

BACK TO SCHOOL: REINVESTING IN FLORIDA'S PUBLIC HIGHER EDUCATION INSTITUTIONS

September 2018

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Executive Summary

In Florida, current levels of public higher education funding reflect a pervasive disinvestment in higher education institutions. State funding for public higher education has declined between academic years 2000-01 and 2016-17 while the cost of attendance has increased dramatically. In effect, the state is asking students and their families to shore up the state's disinvestment in public higher education. Importantly, the disinvestment in public higher education in Florida was not driven by the Great Recession.

Reinvesting in Florida's public higher education institutions will prove net positive to the state's economy and fiscal revenues while preparing for future job growth in occupations that require college degrees. Furthermore, reinvesting in Florida's public higher education means promoting greater economic opportunity and prosperity for families and the state as a whole. Ultimately, Florida's economy will suffer without adequate state funding to ensure that everyone is afforded the opportunity to pursue higher education in Florida.

This report will explain 1) how Florida policymakers' disinvestment in public higher education began in the early 2000s; 2) how college affordability impacts families across all of Florida's counties; and 3) how greater funding of public higher education institutions yields great economic and fiscal benefits to the state while also improving employment opportunities.

Key Findings:

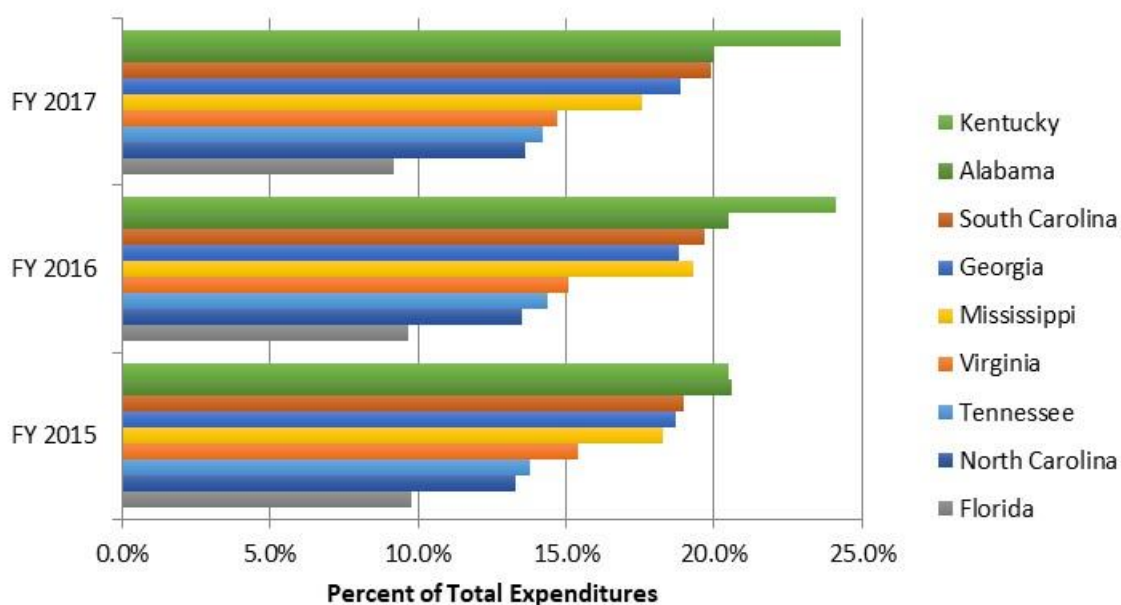
- 9.2 percent of Florida's total state expenditures went toward higher education in FY 2017, the lowest level of spending in the Southeast.
- Between 2000 and 2016, Florida experienced three years of economic decline but per student general revenue expenditures decreased seven times in Florida's College System and nine times in the State University System of Florida, after adjusting for inflation.
- In academic year 2016-17, 2016 per student general revenue expenditure levels at Florida's college and university systems and are substantially 28.9 percent and 47.6 percent lower than their high in the year 2000-01, respectively after adjusting for inflation.
- Between academic years 2000-01 and 2016-17, FTE student enrollment increased by 31.2 percent, to 320,900, in Florida's College System and by 50.8 percent, to 302,380, in the State University System of Florida, a cumulative total of 623,280.
- In academic year 2016-17, annual in-state undergraduate tuition averaged \$5,943 in the State University System of Florida, an 80 percent increase from the year 2000-01, after adjusting for inflation.

- The Florida College System contributed \$2.31 of general revenue for each \$1 of student fees in 2000-01 and \$1.21 of general revenue for each \$1 of student fees in 2016-17.
- In 2016, more than 1 in 6 Florida families with related children under 18 years of age were in poverty, 17.1 percent, thereby limiting access to college. The national poverty rate for families with related children under 18 years of age is 15.9 percent.
- In 2016, annual in-state undergraduate tuition in the State University System of Florida could potentially consume 10.4 percent of median income of Florida families with related children under 18 years of age.
- In 2016, the potential share of annual in-state undergraduate tuition in the State University System of Florida from the median income of Florida families ranged from 6.4 percent in Miami-Dade County to 15 percent in Dixie County for whites; 8.7 percent in Santa Rosa County to 26.1 percent in DeSoto County for black/African Americans; and 7.2 percent in Union County to 35.7 percent in Lafayette County for Latino/Hispanics.
- In 2025, more than one million total job openings (1,014,011) will require a Bachelors degree or higher, 181,395 of which come from new occupational growth.
- Economic impact analysis estimates that increasing enrollment by 10 percent (63,328 new FTE student enrollment) at Florida's college and university systems in 2019 would have a total net positive economic impact of \$251,485,210 to Florida's economy and increase state fiscal revenues by \$28,386,700.
- In academic year 2016-17, 9.9 percent of full-time employees earned less than \$15 per hour in the State University System of Florida. Similarly, a sample of 11 colleges from Florida's College System revealed that 20.8 percent of full-time employees earned less than \$15 per hour.
- Economic impact analysis estimates that raising employee salaries to \$15 per hour at Florida's college and university systems in 2019 would have a total net positive economic impact of \$80,499,512 to Florida's economy and increase state fiscal revenues by \$4,098,697.

