

2019 Valencia College Affordability Report

Executive Summary

I. Overview - Policy 6Hx28:1-12 Educational Affordability (Adopted 10/24/2018)

- Policy Elements:
 - Affordability is essential to our mission of student access, learning, success, and completion.
 - Affordability and quality shall be included in the design principles for development of programs and services and as a measure of institutional effectiveness.
 - Measures will be reviewed and benchmarked as appropriate, tracked and published annually, and integrated into program and budget development processes.
- College and university affordability continues to be a significant national issue.
- Valencia College has a history of maintaining affordable costs for students and conducting operations in an efficient manner while producing successful student outcomes.

II. Cost of College to Students

- The average national annual cost for a public two-year colleges represents a \$6,570 annual savings to each student in tuition and fees alone when compared to public four-year institutions, and \$32,170 per year for private four-year institution.
- Florida's two-year colleges continue to offer students affordable tuition and fee rates with respect to the rest of the country, ranking 10th most affordable among all states.
- Valencia's tuition and fees ranks in the lower half of its peer FCS schools.
- Valencia has not increased tuition or fees over the last four fiscal years and has approved only one modest increase over the last seven fiscal years.
- Valencia does not charge a distance learning fee relating to online education that many schools assess for students that take online courses.
- Students graduating from Valencia College are guaranteed admission to UCF and its baccalaureate programs through the DirectConnect to UCF partnership. Students save an estimated 26% / \$6,553 in tuition/fees by completing their degree at Valencia before attending UCF.
- Valencia has served 29,091 dual enrollment students over the last five fiscal years resulting in these students saving \$7.2 million in tuition and fee costs.
- Students who choose to enroll in one of Valencia's baccalaureate programs realize almost \$16,000 in tuition/fee cost savings for their four-year degree.

III. Cost of Delivery of Services

- When compared to other institutions in the FCS with the highest student enrollment, Valencia has the lowest total annual spending per graduate while generating the second highest number of graduates.
- Using local accessibility as a means to lowering costs for its students, Valencia launched the Poinciana Campus in 2017 and will be opening the Downtown Campus in the fall of 2019.
- Each year, all Valencia students are provided with Lynx free bus passes, having a market value of \$600 per year per student.
- The college, with its 2.5 million square feet of space, has the lowest facility square footage per graduate in the Florida College System, making the college the most efficient institution in the system with respect to space utilization. This is confirmed by only 45% of Valencia's calculated institutional facilities needs have been met.
- Valencia has invested \$2.9 million to increase the number of advisors available to assist students in their transition to college, progression to a degree from Valencia, and development of plans to transfer to a university or enter into the workforce.
- Valencia has lowered the cost for books to an average of \$70 per book for the highest 10 enrolled classes down from \$109 in 2012.

IV. Other Information Related to Affordability in Programs and Budgeting

- The average wage of a Valencia student after earning their college degree is \$29,988, which represents a 16% premium in average wages over working individuals with no college degree. The wage difference results in a payback of 2.4 years.
- 63% of Valencia students graduate with no debt, as compared to the national average for Associate Degree students at 59%.

V. Conclusion

- Valencia College continues to lead in providing an affordable and value-oriented choice for students. Valencia must continue to focus on keeping costs to students low, maintain financial stewardship, improve student debt awareness and continue our strong partnerships while maintaining focus on strong outcomes.

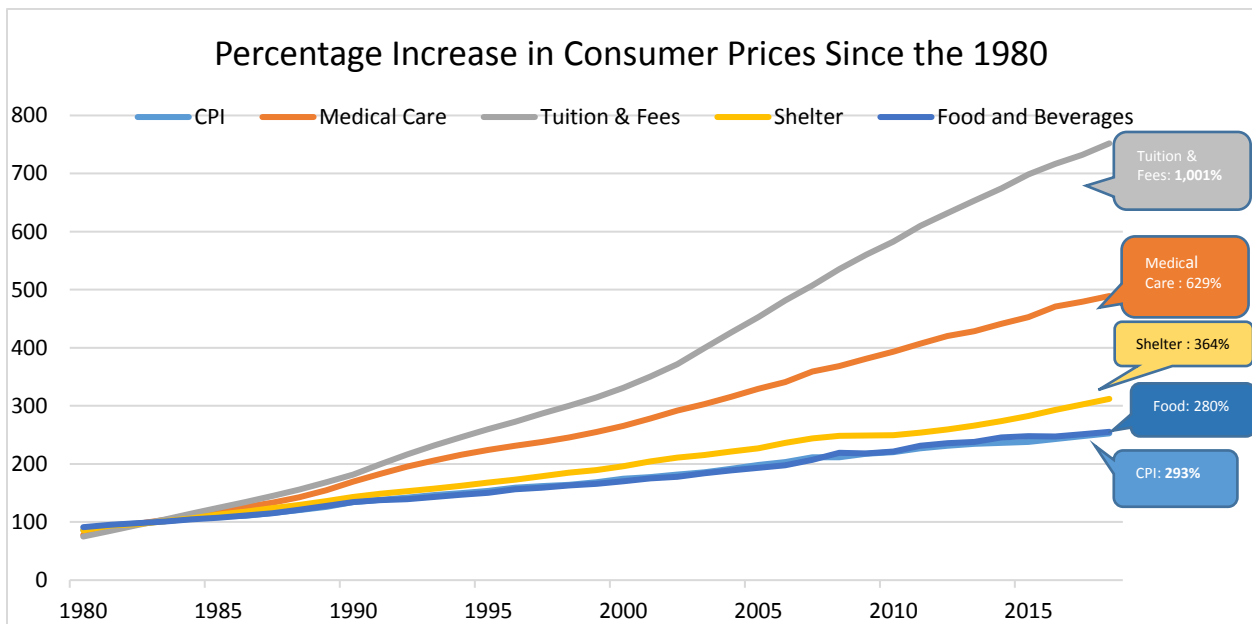
February 27, 2019

To: The District Board of Trustees of Valencia College

From: Loren J. Bender
Vice President, Business Operations and Finance

Re: 2019 Valencia College Affordability Report

College and university affordability has been and continues to be a significant national issue. Since 1980, higher education tuition and fees have risen by 1,001%, which outpaces medical care and other living expenses - which are in themselves a conversation on increasing costs.



