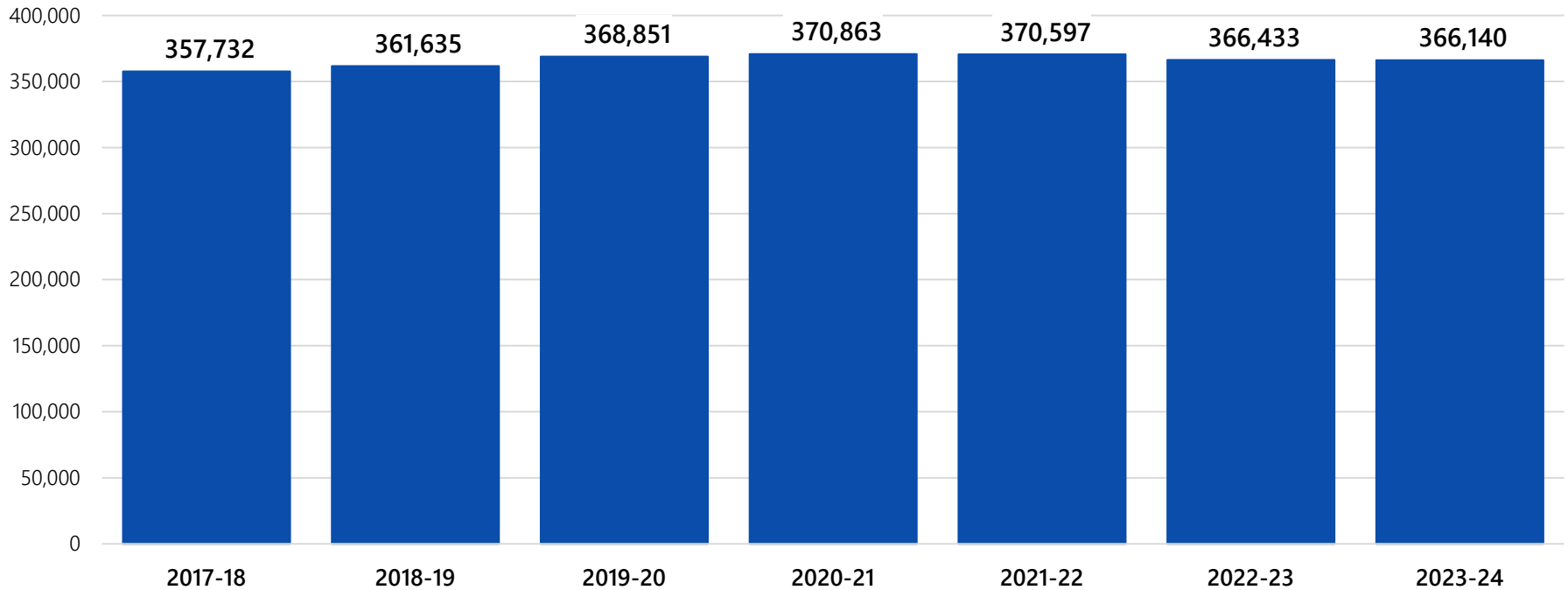
- Significant increase in State investment in public higher education
- State funding for Florida higher education peaked in FY 2024 at \$4.3 billion, but down by about \$500 million in FY 2026 from peak
- State funding for university operations has increased \$1 billion or 37% from FY 2018 to FY 2026, exceeding cumulative inflation rate of 28% through FY 2025
- Performance funding, while relatively modest proportion of State funding (16% in FY 2026), has had significant impact by emphasizing student outcomes

Operating Funding per Student* Last 8 Years



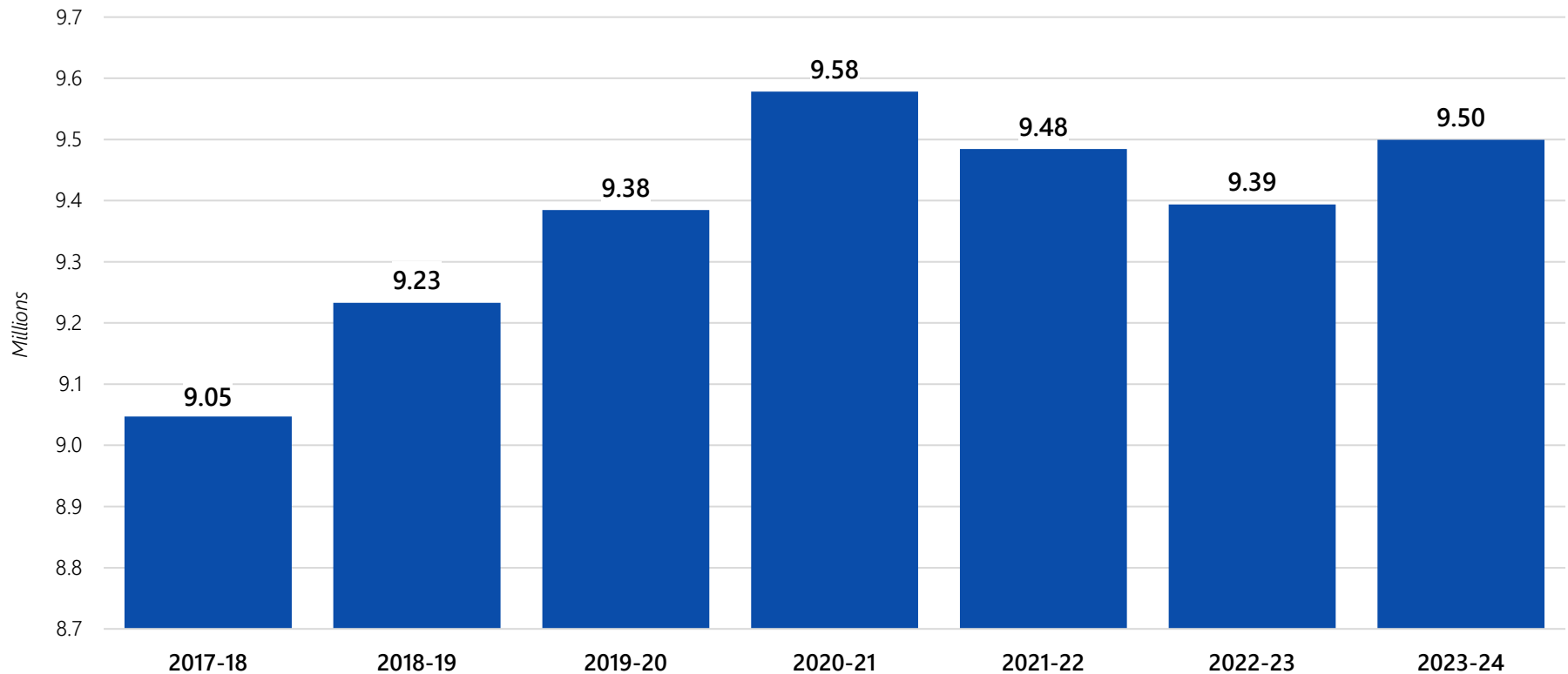
- Combined tuition and state funding per student has increased from \$13,663 in FY 2018 to \$16,117 in FY 2026, an almost 18% increase per student
- Combined state appropriations and performance funding per student increased by 28%, from \$8,215 per student to \$10,593 per student, from FY 2018 to FY 2026
- Tuition and fees paid by Florida families has not increased since FY 2018; increases in tuition and fees due to increase in student population – not increased tuition

