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ICUF & EASE EFFICIENCY STUDY: The True Cost of Higher Education in Florida; *How State Subsidies Shape Tuition, Access and Taxpayer Impact*

A Project for the Independent Colleges and Universities of Florida

Prepared by the Regional Economic Consulting Group

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Executive Summary

Many believe that private colleges are far more expensive than public universities. While the sticker price at Independent Colleges and Universities of Florida (ICUF) appears higher, this comparison overlooks a critical factor: billions of dollars in state subsidies that fundamentally alter the cost equation. This study reveals what college actually costs when both tuition and taxpayer contributions are included.

The 2023 Florida Legislature contributed approximately $3.6 billion to the State University System (SUS). These appropriations function as invisible discounts that lower the published tuition rates at public universities. When students choose between a private ICUF institution and a public SUS university, they are comparing a full-price education to one heavily subsidized by taxpayers. Understanding this distinction is essential for making informed decisions about higher education policy and personal college choices.

When state appropriations are factored into the analysis, ICUF institutions become far more comparable to SUS schools in terms of true educational cost than published tuition rates suggest. The perceived price gap largely reflects differences in taxpayer subsidies rather than fundamental differences in what it costs to deliver education.

The study reveals the following:

- First, institutions within the Independent Colleges and Universities of Florida (ICUF) are much more comparable to State University System (SUS) schools in terms of the actual cost of education, contrary to what their published tuition rates indicate.
- Additionally, ICUF institutions seem to operate more efficiently when you compare tuition rates to the direct costs associated with instruction and support services.
- The study reveals that out-of-state students at SUS schools pay significantly less than the direct costs of their education. In contrast, state funding allocated for resident students far exceeds their educational costs, effectively subsidizing the out-of-state students.
- In terms of state support, resident SUS students receive about $15,129 per academic year, while out-of-state students receive $4,889, and ICUF students receive only $963 in state appropriations per academic year.
- The total appropriations benefiting out-of-state students exceed $369 million.
- Most notably, to replace the educational capacity currently provided by ICUF institutions, the SUS system would need to increase its spending by $5.9 billion and secure an additional $631 million in legislated appropriations.

These findings reveal important questions about how Florida allocates its higher education resources. The current funding structure provides generous subsidies to in-state students at public universities, moderate implicit subsidies to out-of-state students through below-cost tuition, and minimal support to Florida residents who choose private institutions. This approach may not align with Florida's stated goal of maximizing educational access and opportunity for its residents.

The data suggest that Florida taxpayers are inadvertently providing greater per-student benefits to out-of-state students at public universities than to Florida residents attending private colleges. While out-of-state enrollment brings diversity and revenue to public universities, the current pricing structure means these students receive educational services worth thousands of dollars more than they pay, with the shortfall effectively covered by appropriations intended for Florida residents. Both the efficiency of ICUF institutions and the scale of SUS institutions represent valuable assets for Florida's higher education system. A funding model that recognizes the contributions of both sectors would maximize educational opportunity, ensure fiscal responsibility, and better serve Florida residents' long-term interests. The question is not whether Florida should support public or private higher education, but rather how to structure that support to achieve the greatest benefit for Floridians.

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Introduction

It is commonly believed that tuition at Independent Colleges and Universities of Florida (ICUF) is significantly higher than at Florida's State University System (SUS). While it is true that ICUF tuition and fees for in-state undergraduates can exceed those of SUS, this comparison overlooks an important factor: taxpayer subsidies. When students decide between attending a private or a public university, the published tuition rates only reveal part of the picture. Beneath these figures lie billions of dollars in state appropriations that greatly affect the actual cost comparison.

This study aims to uncover what SUS tuition would cost without state funding. By analyzing the subsidies per student from annual appropriations, alongside tuition and fees reported by the Integrated Postsecondary Education Data System (IPEDS), the analysis removes subsidies from the equation to reveal the true, unsubsidized cost of education at both systems. If state subsidies were to vanish tomorrow, how much would public universities need to charge to sustain their current operations?