Source: U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items [CPIAUCSL], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/CPIAUCSL>.

More specific to two-year higher education institutions, the average published in-state tuition and fees at public two-year Colleges in 2018 increased (unadjusted for inflation) by \$100 (2.9%) from \$3,560 to \$3,660 in 2018¹. Rising tuition costs coupled with a 2.8% increase in room and board expenses, shows a continued cost escalation that closely aligns with inflation and builds on an increase seen in 2017 (2.8% increase / \$100). In 2015-2016, more than half of full-time students at public two-year colleges received enough grant aid to cover all of their tuition and

¹ CollegeBoard; Trends in College Pricing 2018, page 3

fees². Maintaining affordable tuition rates allows more students to enroll full-time which leads to more student success. Costs continue to escalate, putting pressure on Colleges to deliver operations in an efficient manner as well as creating an expectation of improved outcomes in face of these pressures.

Valencia College has a history of success in maintaining affordable costs to students, delivering operations in an efficient manner and maintaining successful student outcomes, taking this responsibility to a higher level with the development and adoption of an official affordability policy³ that places inward challenges upon the college to maintain a strong focus on financial stewardship while continuing to deliver superior student outcomes. The policy ensures educational affordability and quality shall be included in the design principles for development of programs and services as well as a measure of institutional effectiveness. This review provides benchmarking and trends to ensure we continue to serve our mission within the context of affordability. The information obtained will be used in the Colleges' program and budget development processes.

The affordability policy separates the review, which is to be done annually, into the three sections: Cost of College to Students, which focuses on what students pay; Costs of Delivery of Service, with a focus on operational efficiency; and Other Information, that covers subjects that impact affordability in multiple ways.

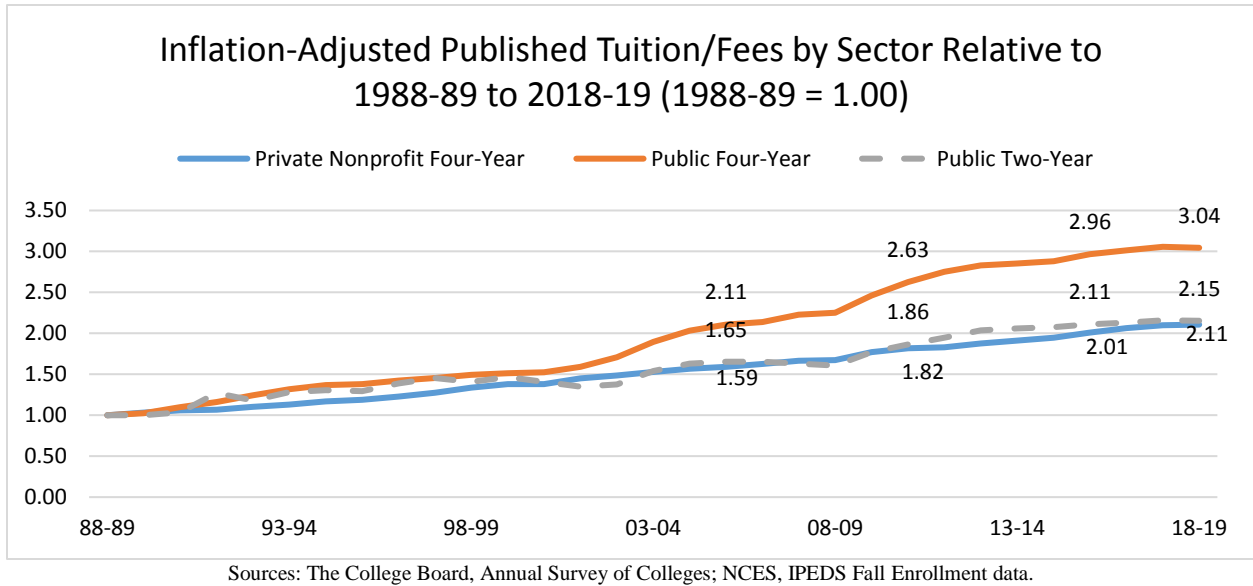
Costs of College to Students

Nationally, traditional two-year colleges continue to be a great choice for those looking for affordable higher education options. When adjusted for inflation, the annual cost for a public two-year college reveals a \$6,570 annual savings to each student in tuition and fees alone when compared to public four-year institutions. When compared to private four-year colleges, this savings is \$32,170 per year. Both comparisons represent a significant savings to each and every student attending a two-year institution. When reviewed over a 20-year time period, two-year

