

**Board of Governors' Performance Funding Model**  
**Potential Replacement Metric #3**  
**Questions and Answers**

**1. Why is a metric on student affordability being considered?**

- The Board of Governors is dedicated to the principle that a high-quality university education remain an accessible and affordable opportunity for Floridians. The Board spent over a year looking at student affordability and how to restrain student costs. Including a 'Net Tuition per Degree' metric within the performance funding model is considered one of the strongest actions the Board can take to restrain tuition and fee growth.
- Including an affordability metric within the performance funding model acts to reframe the narrative around university costs that has heretofore been dominated by sticker price, which ignores the billion dollars of financial aid awarded to undergraduates annually within the State University System. Shifting the focus from 'sticker price' to 'net tuition' may encourage qualified students to apply that would have otherwise deferred their postsecondary education due to concerns about costs. It may also encourage institutions to look at fee policies and ways to maximize institutional financial aid to students.
- Florida Statute 1001.92, and Board Regulation 5.001, requires an affordability metric as part of the performance funding model.

**2. What actions can universities take to improve a 'Net Tuition per Degree' metric?**

- There are several levers that a university can act on to impact a 'Net Tuition per Degree' metric:
  - Tuition and Fees – Although undergraduate tuition is set by the legislature, fees are established by the universities. The proposed 'Net Tuition' metric provides an incentive for universities to keep fees low.
  - Total Credit Hours – The proposed 'Net Tuition' metric considers a university's mean total credit hours required to complete a degree in recognition that the amount of time, and credit hours, required to earn a degree is a key component of student cost. University advising and tracking can help students stay on course and complete their degree in a timely manner. Total credit hours impact the costs for books and supplies in addition to tuition and fees – see question 14 for more information about book costs.
  - Financial Aid – The proposed 'Net Tuition' metric provides an incentive for universities to provide additional institutional financial aid. University leadership has discretion regarding funding levels for institutional aid provided to undergraduate students.

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**3. Compared to the current metric, will the proposed 'Net Tuition per Degree' metric give all of the universities the opportunity to earn Excellence and/or Improvement points?**

- Yes, the proposed 'Net Tuition per Degree' metric enables all of the universities the opportunity to earn Excellence or Improvement points. Two institutions have been unable to score points on the current metric and for the previous year (2016-17) no institutions were able to score Improvement points.

**4. Does the proposed 'Net Tuition per Degree' metric include a faculty effort component?**

- No. One of the primary concerns raised by the universities on the existing cost per degree metric is the allocation of faculty effort and how that can be manipulated to drive costs to areas other than undergraduate education. The proposed metric is a relatively simple methodology that emphasizes cost to the undergraduate resident student.

**5. Since the methodology for the proposed 'Net Tuition per Degree' metric is based on a theoretical calculation, does it truly reflect the actual institutional performance for real students?**

- The Board Office does not collect the amount of tuition and fees paid by each individual student within its State University Database System (SUDS), so it is not possible to tie the actual amount of undergraduate tuition and fees collected for each bachelor degree awarded.
- The proposed 'Net Tuition per Degree' metric is based on a model, just like the current cost-per-degree metric, that makes various assumptions about student costs and represents an average cost per student at each university.

**6. Would the proposed metric incentivize institutions to modify recruiting strategies of undergraduate students?**

- A decision to alter recruitment policies based on one metric could have an adverse impact on another metric, which would negate the perceived advantage.
- The proposed metric could incentivize the universities to focus on the retention of students, specifically students with Bright Futures. As shown in the table below, this is an area that the institutions could improve upon:

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**BRIGHT FUTURES ATTRITION RATES** *for Resident Undergraduates*

UNIV	FALL 2008 TO FALL 2009	FALL 2009 TO FALL 2010	FALL 2010 TO FALL 2011	FALL 2011 TO FALL 2012	FALL 2012 TO FALL 2013
FAMU	28%	30%	34%	26%	20%
FAU	18%	21%	24%	24%	23%
FGCU	15%	20%	22%	20%	17%
FIU	18%	19%	22%	24%	20%
FSU	8%	9%	12%	12%	11%
NCF	9%	13%	13%	15%	11%
UCF	12%	13%	14%	15%	13%
UF	6%	6%	8%	7%	5%
UNF	12%	17%	16%	15%	14%
USF	14%	15%	17%	16%	14%
UWF	17%	17%	21%	24%	21%
<b>SUS</b>	<b>11%</b>	<b>13%</b>	<b>15%</b>	<b>15%</b>	<b>13%</b>
<i>RANGE</i>	<i>23%pts</i>	<i>24%pts</i>	<i>26%pts</i>	<i>19%pts</i>	<i>18%pts</i>

Source: BOG IR staff analysis of SUDS datamarts, 2016-10-19. Note: Attrition rates refer to whether the Bright Future (BF) recipient enrolled the following Fall (with a BF award) or graduated. These rates include students who either dropped out, transferred, or did not meet the renewal criteria to keep their BF award.