The findings reveal a discrepancy that challenges common assumptions about Florida's investment in higher education. Out-of-state students at SUS institutions receive significantly more educational value per credit hour than they pay in tuition and fees. In contrast, Florida residents who choose to attend ICUF institutions receive far less state support, despite being taxpayers. This indicates that Florida effectively subsidizes non-residents at public universities more generously than it supports its own residents attending private institutions.

The Regional Economic Consulting Group's analysis illustrates how taxpayer dollars flow through Florida's university system and influence tuition rates. As Florida continues to grow and its higher education needs expand, understanding the true financial dynamics of public and private university education is crucial for making informed policy decisions. This study provides a data-driven foundation for that discussion, revealing not only the costs of education but also who pays for it and who benefits the most from the state's investment in higher learning.

Regional Economic Consulting Group Background

The Regional Economic Consulting Group is a research group measuring the economic impacts of public and private sector projects. They build impact studies and provide statistical validation to public policy, economic development strategies, and investment. The Group covers a wide-ranging field spanning economic outlooks to demographic and labor market studies and uses the latest econometric modeling and methodologies techniques.

The Group uses various analytical tools: REMI modeling, IMPLAN, cost-benefit analysis, general input-output analysis, and econometric modeling. Impacts can come from jobs created or lost,

and fiscal impacts, examining dollars gained or lost for projects and initiatives. The Group has experience producing studies and presenting them publicly.

The Group's economists bring a unique perspective from the Florida Government's economic units and have firsthand knowledge of the Florida Economy. That competitive advantage affords them an intimate familiarity with Florida-specific economic mechanisms. The Group brings that ability to the private sector to better position impacts and promote initiatives for the future.

Background

Independent Colleges and Universities of Florida

The Independent Colleges and Universities of Florida (ICUF) is a non-profit association of 30 private, not-for-profit colleges and universities across Florida.[1] Founded in 1954 as the Florida Foundation of Independent Colleges, the organization adopted its current name in 1985 to reflect its expanding role as an advocate and resource for independent higher education in the state.[2]

ICUF member institutions collectively serve more than 170,000 students and employ 37,000 faculty and staff. These colleges and universities offer diverse undergraduate and graduate degree programs, as well as professional programs in law, medicine, and business. The organization's mission is to support and strengthen Florida's private, not-for-profit institutions by providing advocacy, research, and services that help them better serve students and communities while raising public awareness of independent higher education's contributions to Florida and the nation.[3]

While tuition and fees vary by institution and program, private colleges and universities generally charge higher rates than public institutions. To offset these costs, many ICUF institutions offer substantial financial aid packages, including scholarships, grants, and loans. Students can also access federal financial aid through the Free Application for Federal Student Aid (FAFSA) and may receive state funding through Florida's Effective Access to Student Education (EASE) program.[4]

EASE provides grants to Florida resident undergraduate students enrolled in at least 12 credit hours per term at eligible private, not-for-profit institutions. This funding makes high-quality education more accessible to students who might otherwise be unable to afford it. ICUF institutions notably enroll higher proportions of low-income students and students over 25 than the State University System. EASE assistance helps break down financial barriers to higher education and career advancement for these demographics.[5]

[1] Independent Colleges and Universities of Florida, https://icuf.org/about-icuf/
[2] Ibid
[3] Ibid
[4] Ibid
[5] Ibid

ICUF Member Institutions

- AdventHealth University – Orlando
- Ave Maria University – Ave Maria
- Barry University – Miami Shores
- Beacon College – Leesburg
- Bethune-Cookman University – Daytona Beach
- Eckerd College – St. Petersburg
- Edward Waters University – Jacksonville
- Embry-Riddle Aeronautical University – Daytona Beach
- Everglades University – Boca Raton
- Flagler College – St. Augustine
- Florida College – Temple Terrace
- Florida Institute of Technology – Melbourne
- Florida Memorial University – Miami Gardens
- Florida Southern College – Lakeland
- Herzing University – Winter Park
- Jacksonville University – Jacksonville
- Keiser University – Fort Lauderdale
- Lynn University – Boca Raton
- Nova Southeastern University – Fort Lauderdale
- Palm Beach Atlantic University – West Palm Beach
- Ringling College of Art and Design – Sarasota
- Rollins College – Winter Park
- Saint Leo University – Saint Leo
- St. Thomas University – Miami Gardens
- Stetson University – DeLand
- Southeastern University – Lakeland
- The University of Tampa – Tampa
- University of Miami – Coral Gables
- Warner University – Lake Wales
- Webber International University – Babson