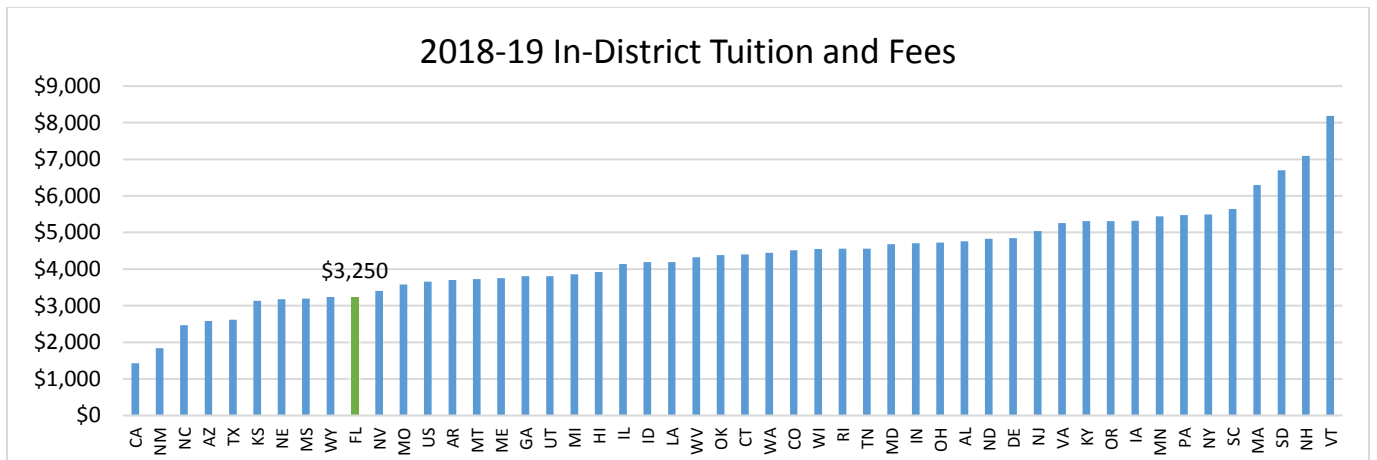
² CollegeBoard; Trends in College Pricing 2018, page 3

³ Policy 6Hx28:1-12

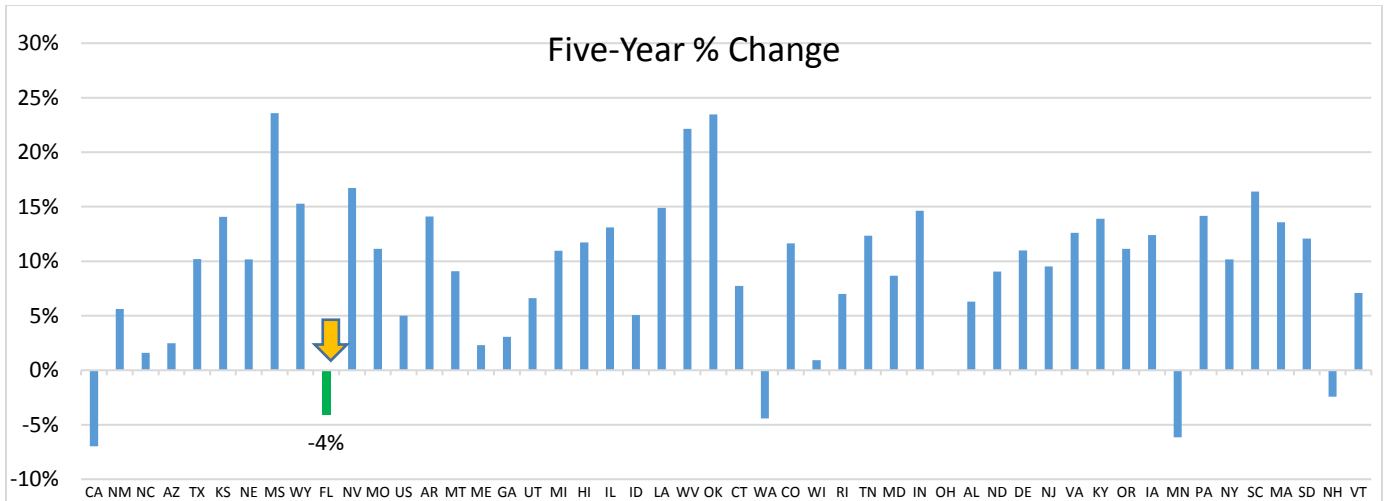
institutions continue to significantly trail four-year universities in cost growth and mimic private four-year colleges who are challenged to market a product that is six times more in cost.



Florida's two-year colleges continue to offer students very affordable tuition and fee options with respect to the rest of the Country, ranking 10th most affordable amongst all states.

