

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Budget and Finance Committee
June 22, 2016**

SUBJECT: Market Tuition Rate Program

PROPOSED COMMITTEE ACTION

The Committee will consider recommendations from staff on the market tuition rate program.

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Subsection 7, Florida Constitution; Board Regulation 7.001

BACKGROUND INFORMATION

Pursuant to Regulation 7.001 – Tuition and Associated Fees, a university board of trustees may submit a proposal for market tuition rates for graduate-level courses offered online or through the university’s continuing education unit when the courses constitute an approved degree program or college credit certificate program.

Since February 2011, the Board has reviewed and approved 91 market tuition programs under a pilot program. The Board amended Regulation 7.001 in 2014 to extend the pilot program to collect further information. Board staff surveyed the universities this spring and have taken an in-depth look at the programs. A link to the completed surveys can be found on our website at http://www.flbog.edu/about/budget/market_rate_tuition.php. An executive summary is attached for the Committee’s review, however, the staff analysis and recommendations are stated below.

Board staff analysis:

A review of available data and the university survey responses has led Board staff to the following conclusions:

- The “success” of the market tuition rate programs is difficult to determine with any level of certainty because many of the programs are too new to have substantial data on enrollments and completions, while other programs are well established and have been running as market rate or continuing education for several years.
- Some programs have found a steady student base and are generating revenues that fully support the program, but others are still searching to gain such steady

footing. Even within the same institution there is mixed success among the programs in terms of enrollments, completions, and revenues to support program operations. An example of a program that has had to lower tuition in order to find success is FSU's Master of Social Work, which lowered tuition in 2014 and had an increase in enrollment.

- The data shows there are some market tuition rate programs that appear to be supplanting or beginning to supplant the institution's state-funded similar offerings. This activity is against Board Regulation 7.001. In some cases there is a reason why a market rate program appears to be supplanting the E&G offering. The Master of Science in Nurse Anesthesia program at USF began to greatly outpace its E&G counterpart program because students were choosing the market rate program in order to have a more convenient location and delivery method.
- Survey respondents largely reported that the major positive result of the market tuition rate program is the administrative relief from the strict cost-recovery requirement for continuing education programs in Board Regulation 8.002. That regulation has historically limited the amount of revenue that can be collected to covering the direct cost of the program or course offerings. This has led to audit findings in some instances when the number of students was less or more than what was projected for a particular cohort, causing a university to collect too much or too little revenue.
- Analysis of the actual program tuition rates reveals that a majority of the market tuition rate program proposals were not seeking a tuition increase, but rather seeking a decrease in out-of-state tuition, or simply moving the program from continuing education in order to avoid the cost-recovery requirement in the Board's Continuing Education Regulation. Staff analysis finds that 44 out of the 91 market tuition rate programs approved fall into these two categories. An example is the Doctor of Pharmacy at UF. The department saw the need to move to market tuition rate in order to lower the out-of-state tuition and attract qualified applicants rather than lower admission standards.

Board staff recommendations:

- Board staff should initiate a process to revise Regulation 8.002, Continuing Education, with the intent of allowing the universities more administrative and fiduciary flexibility available in the market tuition rate pilot. A moratorium on considering new market tuition rate program proposals shall be in effect for 2016 while the Continuing Education Regulation is under revision.
- Beginning in 2017, only market tuition rate program proposals that meet the following criteria would be required to seek approval by the Board of Governors:
 - Proposals that are requesting an increase in tuition rates; and
 - Proposals for programs that are considered critical workforce need and lead to initial licensure.

- Board staff should continue to monitor market tuition rate programs annually in terms of tuition rates, enrollments, completions, and comparison to similar state-funded programs. To accomplish this it will be necessary to create better tracking and reporting of continuing education and market rate program students in order to provide all stakeholders with more accurate and timely information.

Supporting Documentation Included: Market Tuition Rate Pilot Study Executive Summary

Facilitators/Presenters: Mr. Tim Jones