The State University System

The State University System of Florida (SUS) consists of 12 public universities and is managed by the Florida Board of Governors, which oversees operations across all institutions.[6] Founded in 1905, the SUS serves more than 345,000 students, making it one of the largest university systems

[6] State University System of Florida, https://www.flbog.edu/about-us-2/

in the United States. The system offers a wide range of undergraduate and graduate degree programs across business, engineering, education, medicine, law, and the arts. SUS institutions have built a strong reputation for academic excellence, research, and innovation, consistently ranking among the nation's top universities. The system is also recognized for its commitment to diversity, affordability, and accessibility.[7]

Tuition and fees vary by university, degree program, and residency status. In addition to tuition, students must pay various fees, including activity, technology, and health fees, as well as other charges that vary considerably by institution and program. Many SUS universities offer financial aid options, such as scholarships, grants, and loans, to help alleviate costs, and students are encouraged to apply early to maximize their support opportunities.[8] Some institutions also provide payment plans that allow students to pay tuition and fees in installments throughout the semester.

SUS Member Institutions

- Florida A&M University – Tallahassee
- Florida Atlantic University – Boca Raton
- Florida Gulf Coast University – Fort Myers
- Florida International University – Miami
- Florida Polytechnic University – Lakeland
- Florida State University – Tallahassee
- New College of Florida – Sarasota
- University of Central Florida – Orlando
- University of Florida – Gainesville
- University of North Florida – Jacksonville
- University of South Florida – Tampa
- University of West Florida – Pensacola

Objectives

This project compares the true cost of education between the State University System (SUS) and the Independent Colleges and Universities of Florida (ICUF). The analysis examines per-student subsidies provided by the State of Florida through annual appropriations and Public Education Capital Outlay (PECO) funding, alongside tuition and fees for both systems. By accounting for these subsidies, the study reveals the actual cost comparison between educating an ICUF student and an SUS student.

[7] State University System of Florida, https://www.flbog.edu/about-us-2/
[8] Ibid

The second component analyzes how each system allocates resources within the classroom. This spending comparison examines expenditures on instruction, academic support, and student services to determine where tuition and subsidy dollars ultimately flow.

Together, these analyses provide insights into the cost and efficiency of education at Florida's public and private institutions. By examining both the true cost per student and direct educational spending, the Regional Economic Consulting (REC) Group can identify how these institutions allocate resources and whether there are differences in their investment priorities.

Methodology and Assumptions

ICUF and SUS revenue and expenses are examined to understand the level of subsidies provided to ICUF and SUS institutions and how much of those funds are spent on students. Financial data is sourced from the Financial Accounting Standards Board (FASB) for ICUF institutions and the Governmental Accounting Standards Board (GASB) for SUS institutions, along with annual state appropriations from Florida's legislative budget, ensuring compliance with Generally Accepted Accounting Principles (GAAP).

This analysis employs a credit-hour-based approach to determine costs, appropriations, and spending by institution. The methodology uses undergraduate and graduate credit hours derived from IPEDS' 12-month instructional activity credit-hour counts for each institution.

To disaggregate the data into meaningful student categories, the distribution of in-state and out-of-state freshmen from fall enrollment data is applied. Assuming a normal distribution of credit hours between in-state and out-of-state students, the proportions for undergraduate and graduate credit hours yield four distinct groups: in-state undergraduates, in-state graduate students, out-of-state undergraduates, and out-of-state graduate students. For example, in-state undergraduate hours are calculated by applying the proportion of in-state students to the total undergraduate credit hours. The table below provides a detailed breakdown of the credit hour distribution across graduate levels and institutional groupings. Table 1 presents a breakdown of enrollment in ICUF and SUS institutions by student and credit-hour activity.