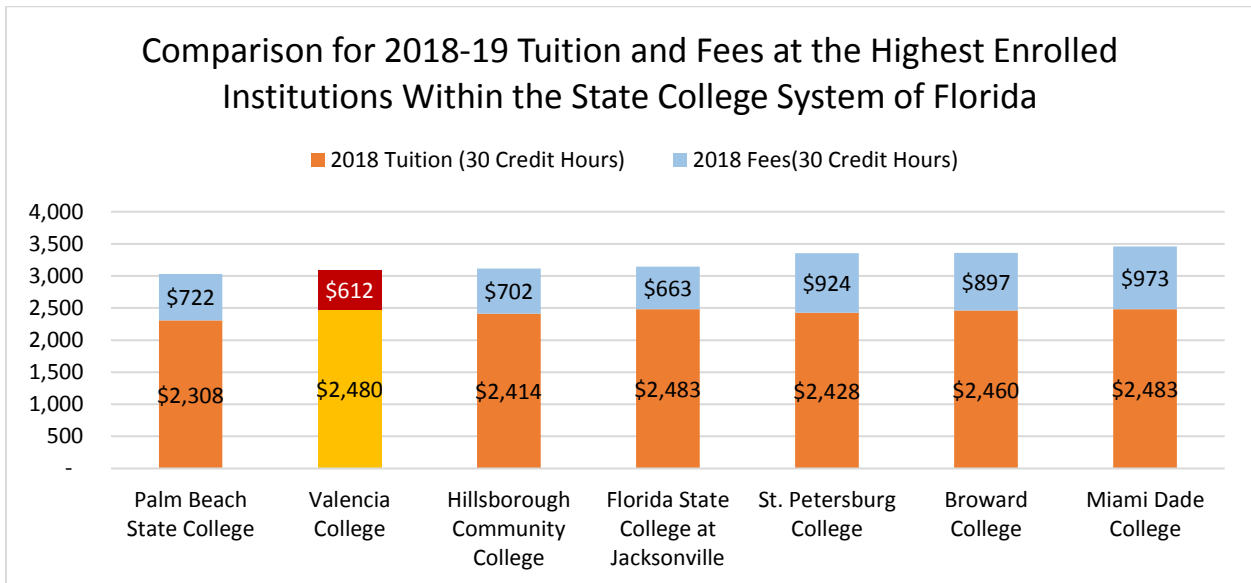


In addition, Florida is one of five states that have shown a decrease of (4%) in tuition and fee costs over the last five years.



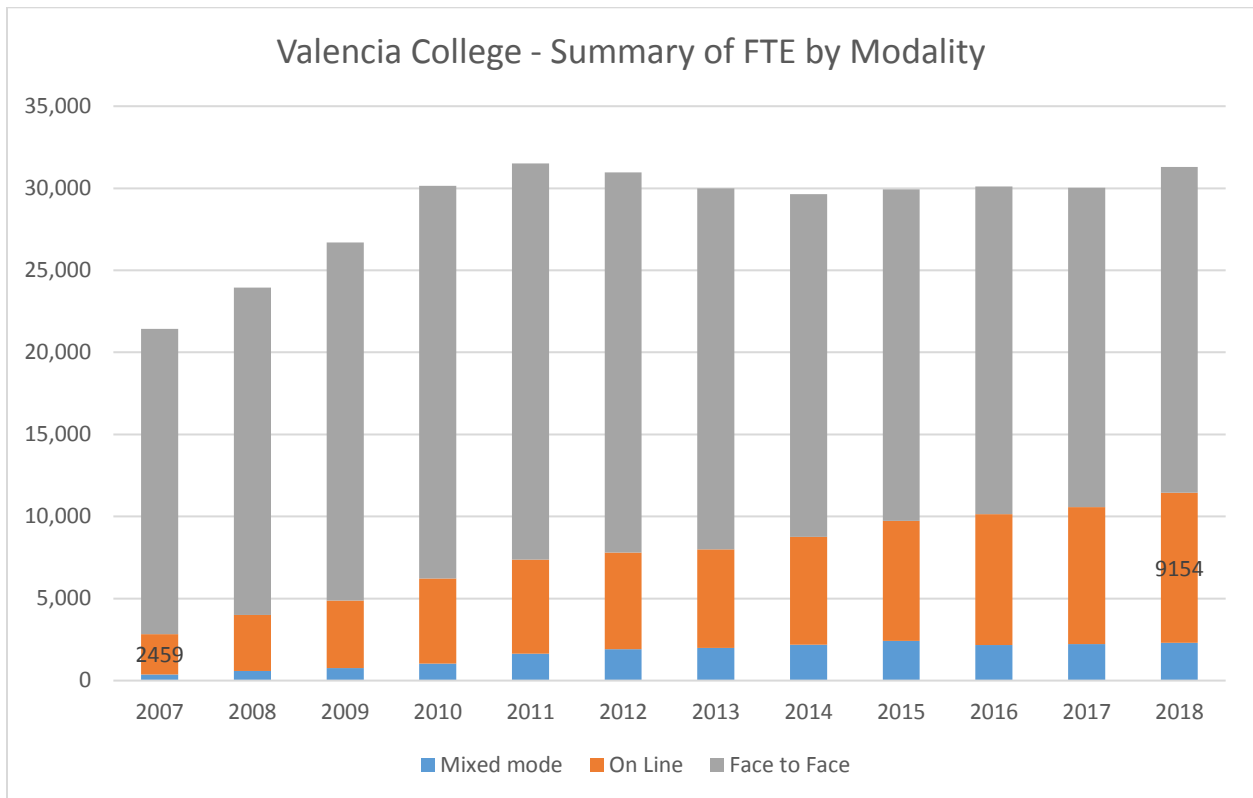
Sources: The College Board, Annual Survey of Colleges; NCES, IPEDS Fall Enrollment data.

The Florida Legislature provides for a range from \$95 to \$115 per credit hour across all 28 Florida College System (FCS) institutions. Valencia is currently in the bottom half of FCS institutions with a tuition and fee level at \$103.06 per in-state credit hour. In addition, Valencia has made no increases in tuition or fees over the last four fiscal years and only once over in the last seven fiscal years. Among the highest enrolled Florida colleges, Valencia has the second lowest tuition and fee level, trailing only Palm Beach State College which receives a higher funding level per FTE from the state as well as a higher fee charge to their students.



Source: <https://www.floridacollegesystem.com/>

The fastest growing modality for Valencia is online learning, having grown 272% in the last 10 years. Unlike 20 other colleges in the State, Valencia does not charge a distance learning fee relating to online education that can be assessed by each school for all students that take online courses and to build on supporting this initiative. Distance learning fees across FCS institutions range from \$8 to \$15 per credit hour.