**7. Should Florida Bright Futures Scholarships and Federal Pell Grants be excluded?**

- No, excluding two key financial aid components for a metric that looks at student affordability would be short-sighted and would provide a misrepresentation of a student's net costs. Universities can influence this 'Net Tuition per Degree' via student recruitment efforts and institutionally-funded awards.
- If significant changes are made to Bright Futures or Pell Grants, then the Board of Governors will consider adjusting the benchmarks.

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- 8. Does the proposed 'Net Tuition per Degree' metric overlap with metrics for Access and Excess Hours?**
- Many of the metrics complement each other. Thus, a focus on one particular metric could potentially impact another metric. The Board of Governors Choice Metric 9, as well as Board of Trustees Choice metric 10, will be reviewed and considered for future modification.
- 9. Pell Grants don't stop at 120 credit hours so why doesn't the methodology include all of the credits when calculating total gift aid?**
- The proposed 'Net Tuition' metric was designed to represent the cost of a degree for a student in a *standard* 120 hour program. The financial aid data is based on one academic year's awards and then multiplied by 120 to model the gift aid amount for a degree. This annual methodology is more responsive to university policy decisions than using the total awards from a particular graduating class.
- 10. Does the proposed 'Net Tuition per Degree' metric provide an incentive to the university to reduce the amount of instructional activity as measured by student credit hours?**
- Board staff will actively monitor the average term course load of students to ensure that universities maintain their focus on 'Finish in Four' policies.
- 11. Why isn't student attrition considered in the proposed 'Net Tuition' metric?**
- All performance based funding metrics were designed to be clear and simple. The Board has resisted compound metrics or making metrics too complex.
- 12. Why can't the proposed 'Net Tuition per Degree' metric just be tuition collected divided by number of degrees?**
- The Board Office does not collect the amount of tuition paid by each student within its State University Database System (SUDS), so it is not possible to tie the actual amount of undergraduate tuition collected for each bachelor degree awarded.
- 13. Should waivers be removed from the proposed 'Net Tuition per Degree' metric until a later date?**
- The proposed 'Net Tuition per Degree' metric includes tuition waivers because waivers are an important component of how student financial aid is packaged. Not including the waivers would understate the amount of aid a student receives.
  - Including waivers in the proposed 'Net Tuition per Degree' metric ensures that they will be extensively reviewed to ensure accurate reporting.

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**14. How are the costs of textbooks calculated in the proposed 'Net Tuition per Degree' metric?**

- Textbook affordability is a concern of the Florida Legislature, the Governor, Board of Governors and students. The proposed 'Net Tuition per Degree' metric includes the national average cost of textbooks and supplies as reported annually by the College Board. Board staff chose to use national cost data because students purchase course materials from too many sources to accurately track on an individual level in a state database.
- The calculation of book costs, for the proposed 'Net Tuition per Degree' metric, is based on the costs for a 120 hour degree. The national average book cost is based on annual costs, so the average annual cost is multiplied by 4 to produce the book costs for a 120 hour degree. This new cumulative cost amount is divided by 120 to produce a 'per credit hour' cost amount. The 'per credit hour' costs are then added to tuition and fees and that subtotal is multiplied by the university's average total credit hours. This method recognizes that a student who takes more credit hours pays more for books.

**15. Why doesn't the Board choose a metric related to student loan debts or loan default rates?**

- Board staff actively monitor the System's student debt/default data and these data are reported annually to, and approved by, the Board of Governors and each university's Boards of Trustees as part of the University Work Plans.
- The challenge of using student loan/default data as an accountability metric is that student loan debts are largely comprised of non-instructional costs that are part of a regular lifestyle (housing, food, transportation). In fact, tuition, fees and books only represent one-third of the total 2016-17 costs of attendance within the State University System of Florida. Although universities can offer, or even require, financial literacy programs and counselling services to students, it is a large conceptual jump to actually use this data to hold universities accountable for the non-instructional financial decisions that individual students choose to make about their personal lifestyle.
- It is also important to note that a possible unintended consequence of including student debt, or default rates, as a performance funding metric is that it *could* negatively impact student access, which is a key component of affordability, because it would provide an incentive for universities to admit students who are less likely to incur debt and/or default.
- The proposed metric can address student affordability and the reduction of student debt by encouraging universities to keep fees stable, offer more student aid, and reduce the time to degree.

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**16. What percentage of the State University System undergraduate programs are 120-credit hour programs?**

- 82 percent of programs require 120 credit hours.

**17. Why are the triad fees (i.e. health, athletics, and Activity & Service) not excluded from the cost calculation?**

- These fees are charged to the average undergraduate student and therefore are appropriate for the proposed metric's calculation. The inclusion of these fees ensures that university officials will make thoughtful decisions regarding any changes to these fees.