PART I: Disinvestment in Florida's Public Higher Education Institutions

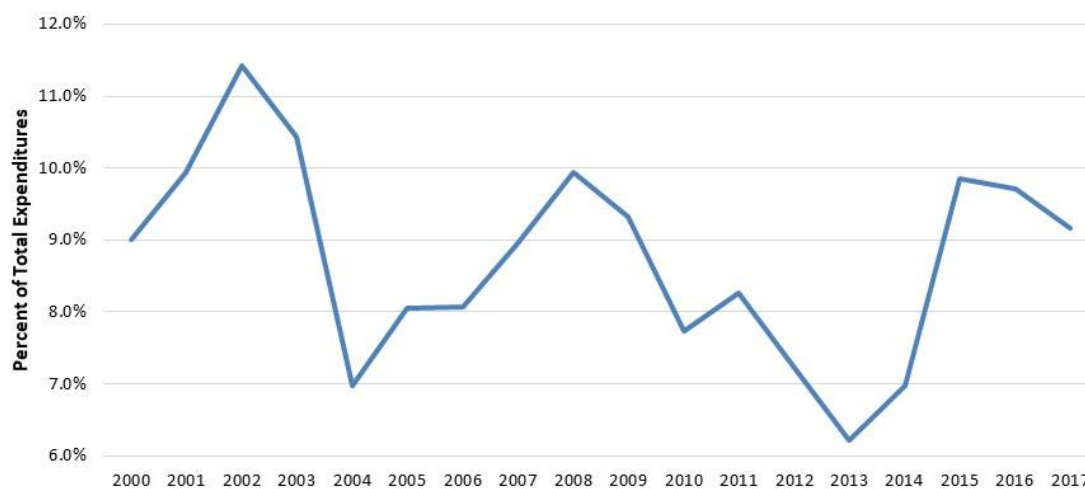
In Florida, current levels of public higher education funding reflect a pervasive disinvestment in higher education institutions. When compared to other states in the Southeastern United States, Florida ranks last in the share of state expenditures spent on higher education. Only 9.2 percent of Florida's total state expenditures went toward higher education in FY 2017 compared to 24.3 percent in Kentucky or 20 percent in Alabama. Between fiscal years 2015 and 2017 Florida's higher education expenditures as a percentage of total expenditures has declined by 6.1 percent from 9.8 percent to 9.2 percent. In this period, Florida has lagged the rest of the region in each year (see Figure 1). Additionally, Florida's FY 2017 level of spending on higher education is below its 2002 peak of 1.4 percent (see Figure 2).

Figure 1: Higher Education Expenditure as a Percentage of Total Expenditures by State: FY 2015-2017



Source: National Association of State Budget Officers. 2018. State Expenditure Report Fiscal Year 2016: Examining Fiscal 2015-2017 State Spending.

Figure 2: Higher Education Expenditures as a Percentage of Total Expenditures in Florida: FY 2000-2017

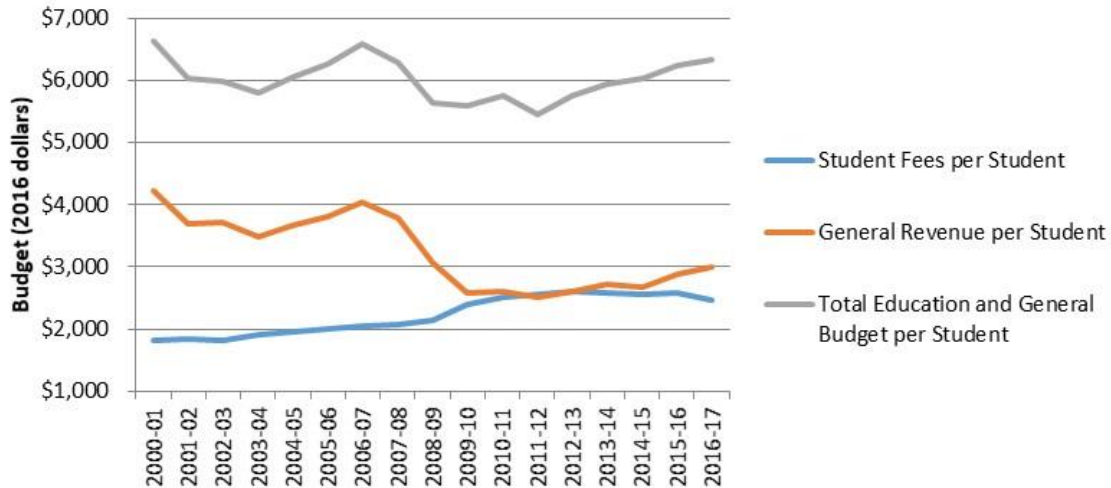


Source: National Association of State Budget Officers. 2018. State Expenditure Report Fiscal Year 2016: Examining Fiscal 2015-2017 State Spending.

Between academic years 2000/01 and 2016/17 Florida's public funding for public higher education has declined while the cost of attendance has increased dramatically. During this period, student fees per student have increased while general revenue per student has declined drastically. The rise of student fees per student has prevented a sharp drop in the total education and general budgets of Florida colleges and universities. In effect, the state's higher education funding model means asking students and their families to shore up the state's disinvestment in public higher education.