Source: Valencia SAS analytics reporting

One key component of Valencia’s affordability strategy relates to the students who are a part of the 2+2 program with the University of Central Florida (UCF). Students who graduate from Valencia College are ensured admittance to attend UCF and their baccalaureate degree offerings. Students who attend UCF for four years pay \$25,473 in tuition costs; students who complete an associate’s degree from Valencia before transferring to UCF pay \$18,290, a savings of 26% or \$6,553.

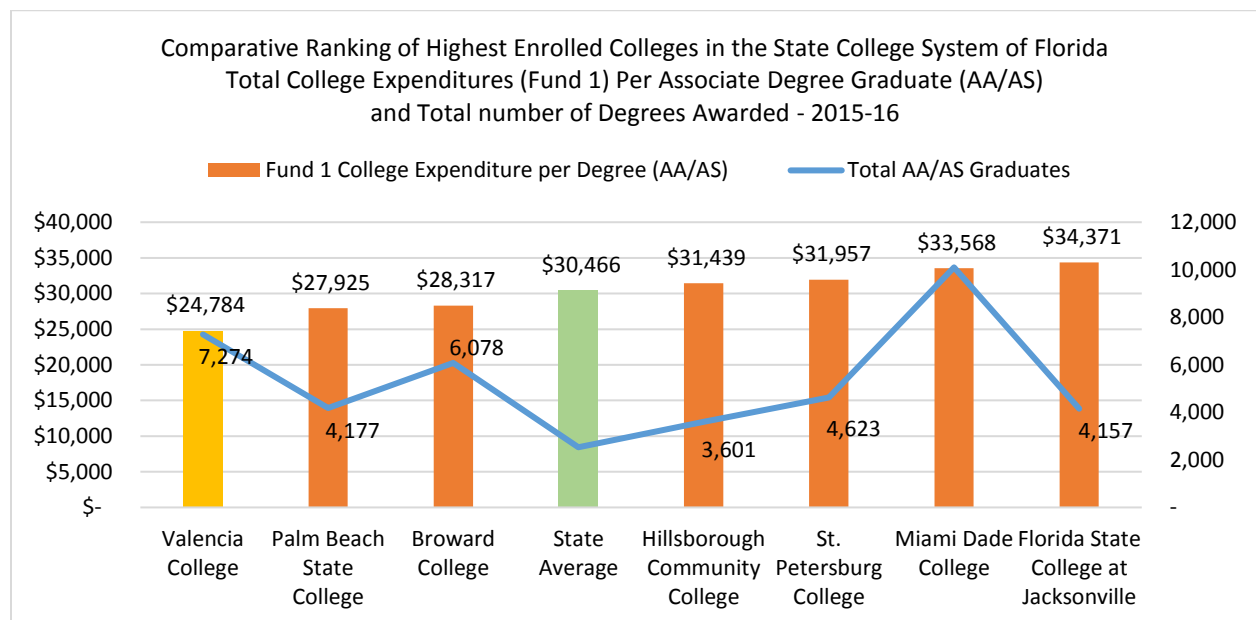
Dual enrollment provides another vehicle for affordability. Valencia has served students from public, charter, private, and home schools in the two service counties saving families approximately \$2.2 million in tuition costs during the 2017-18 fiscal year. Valencia has served

29,091 dual enrollment students over the last five fiscal years resulting in students saving \$7.2 million in tuition costs. Notably, the number of students taking dual enrollment has and will continue to grow.

Baccalaureate offerings also provide significant savings for students who choose to stay at Valencia. Valencia offers upper division courses in fields such as Nursing, Business and Organizational Leadership, Electrical and Computer Engineering. For the year 2018-19, the number of students enrolled in baccalaureate programs at Valencia increased from 348 to 949. A student who chooses to complete both an associate and a baccalaureate degree from Valencia saves almost \$16,000 in tuition costs.

Costs of Delivery of Services

Cost escalation drives the need to increase revenue from either state-supported funding or student-based revenue, thus making it equally important to examine the financial stewardship of the college. When compared to other institutions in the FCS with the highest student enrollment, Valencia continues to demonstrate strong financial stewardship by having the lowest total annual spending per graduate while generating the second highest number of graduates.