SUS Total Enrollment* Last 7 Years



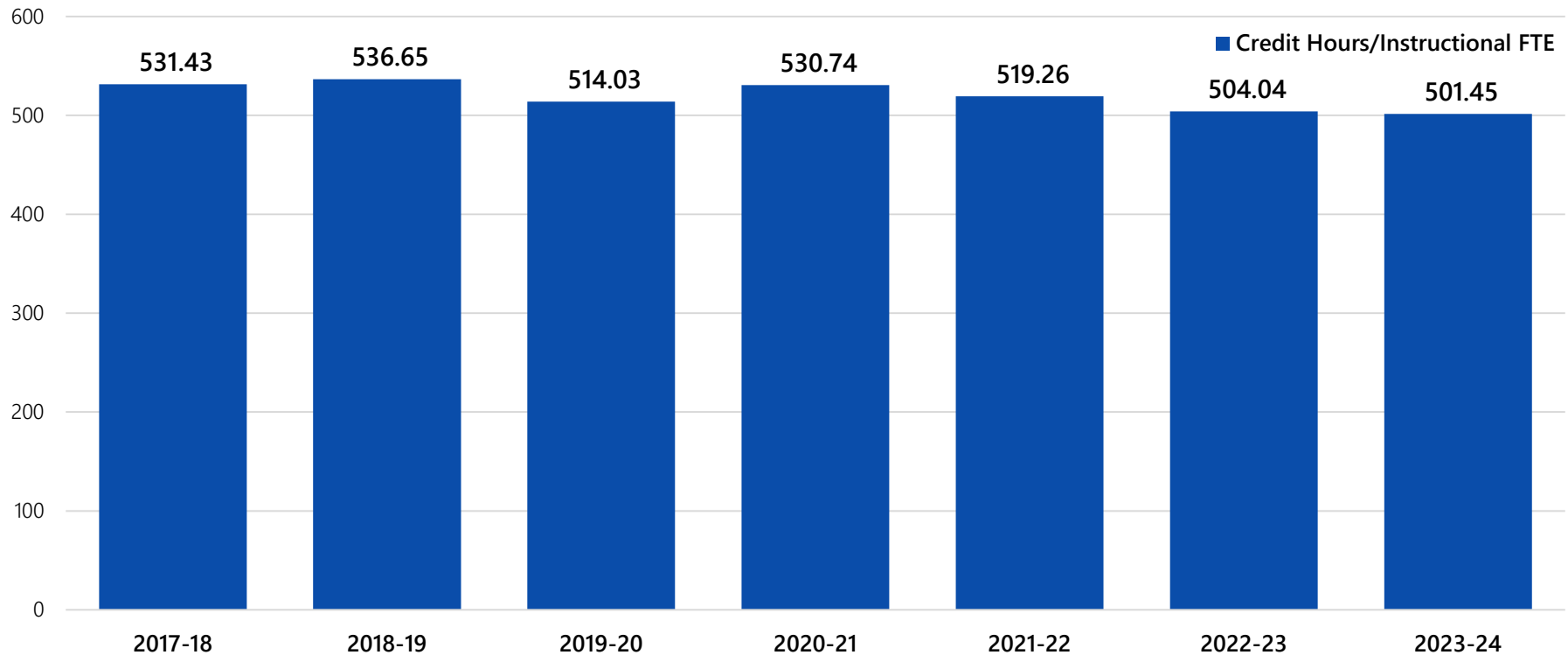
- Applications have increased 41% from 466K in 2018 to 657K in 2024
- Enrollment only increased by 2.4%, or approximately 8,400, over last 7 years
- Students enrolled as a percentage of applications received decreased over the last 7 years from 26% to 19%
- Judging by student quality (test scores and GPA), it is increasingly competitive to gain undergraduate admission to Florida's universities and universities limiting enrollment growth relative to demand