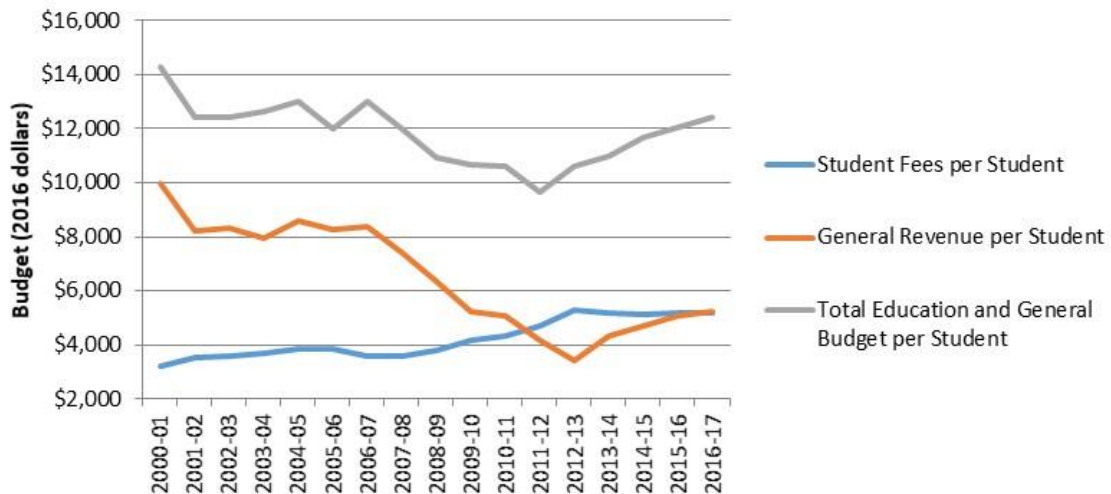
Between academic year 2000/01 and 2016/17, general revenue per student in the Florida College System declined by 28.9 percent from \$4,229 to \$3,008 (see Figure 3). Similarly, general revenue per student in the State University System of Florida declined by 47.6 percent from \$9,985 to \$5,228 (see Figure 4). Conversely, during this period student fees per student increased by 35.5% in the Florida College System and by 61.1% in the State University System of Florida.

Figure 3: Florida College System per Student Budget by Revenue Source: 2000/01-2016/17 (2016 dollars)



Source: Florida Department of Education Fact Book. Table 7.2T Operating Budget-Funding History.

Figure 4: State University System of Florida per Student Budget by Revenue Source: 2000/01-2016/17 (2016 dollars)



Source: State University System of Florida Operating Budget Summary.

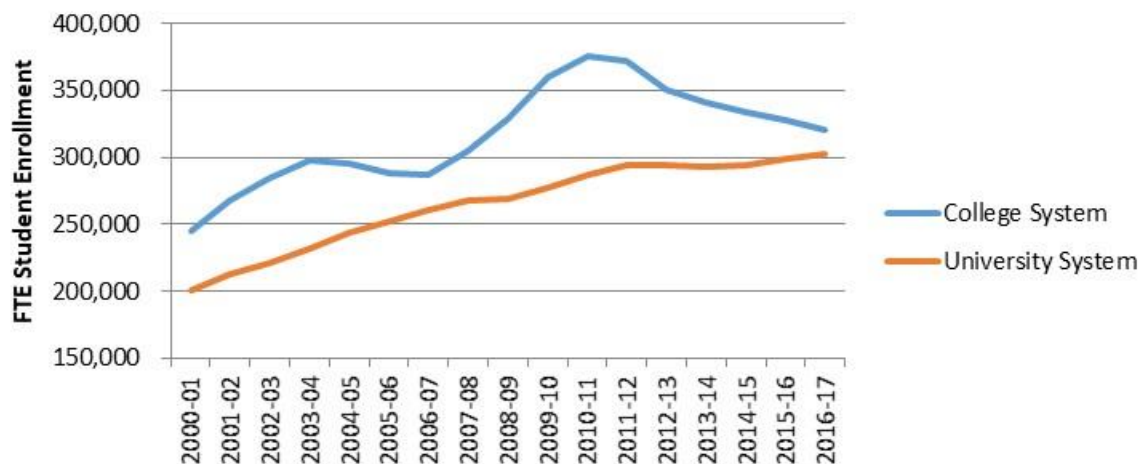
Note: Excludes IFAS, Health / Medical Centers

Importantly, the disinvestment in public higher education in Florida was not driven by the Great Recession and the state's economic performance during that period. Between the years 2000 and 2016 Florida experienced three years of economic decline but per

student general revenue expenditures decreased seven times in the Florida College System and nine times in the State University System of Florida, after adjusting for inflation. In fact, the sustained decline in funding for Florida's public higher education institutions preceded the Great Recession (see Figures 3 and 4). Per student general revenue expenditures have not returned to pre-Great Recession levels at Florida's college and university systems and are substantially lower than their high in the year 2000, after adjusting for inflation. Additionally, the Great Recession's deep negative impact on household incomes, which many families have yet to recover from, made increased student fees economically difficult to absorb. Determining the level of public higher education funding is a choice policymakers have to make. Unfortunately, the general trend since 2000 reflects choices to disinvest from public higher education.

In academic year 2016-17, FTE student enrollment totaled 320,900 in Florida's College System and 302,380 in the State University System of Florida, a cumulative total of 623,280 (see Figure 5). Between academic years 2000/01 and 2016/17 FTE enrollment Florida's public colleges and universities has increased by 40 percent: 31.2 percent in the Florida College System and by 50.8 percent in the State University System of Florida. It is important to note that enrollment growth in the State University System of Florida has been sustained while enrollment in the Florida College System has been on a steady decline since academic year 2010/11.