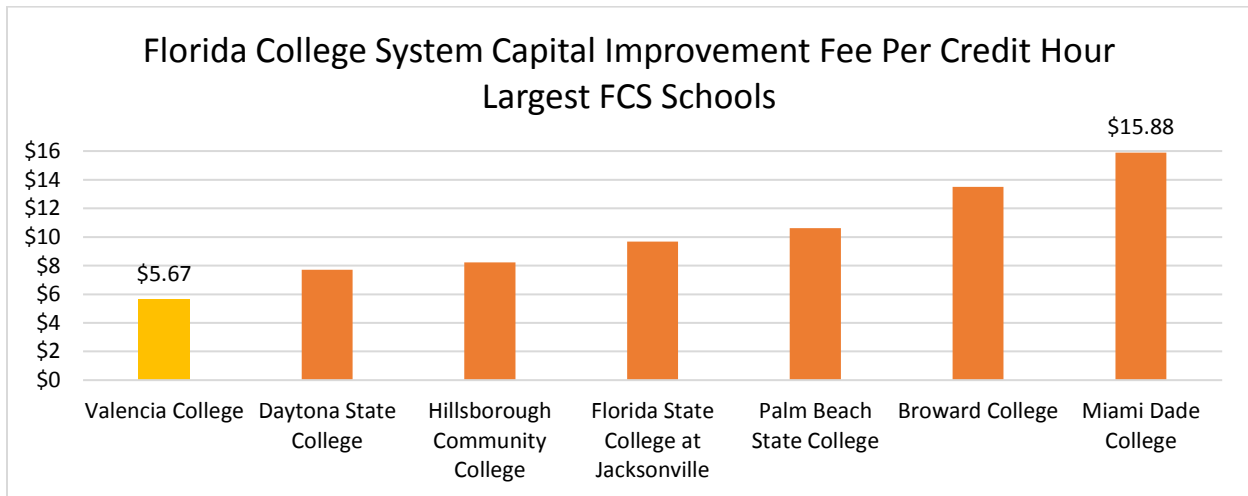


Source: <https://www.floridacollegesystem.com/>

In the fall of 2017, Valencia focused on student accessibility by opening up a campus in Poinciana, with the primary purpose to connect with students in an underserved area. This

campus location has quickly increased the number of students attending class while saving them time and money. Many students who previously drove to the nearest campus in Osceola now have a reduced drive time of 45 minutes. It is expected that the same type of impact will occur when the new Downtown Campus opens in the fall of 2019. This urban campus will provide a central location that will have easy access to several public transit options.

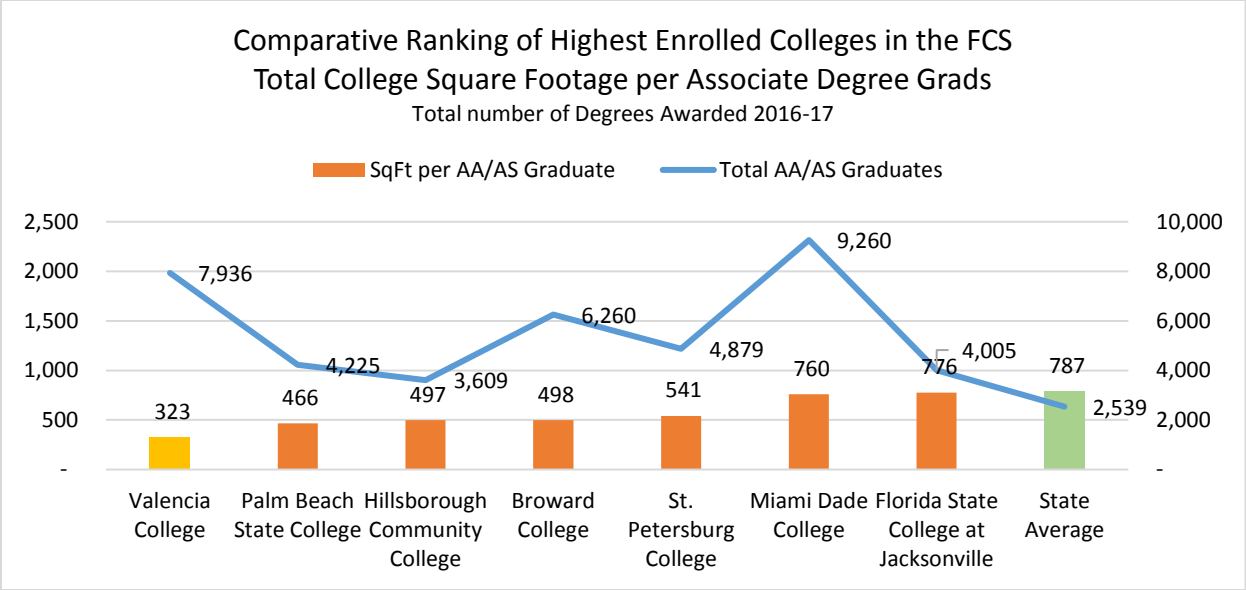
In another initiative focused on improving access and savings for Valencia students, all students enrolled at Valencia receive a free public transportation bus pass which allows students to ride the local bus system anywhere it goes as long as they are enrolled in college. It is estimated that over 10,000 trips were taken in 2018 saving each student an estimated \$600 per year in transportation costs. A recent survey was conducted where 55% of students indicated that Valencia College works to make transportation more affordable as compared to 38% at similar two-year institutions⁴. Shifting students to public transportation lowers the need for more parking lots or structures on each campus, which are normally funded through Capital Improvement Fees, part of the student tuition and fees structure. This is one reason why Valencia maintains the lowest capital improvement fee among its peer Florida College institutions.