Instructional Productivity SUS Total Credit Hours Last 7 Years



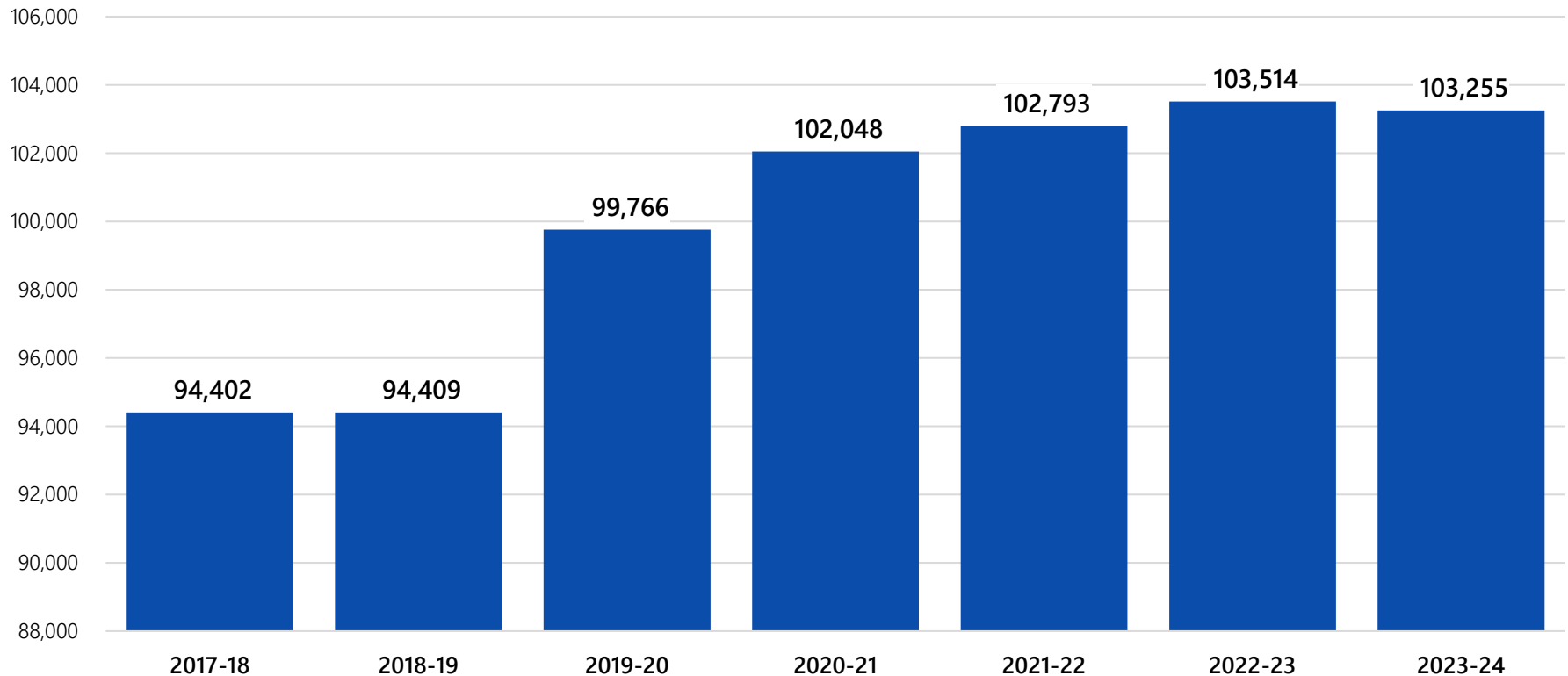
- Credit hours earned has increased by 453K (5%) over the last 7 years
- A portion of the increase can be attributed to a larger student population but the growth in credit hours exceeds the student population growth rate (2.4%)
- Performance funding and focus on 4-year graduation rate likely had positive influence on increased productivity as measured by credit hours

SUS Instructional Productivity Metric Credit Hours per Instructional FTE Last 7 Years



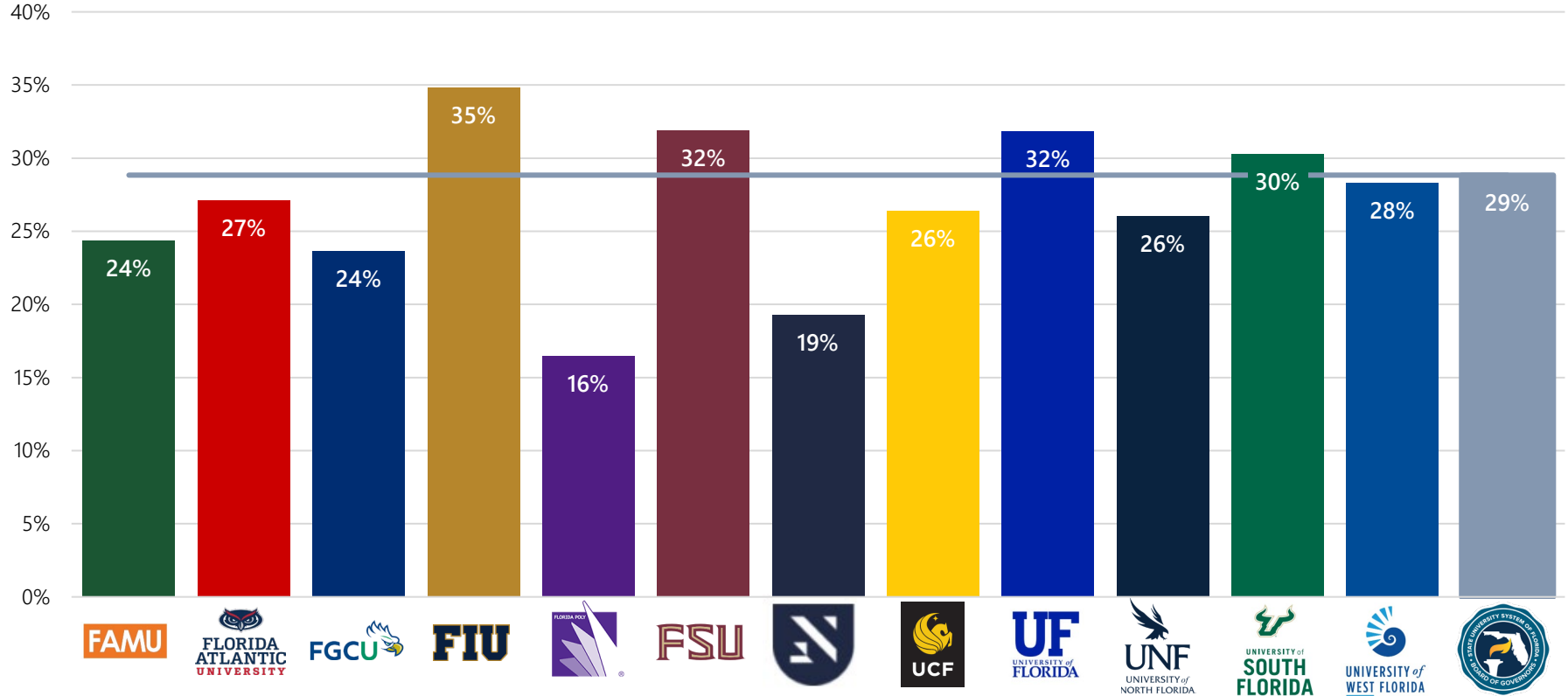
- The number of Credit Hours per Instructional FTE is a measure of productivity
- Even though the number of Credit Hours is up 5% (see prior slide), Credit Hours per FTE is down 5%
- This means instructional productivity has not improved over the last 7 years
- From a productivity standpoint, the growth in credit hours is more than offset by the growth in Instructional FTEs