Figure 5: Florida College and University Systems Total FTE Student Enrollment: 2000/01-2016/17

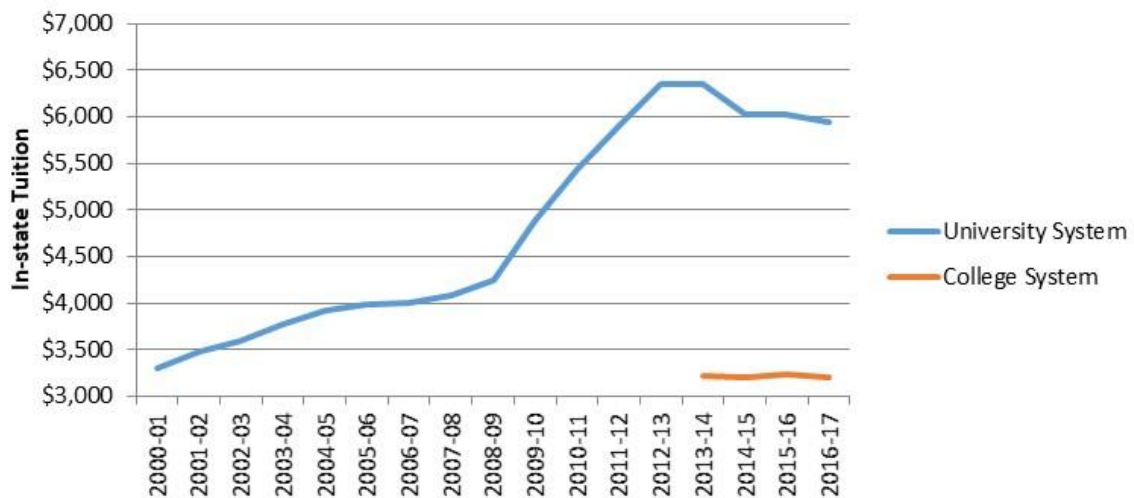


Sources: Florida Department of Education Fact Book. Table 7.2T Operating Budget-Funding History. State University System of Florida History of Annual FTE Enrollments.

Despite the impressive growth in student enrollment at Florida's colleges and universities over the last 17 years, tuition has increased at an even faster rate. Between academic years 2000/01 and 2016/17 average in-state tuition for undergraduates in the State University System of Florida has increased by 79.9 percent, from \$3,304 a year in

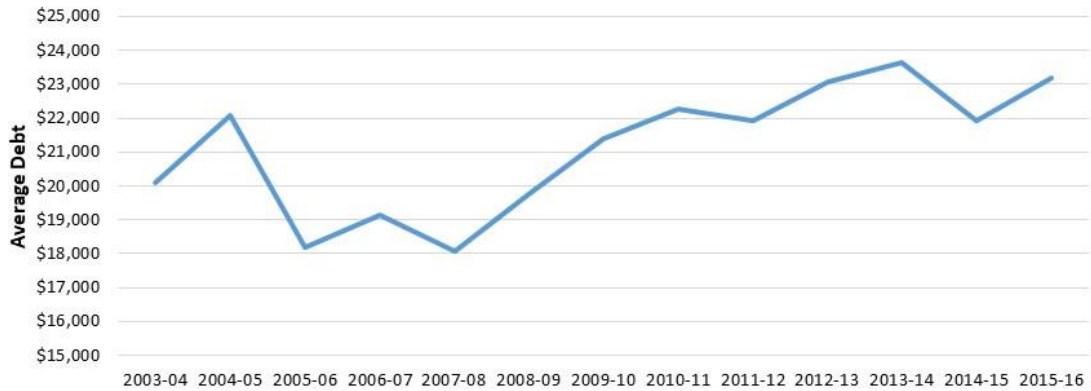
2000/01 to \$5,943 in 2016/17, after adjusting for inflation (see Figure 6). The increase in tuition has contributed to the rise in college/university debt of recent graduates. In academic year 2015/16, the most recent year available, the average debt burden of a college graduate from a public 4-year college or university was \$23,168, after adjusting for inflation (see Figure 7). Between academic years 2003/04 and 2015/16 college/university debt grew by 15.3 percent. In Historical data on tuition for the Florida College System had limited availability. However, in academic year 2016/17, the average in-state tuition for undergraduates at Florida colleges was \$3,210. Therefore, on average, the Florida College System is more affordable relative to the State University System of Florida.

**Figure 6: Florida College and University Systems
Average Annual In-state Undergraduate Tuition:
2000/01-2016/17 (2016 dollars)**



Sources: Florida Department of Education Fact Book. Table 7.8T - Student Fees for Lower Level Credit Programs (Resident Students). State University System of Florida SUS Tuition & Fees.

Figure 7: Average Debt of Graduates from Florida Public 4-year Colleges and Universities: 2003/04-2015/16 (2016 dollars)

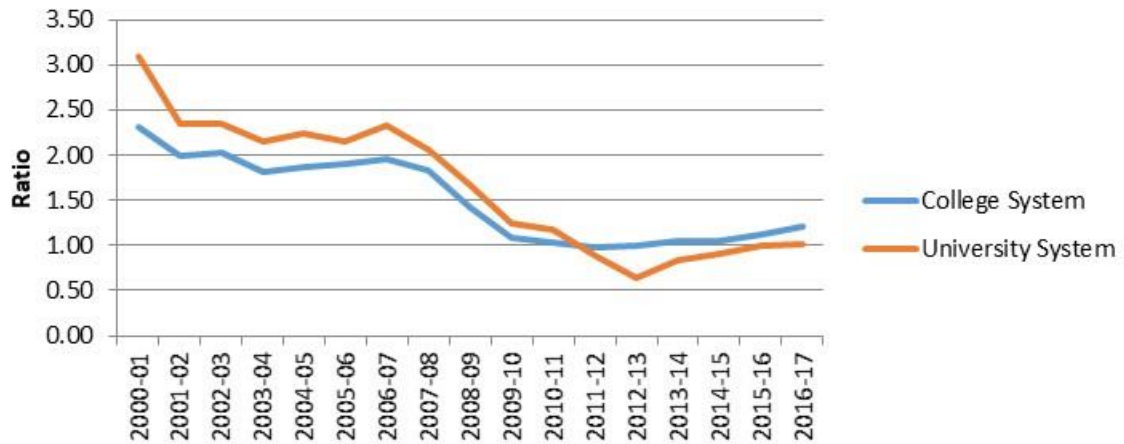


Source: The Institute for College Access & Success, College InSight, <http://www.college-insight.org>

The dramatic rise in tuition at the State University System of Florida reflects a drastic shift in how public higher education institutions are funded in Florida. In academic year 2000/01, the State University System of Florida contributed \$3.10 of general revenue for each \$1 of student fees, but only contributed \$1.01 of general revenue for each \$1 of student fees in 2016-17 (see Figure 6). Similarly, the Florida College System contributed \$2.31 of general revenue for each \$1 of student fees in 2000-01 and \$1.21 of general revenue for each \$1 of student fees in 2016-17 (see Figure 8). Therefore, the state's investment of students in Florida's public higher education institutions has been drastically slashed.