Table 1: Student Enrollment and Credit Hour Activity

Granular Student Enrollment		*ICUF*	*SUS*
In-state	Undergraduate	27,314	170,718
	Graduate	35,651	30,673
Out-of-state	Undergraduate	93,659	110,366
	Graduate	10,397	47,445
Credit Hour Activity		*ICUF*	*SUS*
In-state	Undergraduate	961,106	5,592,418
	Graduate	171,072	935,943
Out-of-state	Undergraduate	2,700,205	2,268,919
	Graduate	499,766	381,131

Source: IPEDS

Published tuition must be reconciled with the institution's actual total tuition and fees collected. Simply multiplying the published tuition and fees by an average discount rate and the total number of relevant credit hours in each grouping can yield results that differ significantly from the amounts actually collected.

To address this discrepancy, the published tuition fees for each group, education level, and residency status are multiplied by the number of relevant hours and aggregated into a total theoretical gross tuition. Each group's hours multiplied by the corresponding tuition is divided by the total gross tuition to create an applicable share to be applied to the total tuition and fees reported by the Universities. For each combination of residency and educational level, this calculation is expressed as follows:

Tuition Share = (Total Tuition and Fees x ((Published Tuition x Students) ÷ Theoretical Gross Tuition)) ÷ Credit Hours

The shares derived from these groupings are then applied to the institution's total tuition and fees to determine the distribution of tuition and fee revenue across each group. This reconciliation aligns with the amounts actually collected and recorded by the university's accounting offices. Discounts follow the same distribution methodology as tuition and fees, but apply them against total discounts rather than tuition and fees.

Finally, the discounted tuition and fees combined with the allocated discounts yield distributed gross tuition and fees, or the distributed published tuition and fees:

Distributed Published Tuition and Fees = Distributed Tuition and Fees per Credit Hour + Distributed Discount per Credit Hour

State appropriations are calculated from university IPEDS reporting and confirmed with the General Appropriations Act. A key assumption in this analysis is that these appropriations apply only to resident students. The per-credit-hour appropriation is determined by dividing the total funding appropriated by the number of in-state credit hours.

It's important to note that appropriations can vary significantly from year to year, with fluctuations of up to 38%. The current appropriation for this study is $3.6 billion; however, in previous years, the state has allocated more than $5 billion to universities.

A key component of the study is the True Cost calculation, which represents the total cost to students and taxpayers per credit hour. True Cost is calculated by adding the discounted tuition to the state subsidy per credit hour. The calculation begins with the gross published tuition and fees per credit hour, from which institutional discounts are subtracted to determine the discounted tuition and fees. Then, the per-credit-hour state appropriation is added to this discounted amount to arrive at the True Cost. This figure reflects the total cost per credit hour from both students and taxpayers. The values are determined by residency status and level of education, and these calculations serve as the basis for developing a funding formula.

True Cost = (Distributed Published Tuition and Fees per Credit Hour - Distributed Discount per Credit Hour) + (Total Appropriation ÷ In-State Credit Hours)

Surplus values and shortfalls indicate the difference between what students pay per credit hour and the actual operational costs associated with educating them. When there is a surplus, it means that students are paying more per credit hour than it costs to educate them. In contrast, a shortfall indicates that the educational services students receive exceed what they are paying per hour.

The cost of education is assessed through classroom spending, which includes three categories of expenditures: student services, academic support, and instructional. These are reported in IPEDS data. This approach intentionally focuses on direct teaching and student-facing academic support while excluding institutional overhead costs.

To determine a per-credit-hour spending rate, total classroom spending is divided by the number of credit hours for each category based on residency status and education level. The surplus or shortfall is then calculated by subtracting this per-credit-hour spending rate from the True Cost. A positive value indicates a surplus, meaning the total cost exceeds classroom spending, while a negative value indicates a shortfall, where classroom spending exceeds the total amount paid by students and taxpayers combined.