Degrees Awarded as Performance Measure Last 7 Years



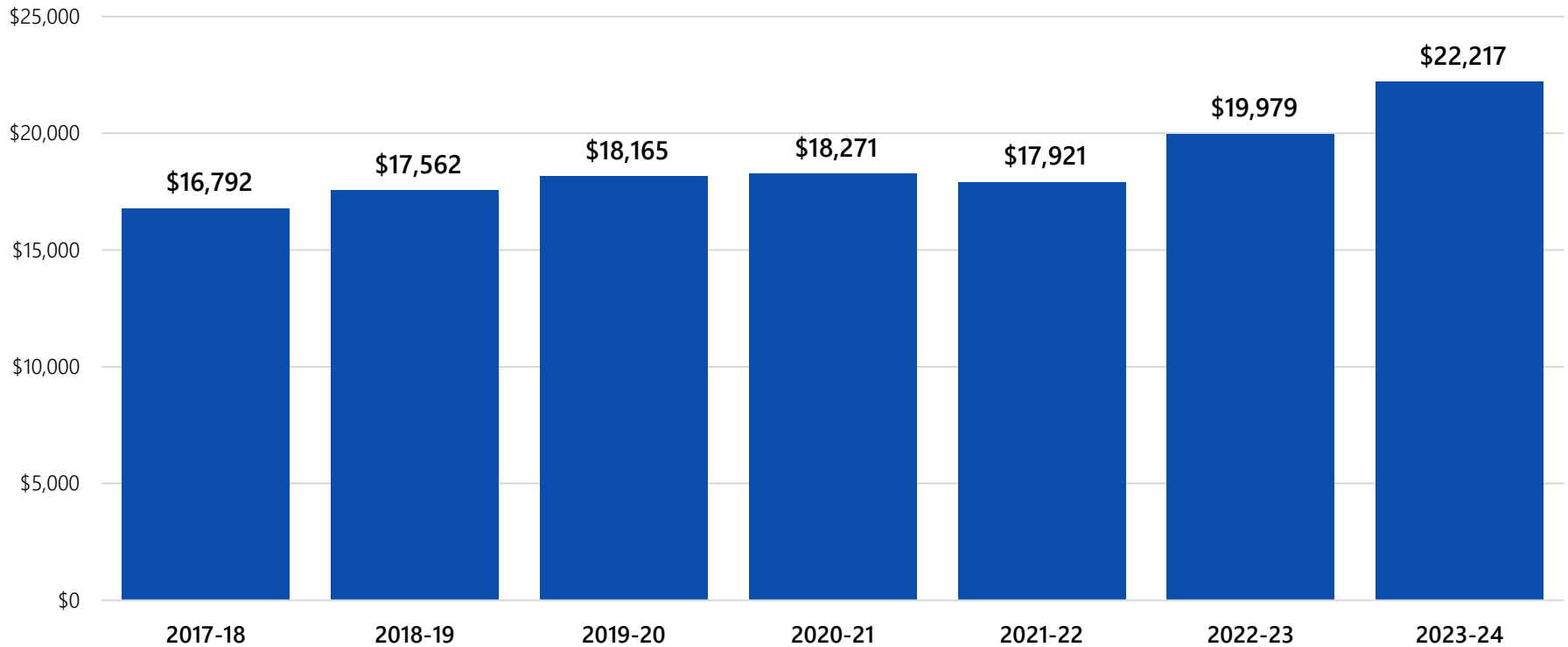
- Increase in number of graduates exceeds student population growth
- 9.4% increase in degrees awarded over last 7 years reflecting impact of performance funding and focus on student retention and graduation rates
- Student enrollment grew by a more modest 2.4% over the last 7 years
- Aligning incentives (funding) with policy priorities (graduation rates) is a powerful dynamic in effectuating change

Degree Yield as Performance Metric Ratio of Graduates to Student Enrollment FY 2024



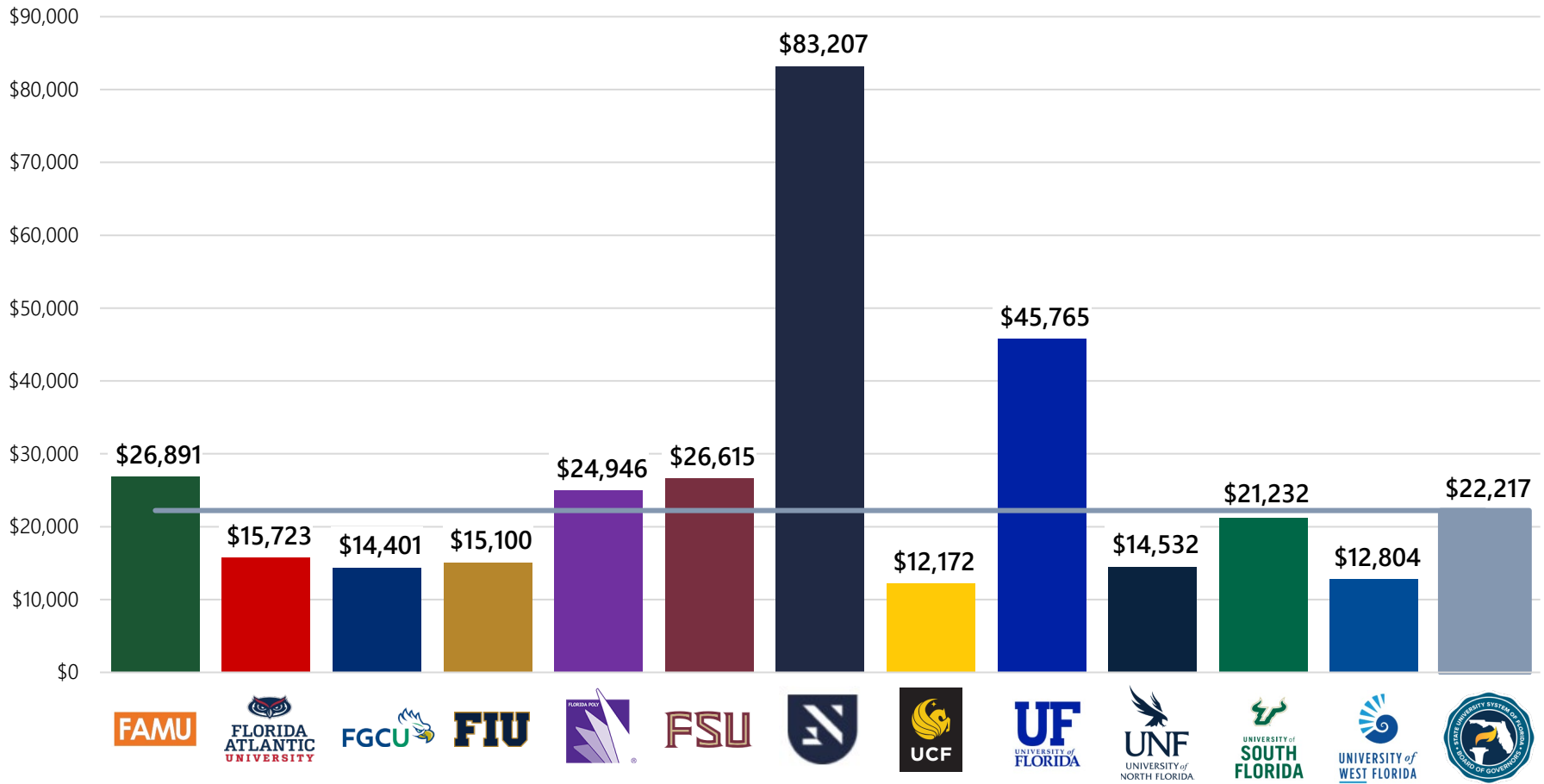
- Degree Yield is the percentage of students graduating in any year – high level metric that can be traced over time to evaluate performance
- Degree Yield over the last 7 years has increased nearly 2 percentage points (27.7% to 29.5%) reflecting increased productivity, or an additional 1,450 degrees awarded per year