Between the academic years 2006/07 and 2012-13 Florida's funding of public higher education institutions was transformed away from predominantly state funding to a model of even cost-sharing between the state and students and their families. By academic year 2016/17, general revenue per student was just \$35 greater than student fees per student in the State University System of Florida, \$5,228 and \$5,193 respectively. Similarly, general revenue per student was \$531 greater than student fees per student in the Florida's College System, \$3,008 and \$2,477 respectively.

Figure 8: Florida College and University Systems General Revenue to Student Fees Ratio: 2000/01-2016/17 (2016 dollars)



Sources: Florida Department of Education Fact Book. Table 7.2T Operating Budget-Funding History. State University System of Florida Operating Budget Summary.

Note: Excludes IFAS, Health / Medical Centers

PART II: Public Higher Education Affordability

In 2016, more than 1 in 7 Florida families were in poverty, a poverty rate of 15.4 percent (see Table 1). With a median annual income of \$57,490, annual in-state undergraduate tuition in the State University System of Florida could potentially consume 10.3 percent of the typical Florida family's income. The large share of income potentially consumed by university tuition is underscored by the fact that the median income of families remains under their pre-recession level of \$60,293 in 2008, adjusted for inflation. Therefore, although family incomes struggled to recover economically, university tuitions rose dramatically since the Great Recession.

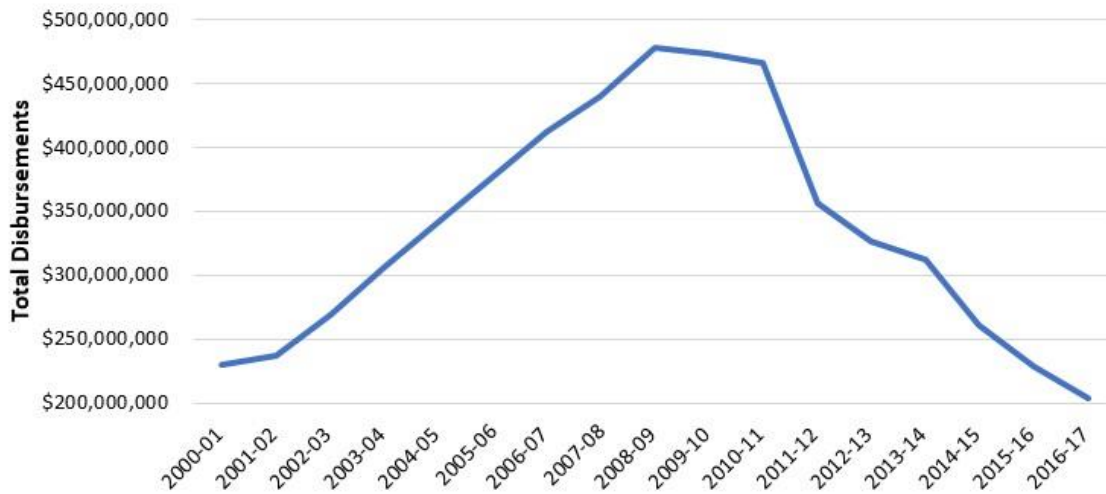
Table 1: Florida Average University Tuition Affordability by Race/Ethnicity: 2016

Demographic	Median Family Income	Average University Tuition Share of Median Family Income	Poverty Rate
All	\$57,490	10.3%	15.4%
White	\$71,286	8.3%	9.2%
Black/African American	\$33,610	17.7%	28.9%
Latino/Hispanic	\$44,816	13.3%	21.0%

Source: U.S. Census American Community Survey 2016 1-year Estimates.

Furthermore, students and their families have limited public resources to address increasingly higher tuition rates. State programs such as Florida Academic Scholars and Florida Medallion Scholars, both under the Bright Futures Scholarship initiative from the Florida Department of Education, have limited coverage. Respectively, these programs cover either the entire cost of in-state tuition or 75 percent of tuition. However, the GPA and ACT/SAT requirements to qualify for the programs leave me without tuition relief beyond federal Pell grants and loans. In Florida, the focus on merit-based scholarships, at the expense of supporting those with severe financial hardships, creates a gap in college affordability. Furthermore, the total disbursements issued under the Bright Futures Scholarship initiative has declined by more than half, 57.6 percent, to \$204,107,475 in academic year 2016/17 from its peak in 2008/09 (see Figure 9). The decline in funding underscores the sharp reduction in students receiving initial disbursements: from 179,067 in academic year 2010/11 to just 96,806 in 2016/17, a decline of 45.9 percent.

Figure 9: Florida Bright Futures Scholarship Total Disbursements: 2000/01-2016/17 (2016 dollars)



Source: Florida Office of Student Financial Assistance. (2018). Bright Futures Scholarship Statistical Reports: A - Florida Bright Futures Student Counts and Total Costs.

While tuition affordability impacts all families, families of color face disproportionate hardship in Florida. Average university tuition in Florida consumes as much as 17.7 percent of the annual income of typical black/African American families, 13.3 percent for Latino/Hispanic families, and 8.3 percent for white families. It is therefore not surprising that college enrollment among people of color lags their white counterparts. In 2016, 42.7 percent of white youth were enrolled in college compared to 35.6 percent of black/African American youth and 38.4 percent of Latino/Hispanic youth (see Table 2). Racial and ethnic disparities in college attendance are also observed in the reported 6-year graduation rates for public 4-year colleges and universities in Florida.