Surplus/Shortfall = True Cost – ((Student Services + Academic Support + Instructional Spending) ÷ Total Credit Hours)

Surplus values are combined to generate calculations for both the academic year and the overall aggregate surplus. The academic-year surplus is calculated by multiplying the year's average credit load by the per-credit-hour surplus for each residency and education-level grouping. This calculation results in an average surplus or shortfall per student within each grouping for one academic year.

On the other hand, the aggregate surplus applies the hourly surplus rate to all credit hours delivered by the institution, grouped by residency status and education level. This yields a total surplus or shortfall for each university each year, encompassing all student categories: in-state, out-of-state, undergraduate, and graduate.

Analyzing the relationship between these surpluses and shortfalls uncovers important trends regarding whether a university is overcharging or undercharging specific student groups, as well as the impact of state appropriations on the financial balance. Notably, a surplus from one group can offset a shortfall from another, illustrating how institutions may implement cross-subsidization strategies to balance their overall budget.

Results, Findings, and Analysis

This study analyzes various financial aspects, including appropriations, tuition, and fees, associated with students attending the State University System (SUS) and the Independent Colleges and Universities of Florida (ICUF). The goal is to reveal the actual cost of educating students at each type of institution by credit hour. Both ICUF and SUS schools offer institutional grants and discounts, which reduce the amount students pay and the total revenue each institution receives.

The study also assesses spending efficiency to determine how tuition and subsidy dollars are allocated to direct educational expenses. Spending efficiency is defined as the ratio of the true semester cost to total academic spending. This metric illustrates how effectively each tuition dollar supports educational activities for enrolled students in relation to the underlying instructional costs.

At first glance, the financial picture appears significantly different between the two sectors, as shown in Table 2. For undergraduates, the average published in-state tuition rate at ICUF is much higher than at SUS, at $1,059 per credit hour, compared to $178 per credit hour. In fact, the published rate at ICUF exceeds the SUS out-of-state rate of $563 per credit hour. However, after applying institutional discounts, the cost per credit hour for ICUF reduces to $713, while the SUS in-state and out-of-state rates become $106 and $343, respectively.

The financial landscape shifts significantly when state subsidies are factored in. ICUF students receive only $32 per credit hour in state appropriations, while in-state SUS undergraduates receive $558 per credit hour. Out-of-state SUS students receive no subsidy under this framework.

When examining the True Cost, which combines discounted tuition with state appropriations per credit hour, ICUF and SUS become much more comparable for resident undergraduate students at $746 and $664, respectively. This indicates that both taxpayers and students are paying more per credit hour in true costs for in-state students than for out-of-state students. Table 2 below presents a breakdown of the undergraduate true costs.

Table 2: True Cost of Undergraduate Students per Credit Hour

Undergraduate Students	*ICUF In-state*	*SUS In-state*	*SUS Out-of-state*
Published Tuition & Fees	$1,059	$178	$563
Discounted Tuition & Fees	$713	$106	$343
Appropriation	$32	$558	$0
True Cost	$746	$664	$343

Source: Calculated from IPEDS on per School Basis

Graduate students experience a similar pattern in pricing, with the true cost for in-state graduate students at SUS exceeding that for out-of-state students by more than $200 per credit hour, resulting in an unusual pricing dynamic.

The breakdown of graduate students' true costs is presented in Table 3 below.

Table 3: True Cost of Graduate Students per Credit Hour

Graduate Students	*ICUF In-state*	*SUS In-state*	*SUS Out-of-state*
Published Tuition & Fees	$1,637	$621	$1,199
Discounted Tuition & Fees	$1,184	$383	$739
Appropriation	$32	$558	$0
True Cost	$1,216	$940	$739

Source: Calculated from IPEDS on per School Basis

The true cost differences between a typical ICUF student and a SUS student are much more comparable when considering appropriations and taxpayer contributions. Although the academic year selected for this study shows that ICUF costs are slightly higher, it is crucial to recognize that annual appropriations to the SUS can vary significantly.