Operating Expenses per Student Last 7 Years



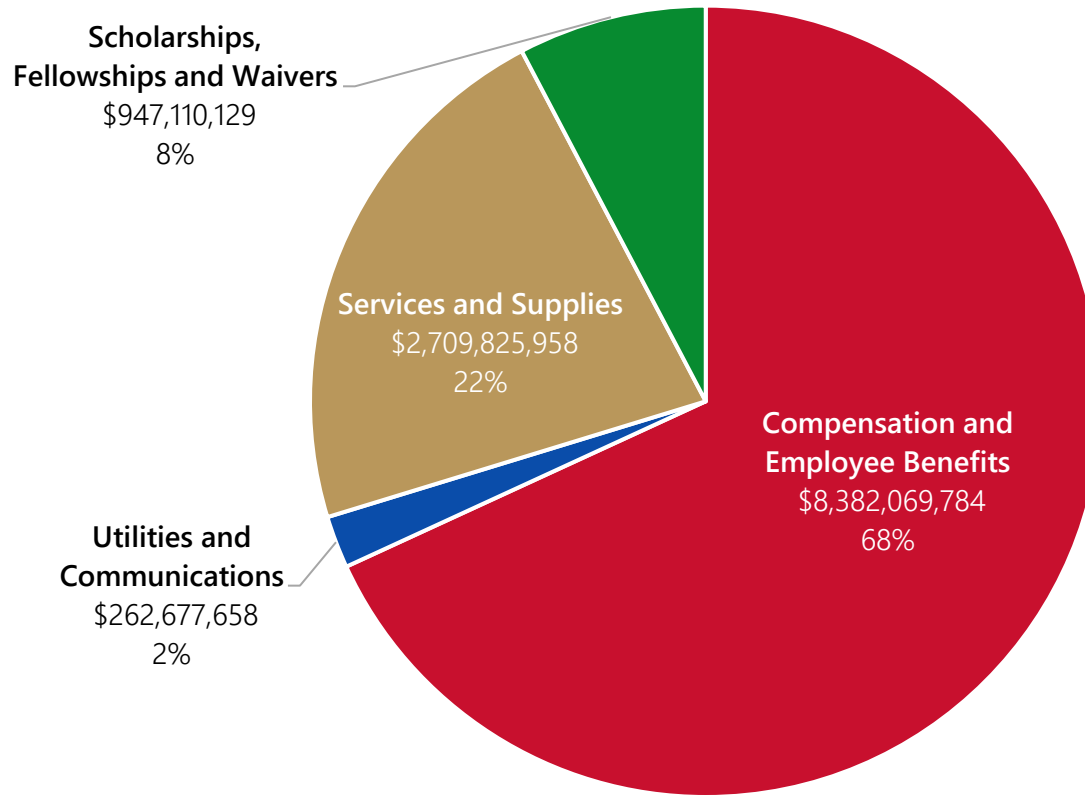
- Operating expenses per student an important metric in evaluating operational efficiency
- Adjusted Operating expenses are “operating expenses” as reported on university financial statements, excluding expenses for auxiliaries and research activities, divided by university student enrollment
- Operating expenses per student increased from about \$17k/year to over \$22k/year, or a 32% over the last 7 years
- Actual increase in operating expense per student more than inflation of 24.7% over the last 7 years – FY 2018 expense adjusted for 2024 dollars would be \$20,936
- The increase in operating expense per student primarily driven by increases in payroll or labor cost