Table 2: Florida College/University Enrollment by Race/Ethnicity: 2016 (ages 18 to 24)

Demographic	College Enrollment Rate	6-Year College Graduation Rate ¹	College Enrollment	Total Population
All	41.5%	64.4%	736,937	1,773,671
White	42.7%	66.8%	517,778	1,212,908
Black/African American	35.6%	54.7%	133,420	374,531
Latino/Hispanic	38.4%	62.2%	197,102	513,603

Sources: U.S. Census American Community Survey 2016 1-year Estimates. Retrieved from IPUMS-USA, University of Minnesota and The Chronicle of Higher Education College Completion Rates.

Note 1: Figures are for public 4-year colleges and universities in Florida in 2013.

Given the role that tuition affordability plays in student college enrollment it is imperative to acknowledge the spectrum of college affordability across both race/ethnicity and geography. In 2016, the potential share of annual in-state undergraduate tuition in the

State University System of Florida from the median income of Florida families ranged from 6.4 percent in Miami-Dade County to 15 percent in Dixie County for whites; 8.7 percent in Santa Rosa County to 26.1 percent in DeSoto County for black/African Americans; and 7.2 percent in Union County to 35.7 percent in Lafayette County for Latino/Hispanics (see Figures 10 to 13).

Figure 10: Average University Tuition Share of Median Family Income by Race/Ethnicity:
Florida Panhandle (2016)

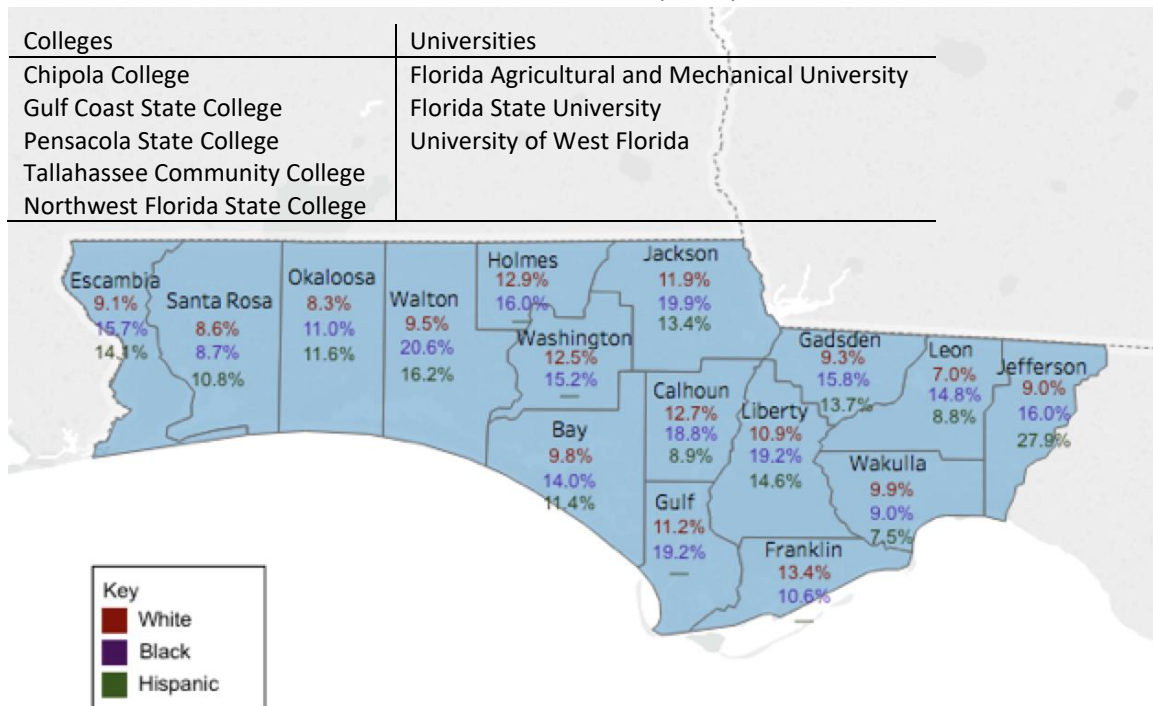


Figure 11: Average University Tuition Share of Median Family Income by Race/Ethnicity:
North Florida (2016)