Source: <https://www.floridacollegesystem.com/>

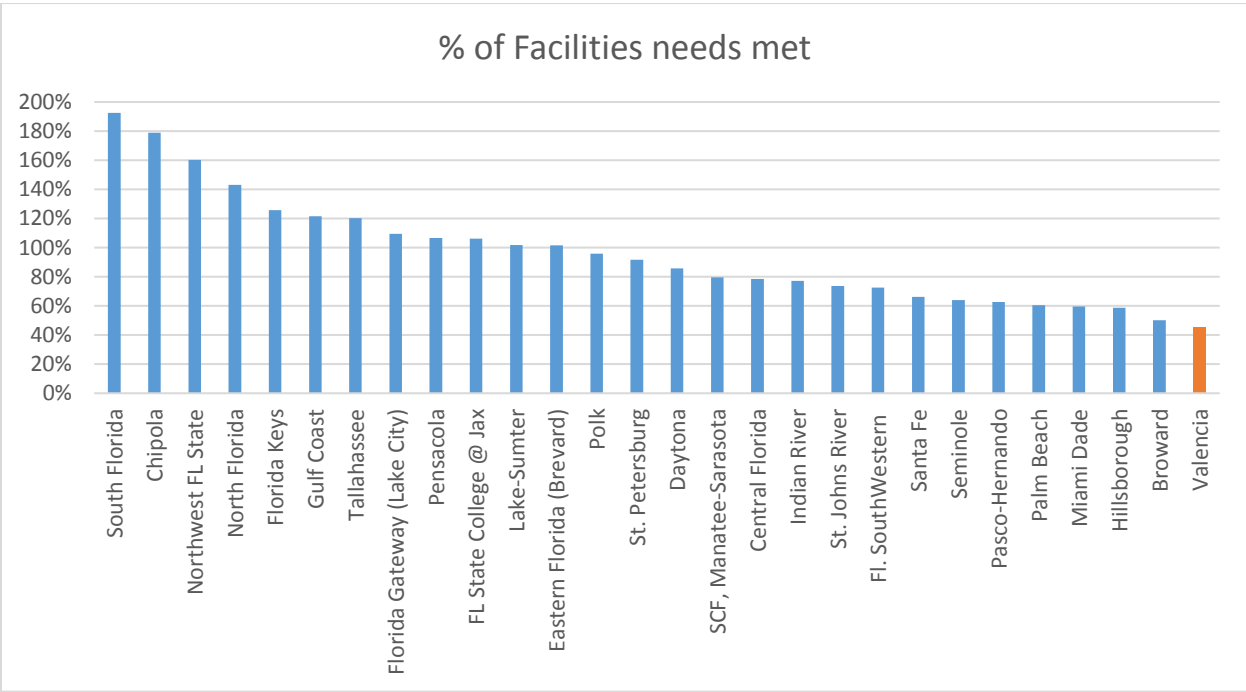
Valencia’s significant growth has challenged its facility’s needs. Valencia continues to step up to this growth effectively utilizing the 2.5 million square feet of space, and maintaining the lowest square foot per AA/AS graduate in the system.

⁴ Trellis Research; Student Financial Wellness Survey, page 9



Source: <https://www.floridacollegesystem.com/>

In addition, Valencia is listed as the College with the most need, when measured on a percentage of facilities needs met, as calculated by the Florida Department of Education.

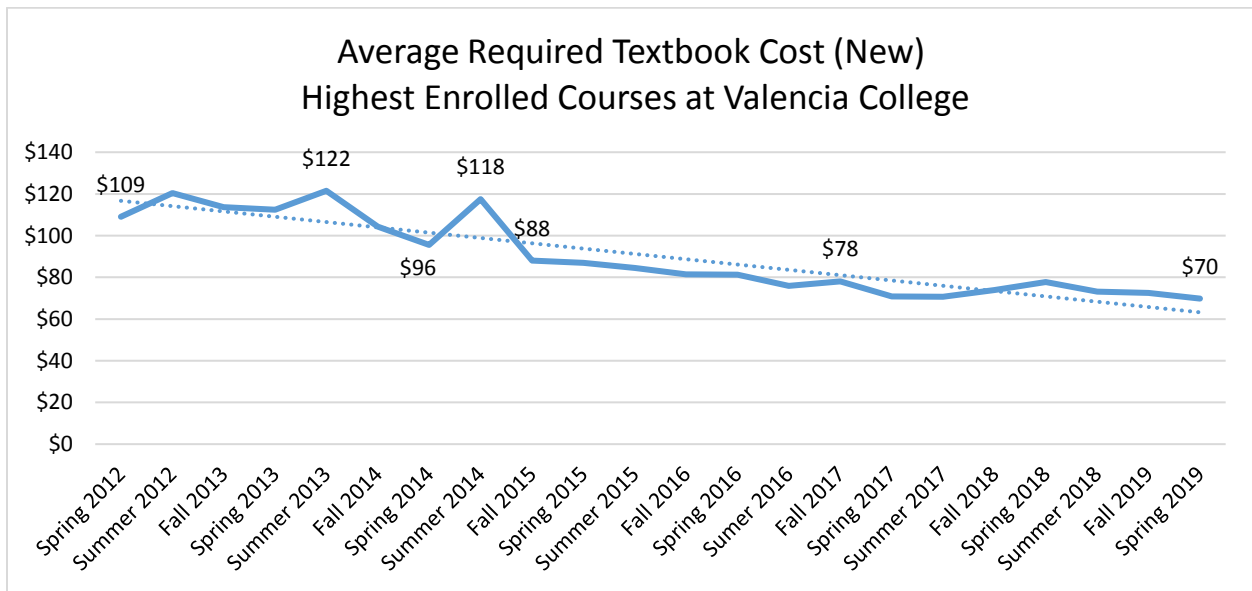


Source: <https://www.floridacollegesystem.com/>

Valencia, never being satisfied with current results, continues to drive toward greater efficiency in facilities utilization by turning to technology using a room scheduling software package called Ad Astra to find even deeper options to maximize space.

To enhance student success, Valencia has increased the number of advisors to assist more students in their decision-making processes regarding student aid, class selection and transition to universities or workforce. This \$2.9 million investment in 52 new advisors has lowered the students per advisor from 956 students per advisor to 481 in 2018-19. This investment should result in a payback to students via advising by lowering the number of non-compliant classes' students take towards their degree, thereby improving the time to completion and graduation levels. It is expected that the result will be considerable improvements in affordability for students.

The College also has worked hard to lower costs to students in the area of textbooks. Valencia has lowered the cost for books to an average of \$70 per book for the highest 10 enrolled classes, down from \$109 in 2012.