Operating Expenses per Student by University FY 2024



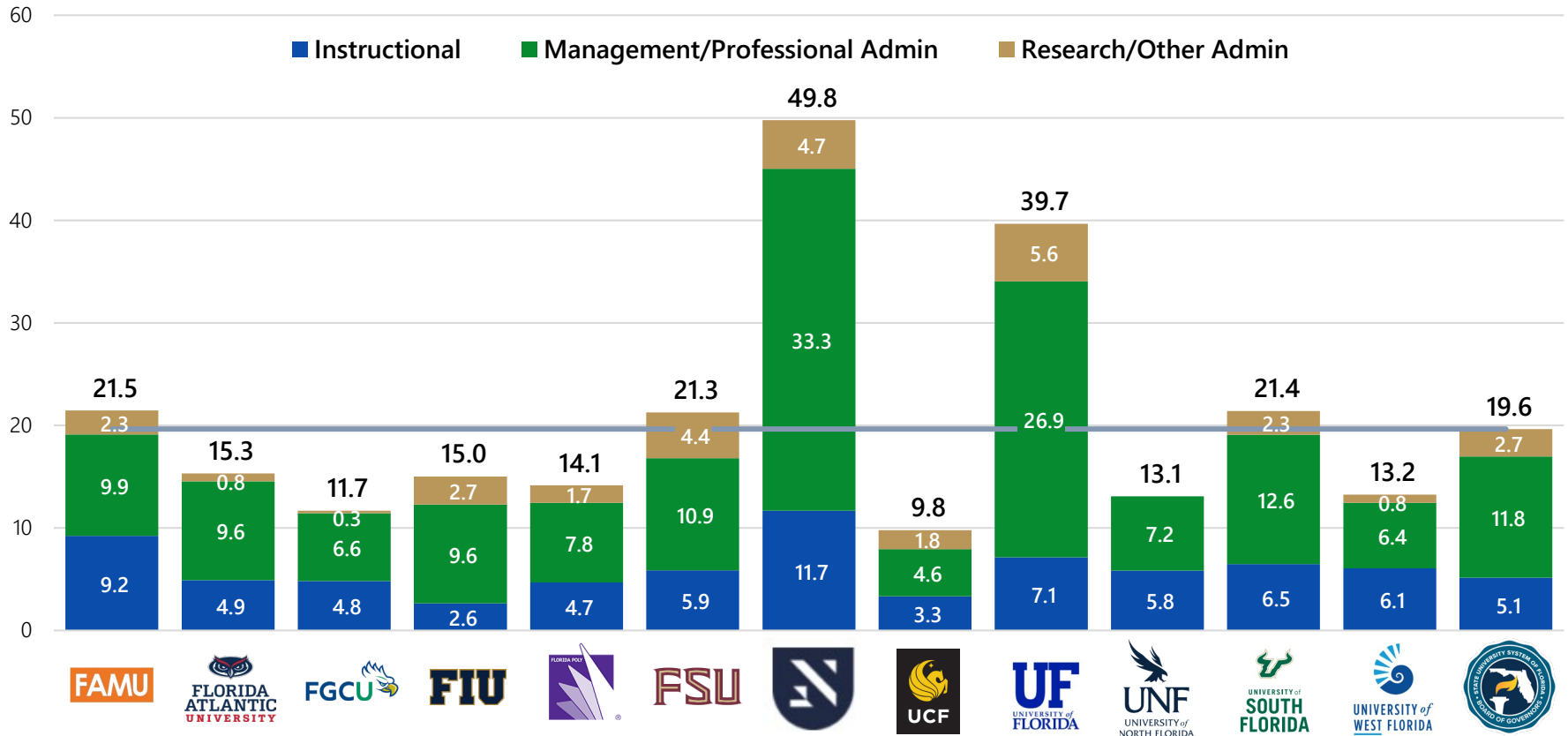
- Operating expenses per student calculated by dividing operating expenses for each university by its student enrollment
- There is a wide disparity in operating expenses per student among universities reflecting different levels of efficiency

Expense Breakdown by Category FY 2024



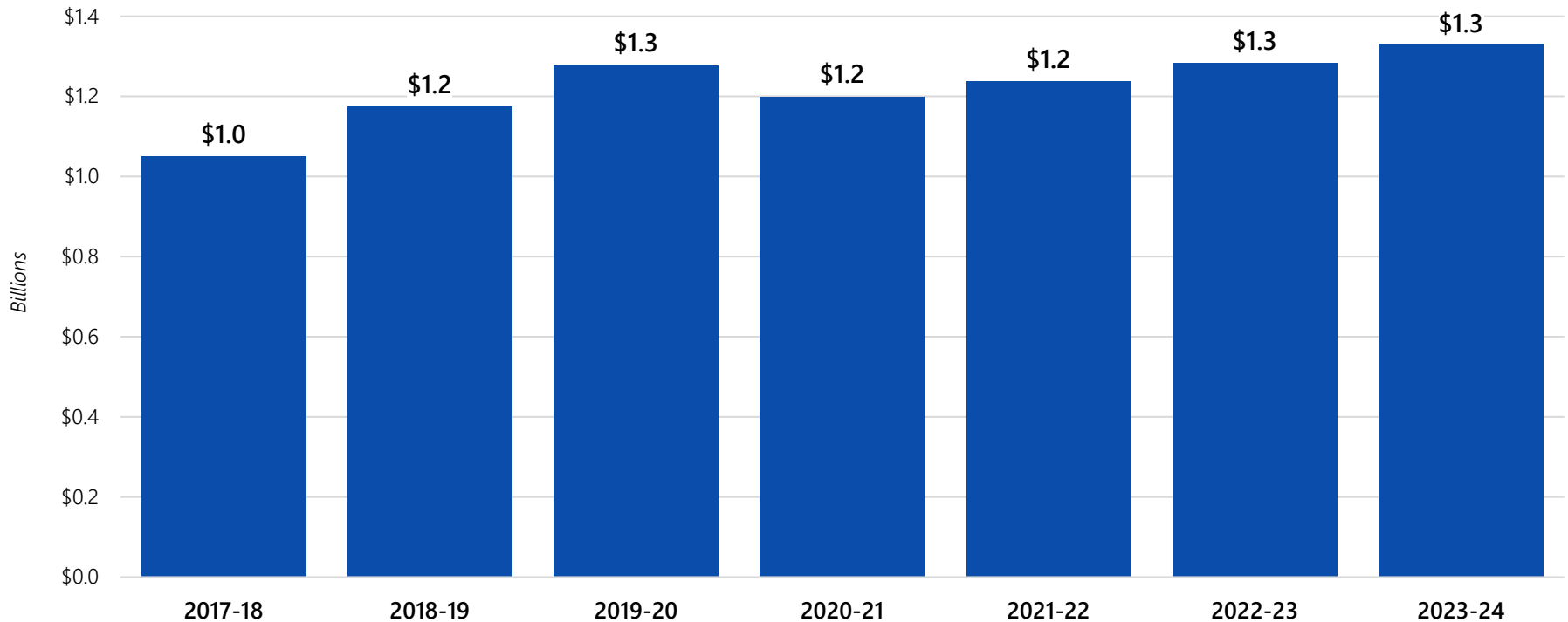
- Expense breakdown includes all university expenses, including auxiliary enterprises and research
- Labor and benefits comprise 68% of operating expenses in FY 2024
- Expense breakdown a proxy for academic operations to show critical importance of managing personnel

Personnel Allocation by Function Total FTEs per 100 Students FY 2024



- The ratio of FTEs per 100 students provides insight for management of personnel
- Significant disparity in the number of employees per 100 students among Florida's universities contributing to differences in Cost per Student and Cost per Degree
- Tracking and evaluating FTEs per 100 students can lead to data driven decisions and better efficiency