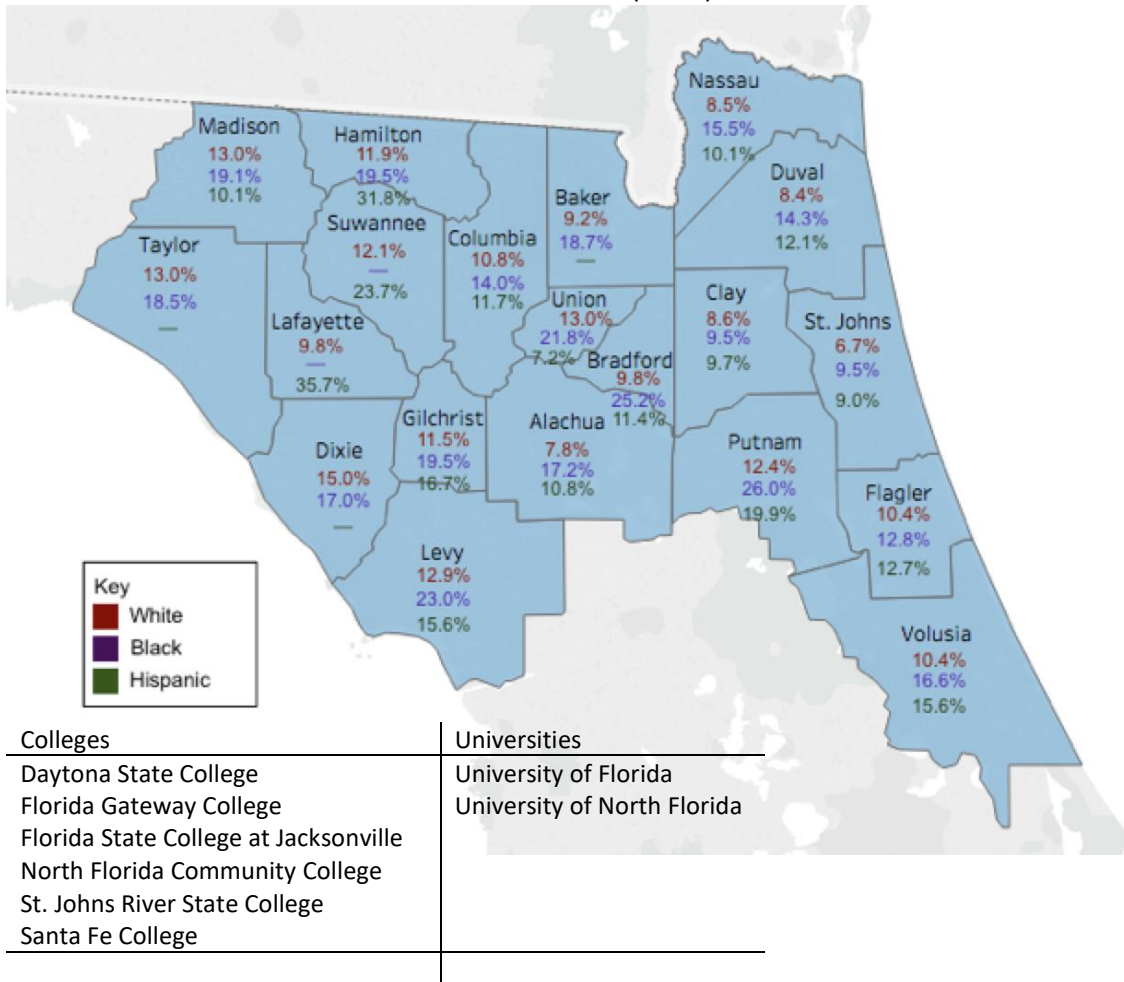
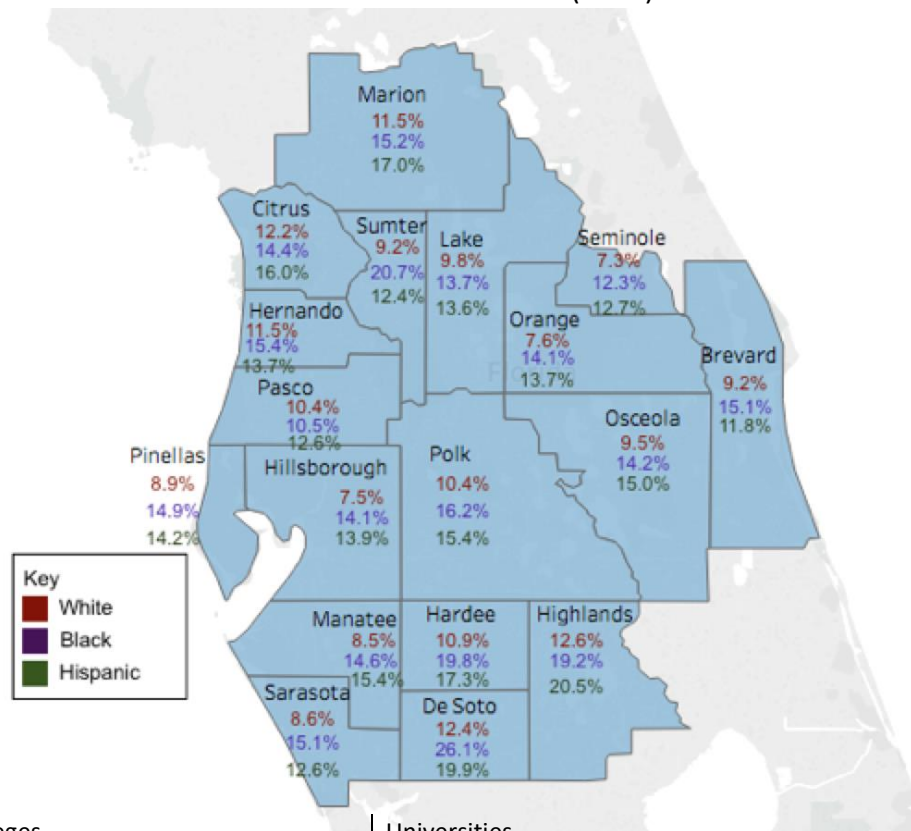
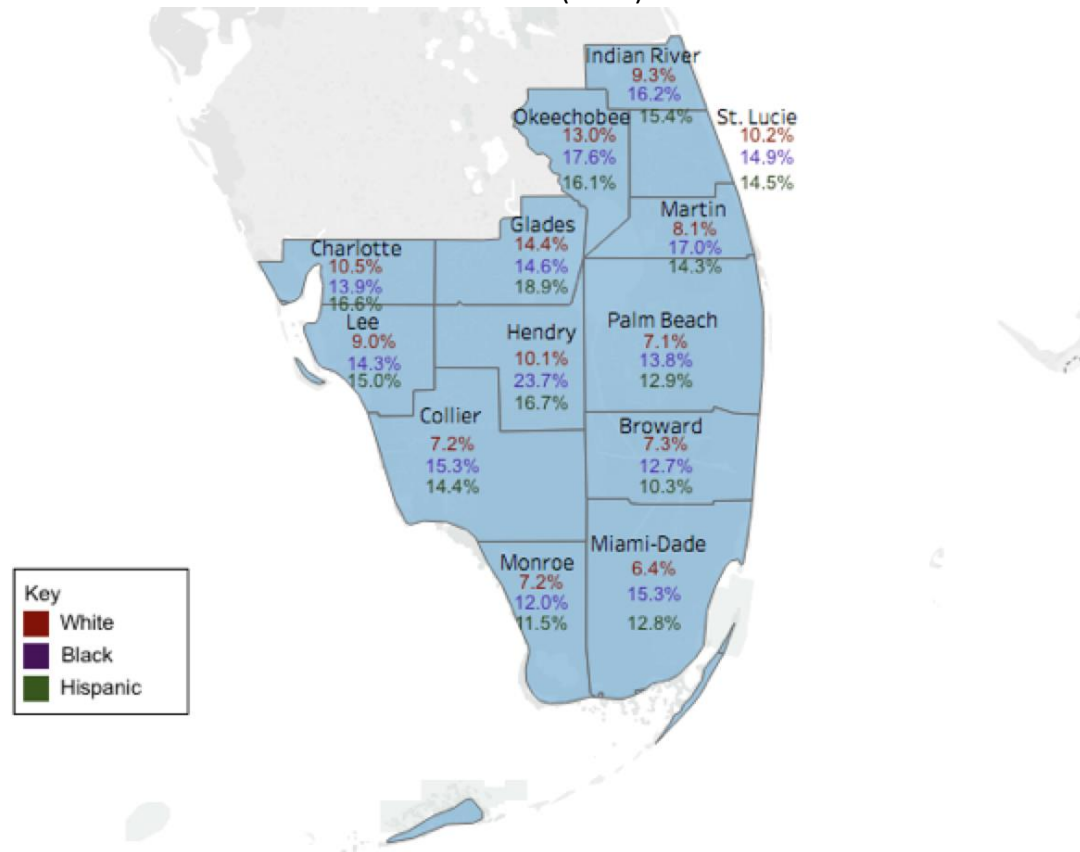