Source: Valencia SAS analytics reporting

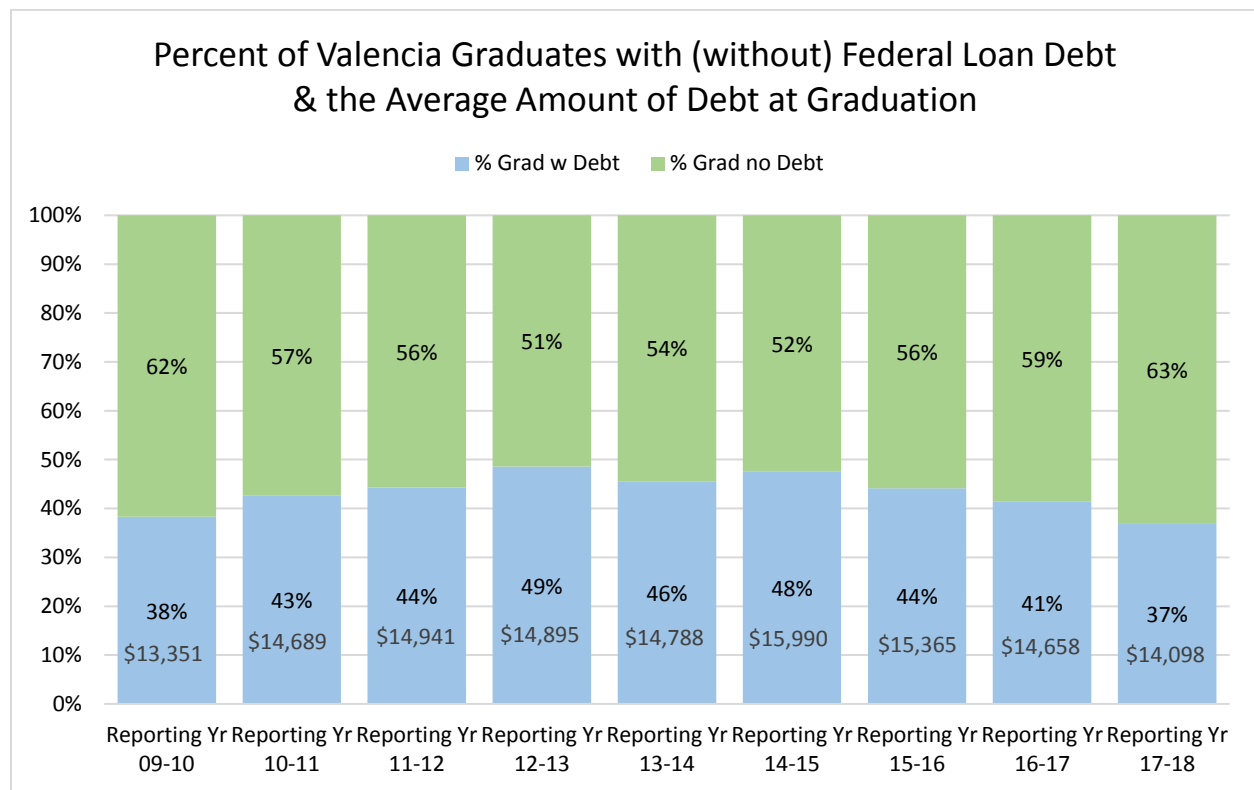
Lower textbook costs are coupled with the addition of other options such as renting of textbooks, which comes at a much reduced price to students. Valencia remains committed to maintaining compliance with State Statute allowing students to see all textbook costs 45 days prior to classes, in order to provide them with more time to make informed decisions on total class cost. The

College also continues to invest in finding free options via online open resources. Finally, the marginal proceeds collected from textbooks are returned directly to the students via operational support.

By reducing time to degree, increased accessibility, maintaining great partnerships and a focus on successful outcomes, Valencia has kept costs low while ensuring graduates enter the labor market faster thus adding economic benefit to the local economy. Despite the lack of growth in funding from the state over the last two years, the College has worked hard to maintain affordability for students via strong fiscal stewardship while delivering exceptional outcomes.

Other Information

Valencia College continues to aggressively work with students on making sound financial decisions. As a key component of that effort, 63% of students graduate with no debt as compared to the national average for associate degree students at 59%. The average debt for a Valencia students is \$14,098 which has been on a downward trajectory, with a peak of \$15,990 in 2015.



Source: Valencia College Office of Financial Aid

The average wages within the two counties Valencia primarily serves (Orange and Osceola) confirms that higher education does pay off. The average wage of a student obtaining their college degree is \$29,988, which represents a 16% increase in average wages over those that have no college degree. The wage difference results in a favorable payback of 2.4 years for the money spent on tuition and fees at Valencia.

Low tuition rates, reducing the time to graduation, the improvement in student outcomes, and financial literacy education, all correlate to the decrease in student debt. Additionally, 42% of students pay no tuition or fees out of pocket and only 7% receive full financial aid via a loan. While federal Pell grants provide the bulk of scholarship support, there is \$3.8 million in student aid distributed. Valencia also has one of the largest community college endowments in the country with assets exceeding \$100 million providing around \$2.5 million annually to students in support of their education.

Conclusion and Recommendations

The following are recommendations for continuing to build on college affordability while continuing to grow and support the students of Valencia College.

- Communicate Valencia's affordability proposition and value offering to all its current, future and past students.
- Ensure that affordability does not impede student success.
- Educate students on how best to manage their debt as a funding source for their education and work directly with to ensure that they complete college in an efficient manner to minimize borrowing.
- Maintain a strong partnerships of the 2+2 partnerships with UCF and the dual enrollment connection with Osceola and Orange County district schools.
- Continue to focus on outcomes that deliver affordability.