Since the state fiscal year 2020-21, appropriations have consistently exceeded $4 billion, greatly affecting the true cost calculations. When analyzed over multiple years rather than a single year, ICUF is generally comparable to or cheaper than SUS in terms of true costs, at $4.25 billion in appropriations or more. This indicates that the financial difference between the two sectors is less pronounced than suggested by published tuition rates alone.

Based on these findings, it is important to explore the underlying numbers in more detail. Specifically, we need to consider the following questions: How much does it cost to educate a student on an operational per-credit-hour basis? What are students and taxpayers actually contributing to these specific operational costs? Additionally, what are the overpayments or underpayments per credit hour, differentiated by level of education and residency status?

How much are schools spending to educate their students, and how do their operational costs reflect this? Analyzing these costs is important because it enables comparisons between student payments and school expenditures, helping identify surpluses or shortfalls. According to Table 4, the operational cost at ICUF is $823 per credit hour. In contrast, the SUS has an operational cost of $610 per credit hour. Although ICUF institutions spend $823 per credit hour on operations,

their in-state students pay approximately $77 less per credit hour, indicating a high level of operational efficiency.

In-state students in the SUS system also demonstrate efficient spending patterns. Schools spend $610 per credit hour in operations, about $53 more than students and taxpayers pay through tuition and appropriations. However, the most revealing insights come from examining out-of-state SUS students. This group does not benefit from state appropriations, which are reserved exclusively for Florida residents. As a result, out-of-state students are underpaying the operational costs of their education by $268 per credit hour. This means they receive $268 more in educational value than they actually pay, a financial benefit not extended to in-state students.

When aggregated over a single academic year, a resident ICUF student pays $2,100 less than the educational value received, while in-state SUS students and taxpayers pay $1,133 more than the value they receive. In stark contrast, out-of-state undergraduate students in the SUS system are underpaying and receiving $6,152 in educational value that they did not fund directly.

Looking at the broader picture, out-of-state SUS undergraduate students collectively receive over $498 million in educational value beyond tuition and fees. Table 4 below presents these findings.

Table 4: Spending Analysis for Undergraduate Students per Credit Hour

Undergraduate Students	*ICUF In-state*	*SUS In-state*	*SUS Out-of-state*
Direct Spending per Student	$823	$610	$610
Discounted Tuition & Fees	$713	$106	$343
Appropriation	$32	$558	$0
Shortfall / Surplus	($77)	$53	($268)
Academic Year Shortfall / Surplus	($2,100)	$1,133	($6,152)
Total Credit hours Shortfall / Surplus	($59,056,627)	$245,067,423	($498,054,160)

Source: Calculated from IPEDS on per School Basis

Table 5 applies the same methodology to graduate students, comparing in-state ICUF and SUS students to out-of-state SUS students. ICUF graduate students underpay for the value of the education they receive by $393 per credit hour, while SUS graduate students overpay by approximately $330 per credit hour.

The high true cost of graduate-level education reflects the relationship between true costs and classroom operational spending. Graduate tuition revenue structures to help offset some undergraduate costs, creating a pattern of cross-subsidization within institutions. Similar to

undergraduates, out-of-state graduate students in the SUS system also underpay their tuition relative to the educational value they receive, though by a smaller margin of $129 per credit hour.

When analyzed over an entire academic year, each ICUF graduate student overpays $4,394 in educational value compared to their true costs. In comparison, SUS in-state graduate students are overpaying for their education by $4,712 per year. The SUS out-of-state graduate students benefit from $1,796 in additional educational value beyond their tuition.

At the aggregate level, which examines all graduate credit hours multiplied by the surplus and shortfall per credit hour, the financial picture becomes even more pronounced. Collectively, ICUF graduate students receive $44.6 million in value beyond what they pay. Meanwhile, SUS in-state students overpay by $124.7 million, effectively subsidizing the system. Additionally, SUS out-of-state graduate students overpay $42.1 million in educational value beyond their tuition contributions. Table 5 below presents the values for graduate students.