Figure 12: Average University Tuition Share of Median Family Income by Race/Ethnicity:
Central Florida (2016)



Colleges	Universities
College of Central Florida	University of South Florida
Lake-Sumter State College	New College of Florida
Seminole State College of Florida	Florida Polytechnic University
Eastern Florida State College	
Pasco-Hernando State College	
Polk State College	
Hillsborough Community College	
State College of Florida	
South Florida State College	
St. Petersburg College	

Figure 13: Average University Tuition Share of Median Family Income by Race/Ethnicity:
South Florida (2016)



Colleges	Universities
Miami-Dade College	Florida Atlantic University
Broward College	Florida International University
Florida SouthWestern State College	Florida Gulf Coast University
Florida Keys Community College	
Indian River State College	
Palm Beach State College	

PART III: Reinvesting in Public Higher Education

In 2025, more than one million total job openings (1,014,011) will require a Bachelor's degree or higher, 181,395 of which come from new occupational growth (see Table 3). This means that demand for a highly educated workforce is going to expand drastically over the next seven years. Supplying Florida's future economy with sufficiently talented workers requires a change of course in how the state funds public higher education.

Table 3: Florida Occupational Projection by Educational Requirement: 2025

Education Level	Total Occupational Growth	Total Job Openings
BA	114,909	721,766
MA	66,486	292,245
BA+	181,395	1,014,011

Source: Florida Department of Economic Opportunity 2017-2025 Statewide Occupational Projections.

Note: Job openings account for occupational growth as well as exits and transfers.

First, Florida policymakers need to increase funding to higher education institutions. Increased funding can facilitate expansion of college access while prioritizing college affordability. For example, the state can increase FTE enrollment in Florida's colleges and university by 10 percent, 62,328 new enrollments, at no cost to these students and their families. The economic impact of these new, tuition-free, enrollments at Florida's college and university systems in 2019 would have a total positive economic impact of \$830,224,285 to Florida's economy and increase state fiscal revenues by \$28,386,700 (see Table 4). Therefore, the net impact of prioritizing college to those who least afford it would be \$251,485,210. This provides evidence that funding in public higher education is an investment in Florida's future.

Table 4: Florida College and University Systems Projected Economic Impact of 10 Percent College Enrollment Increase: 2019

Investment Level	Current Enrollment	Additional Enrollment	Additional Budget Allocation	Economic Impact	Fiscal Impact of \$15 minimum
College	320,900	32,090	\$203,396,432	-	-
University	302,380	30,238	\$375,342,643	-	-
Total	623,280	62,328	\$578,739,075	\$830,224,285	\$28,386,700

Source: Implan Group, Inc.

Second, administrative data show that many employees at Florida's colleges and universities earn less than \$15 per hour. In fact, in spring 2018, 9.9 percent of all full-time equivalent employees in the State University System of Florida earn less than \$15 per hour, an estimated 4,579 employees. Additionally, a sample of 11 Florida College System

colleges revealed that 20.8 percent of full-time employees earned less than \$15 per hour, a total of 1,615 employees.

Public colleges and universities can serve as economic drivers to local economies if wages and salaries promote economic opportunities for workers and their families. Similar to investments in school enrollment, investing in college and university employees is beneficial to these working families and to the state. Economic impact analysis estimates that raising employee salaries to \$15 per hour at Florida's college and university systems in 2019 would have a total positive economic impact of \$119,874,379 to Florida's economy and increase state fiscal revenues by \$4,098,697. Investing in college and university workers has a total net positive economic impact of \$80,499,512 to the state of Florida.

Table 5: Florida College and University Systems Low-Wage Employment and Potential Investment: Spring 2018:

Investment Level	Share Under \$15	Total Under \$15	Cost to Bring up to \$15	Economic Impact	Fiscal Impact of \$15 minimum
College	20.8%	1,615	\$19,121,910	-	-
University	9.9%	4,579	\$20,252,957	-	-
Total	-	6,194	\$39,374,867	\$119,874,379	\$4,098,697

Source: Implan Group, Inc.

Note: College figures are only for the 11 of 28 colleges that provided personnel data without cost.

Florida policymakers have a choice in how to fund public colleges and universities. In the early 2000s, policymakers chose to support students and their families pursue economic opportunities through higher education. However, in the mid-2000s, policymakers systematically disinvested in public higher education. It is imperative that Florida policymakers change course and reinvest in public higher education for the benefit of students, families, and the state. Investing in public higher education can bring great economic opportunity and prosperity to Florida and its families. It's time to bring state funding back to Florida's public colleges and universities.