SUS Total Scholarship Allowances Last 7 Years

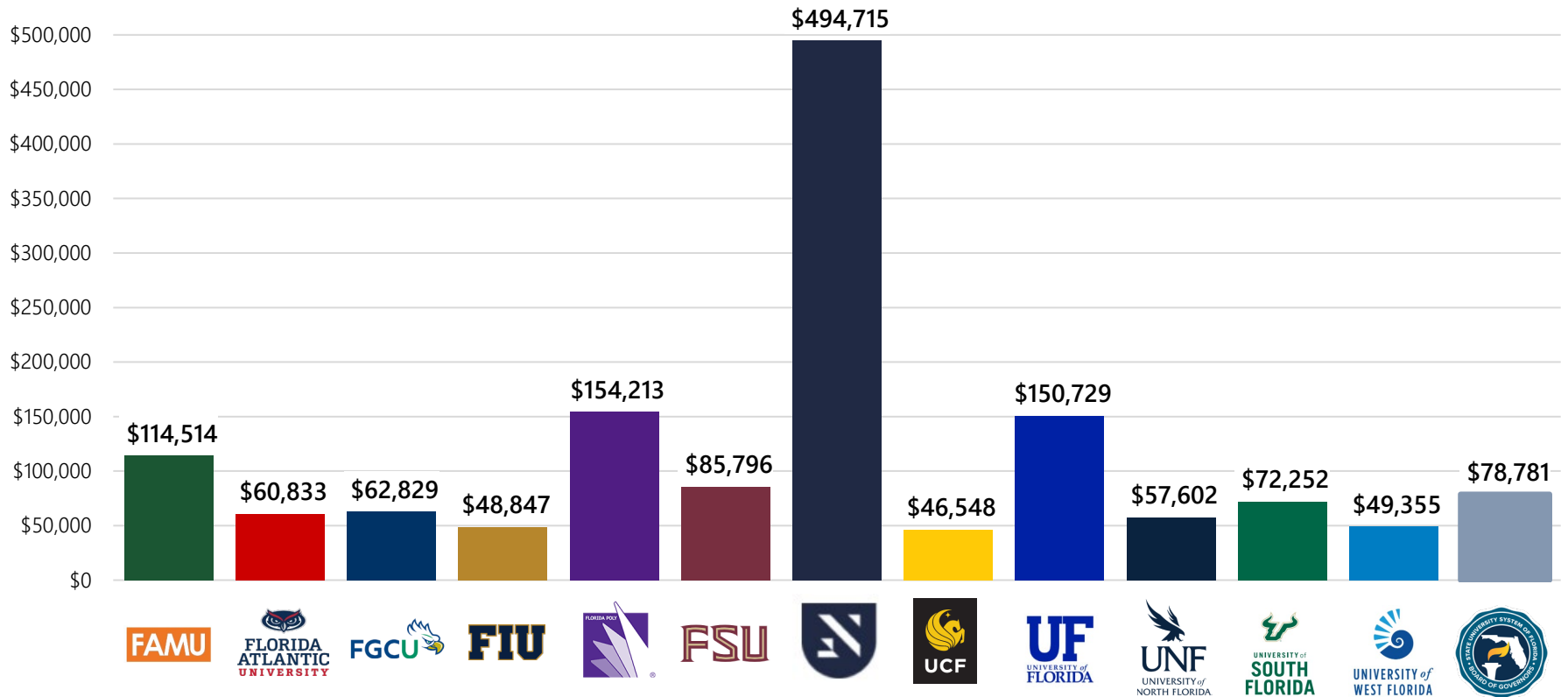


- Scholarship allowance represents a deduction from the standard tuition rates for all students enrolled
- Allowances for scholarships has increased by nearly \$300 million, or almost 30% over the last 7 years
- A portion of scholarship allowance includes discounted tuition even though Florida has lowest tuition in country
- A portion of scholarship allowances is an expense that is controllable by universities
- Additional scholarships consistent with policy objective of affordable college education

Cost to Produce a Degree by University

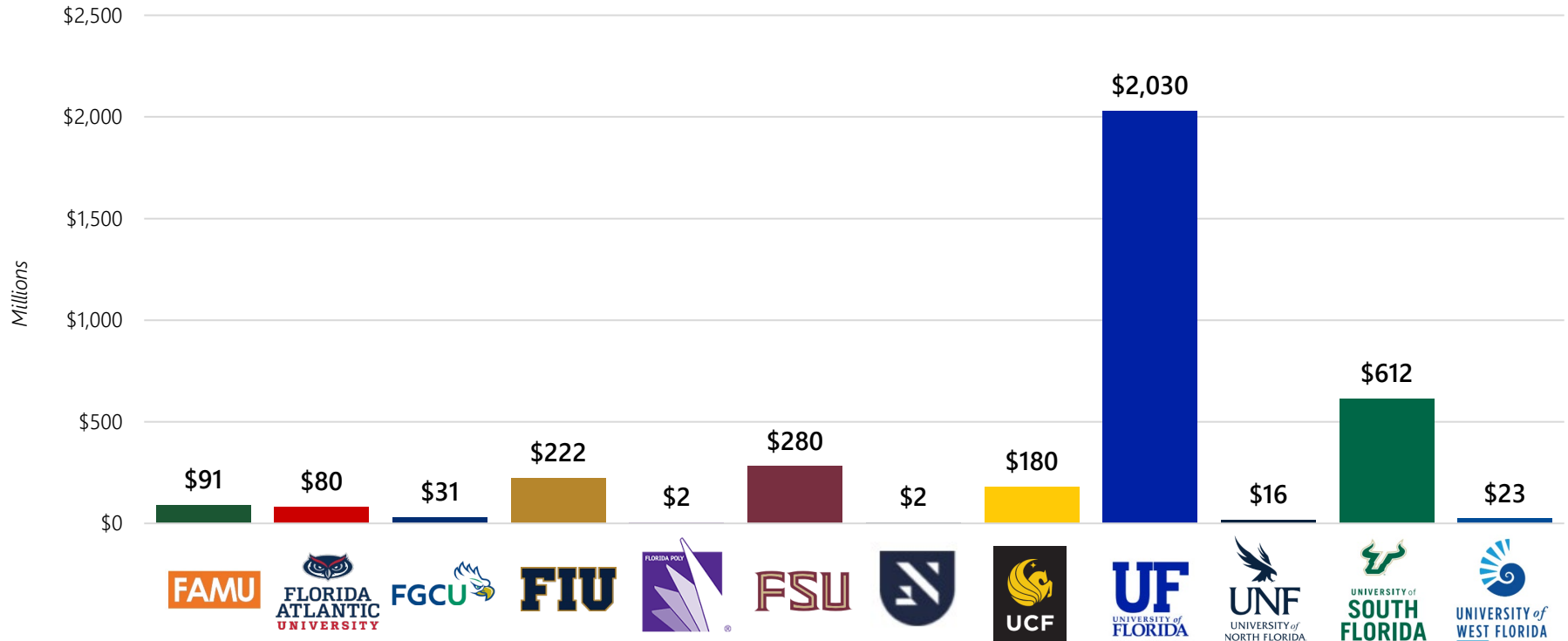
Operating Expenses per Degree

FY 2024



- Key metric for measuring overall institutional efficiency is the Cost per Degree reflecting the universities' cost structure relative the number of degrees produced
- From an investment perspective, the metric is a good measure of relative value among Florida universities
- Using Operating Expense per Degree as a metric, UCF is the most efficient university in the SUS

Revenues Generated by Research Total Grants & Contracts Revenue FY 2024

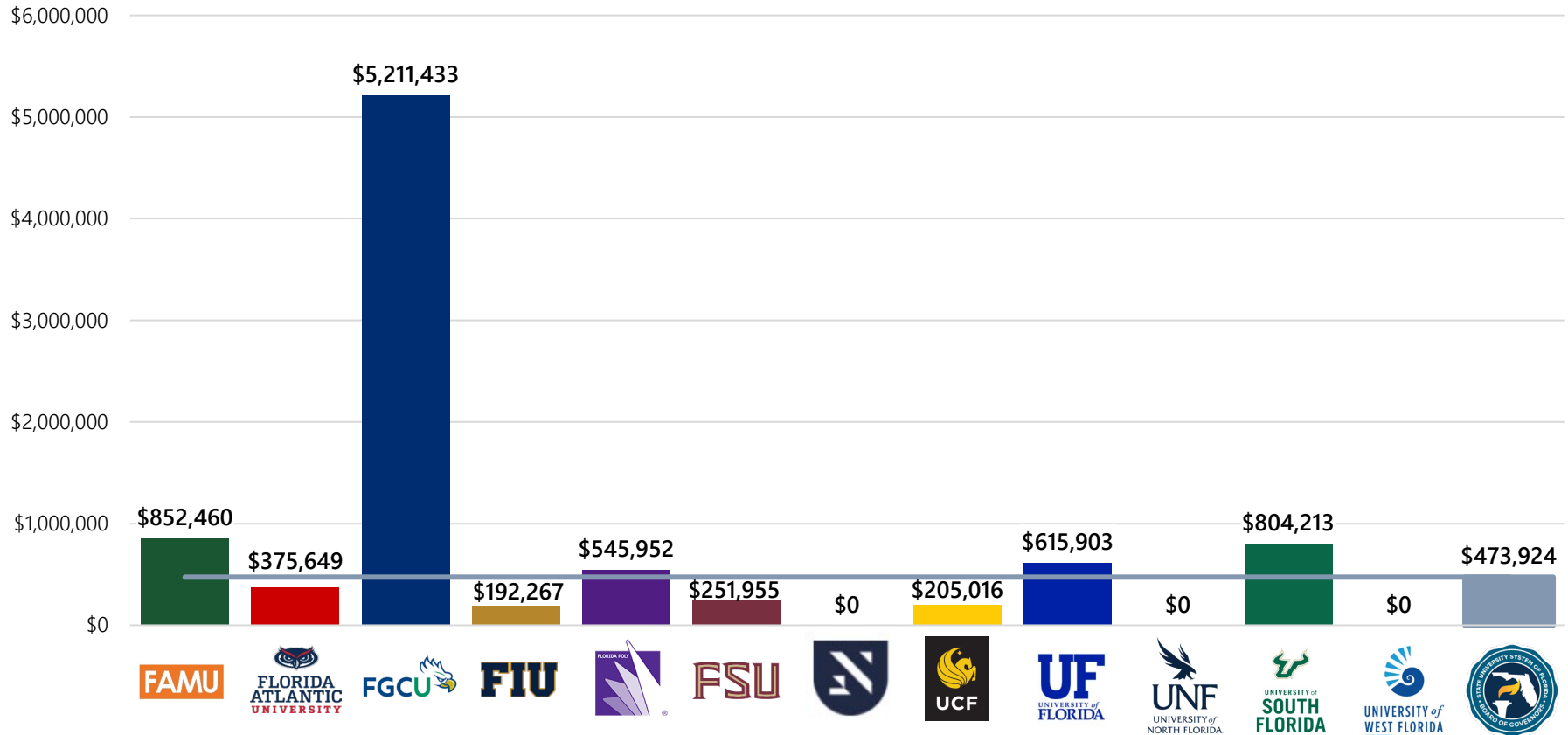


- Grants and Contracts revenue calculated by combining federal, state and local grants and contracts, with nongovernmental grants and contracts reported on university financial statements
- Grant and Contracts revenue concentrated at universities with hospitals and medical schools
- Gross revenues only indicate relative significance but do not measure efficiency or productivity
- UF dominates in Grant and Contract revenues reflecting emphasis on pursuing research grants and funding

Measuring Research Productivity

Grant Revenue per Research FTE

FY 2024



- Grant revenue per research employee is a better indicator of productivity and comparator metric across institutions
- Metric accounts for university personnel dedicated to research and can be tracked to measure productivity
- FGCU metric outlier because reported only 5.86 FTEs dedicated to research and \$30.5M in grants and contracts revenues

Conclusions/Recommendations

- Florida's universities provide the best value in the country for obtaining a college degree
- Florida has the lowest tuition in the country because of the significant state investment in higher education which is passed through to students and Florida's families
- Florida produces the most affordable college degree in the country
- Performance funding has had a profound impact on sharpening focus on student success and outcomes
- Universities have responded positively to State policies emphasizing student success and outcomes
- Universities could improve the budget and financial reporting needed to manage the State universities as enterprises with a focus on operational efficiencies
- Using key metrics to evaluate efficiencies will enable universities to use data driven decisions to enhance transparency and accountability
- University Boards of Trustees should require their administrations to track and report on key metrics to enhance their oversight of university operations and ensure that resources are dedicated to strategic institutional priorities
- Universities should apply the principles and methodologies recommended to do a more granular analysis of each college or operational unit within its institution to evaluate operational efficiencies
- Tools created and enabled by this analysis should be used by universities and their BOTs as a starting point to enhance financial transparency and accountability and move towards managing universities as enterprises so Florida can continue its position as the leader in higher education reforms and performance