Table 5: Spending Analysis for Graduate Students per Credit Hour

Graduate Students	*ICUF In-state*	*SUS In-state*	*SUS Out-of-state*
Direct Spending per Student	$823	$610	$610
Discounted Tuition & Fees	$1,184	$383	$739
Appropriation	$32	$558	$0
Shortfall / Surplus	$393	$330	$129
Academic Year Shortfall / Surplus	$4,394	$4,712	$1,796
Total Credit hours Shortfall / Surplus	$44,580,751	$124,697,731	$42,115,316

Source: Calculated from IPEDS on per School Basis

Table 6 provides the aggregated impacts for all students across levels of education and residency status. The results reveal that ICUF institutions are largely efficient when comparing the actual tuition they receive to the operational and direct costs of student education.

SUS institutions, however, demonstrate a strong cross-subsidization effect. They receive $369.8 million more in state appropriations than they spend on educating in-state students. Simultaneously, SUS out-of-state students receive $456 million in additional educational value beyond what their true costs cover. This represents a substantial benefit that non-resident students are receiving from the State.

Since state appropriation dollars are fungible, they can, within this analytical framework, offset the unpaid true cost associated with educating out-of-state students by $369.8 million. In effect, the surplus generated from in-state student appropriations subsidizes the educational expenses

of out-of-state enrollment. For an out-of-state undergraduate student attending a SUS institution, they effectively receive $6,152 in benefits each academic year, and up to 80% of that, i.e., $369.7 million divided by $455.9 million, is covered by the instate overpayments.

Table 6 below presents these aggregate results.

Table 6: Aggregate Shortfall / Surplus Values by Group

Total Students	*ICUF In-state*	*SUS In-state*	*SUS Out-of-state*
Total Undergraduate Credit Hours Surplus	($59,056,627)	$245,067,423	($498,054,160)
Total Graduate Credit Hours Surplus	$44,580,751	$124,697,731	$42,115,316
Total Aggregate Student Shortfall / Surplus	***($14,475,875)***	***$369,765,154***	***($455,938,844)***

Source: Calculated from IPEDS on per School Basis

What if Independent Colleges and Universities (ICUF) did not exist? How much would the SUS need to spend to accommodate the credit hours currently being produced by the ICUF sector?

Table 7 shows the cost of replacing ICUF. ICUF provides 4.3 million credit hours of instruction each year, with 1.1 million of those credit hours serving in-state residents. To fully replace ICUF's educational capacity, SUS would require an additional $6 billion in revenue to cover all expenses. If this funding were specifically allocated to specific classroom spending, assuming administrative overhead would not need to increase proportionally, SUS would still require an additional $2.6 billion in revenue, sourced from a combination of tuition and state appropriations.

If the focus is narrowed to serving only the in-state residents currently educated by ICUF, SUS would need to provide an additional 1.1 million credit hours. This would require a total funding of $1.3 billion, with $691.2 million specifically directed to the classroom. Under current funding patterns, an additional $631.2 million in state appropriations would be required to maintain the existing educational model for these Florida residents.

The cost of replacement is an added benefit that the Independent Colleges and Universities of Florida provide in addition to the ability to spend massive amounts of dollars without state funding.

Table 7: Cost of Replacing ICUF

	Total	*In-state*
Total ICUF Hours	4,332,149	1,132,178
Direct Spending	$2,644,654,595	$691,162,800
Total Spending	$5,961,264,518	$1,345,990,620
Additional Appropriations		$631,215,093

Source: Calculated from IPEDS on per School Basis

Conclusion

The True Cost study aims to compare the actual costs of education between Independent Colleges and Universities in Florida (ICUF) and State University System (SUS) institutions, accounting for state appropriations. Since SUS institutions receive state funding that reduces their reported tuition, this study analyzes how ICUF and SUS institutions compare when considering the true cost of education, independent of subsidies. The analysis breaks down the true costs by education level and residency status, and compares them with the operational costs of delivering education.

The findings reveal several important insights:

- First, ICUF institutions are much more comparable to SUS schools regarding the true cost of education than their published tuition rates suggest.
- ICUF institutions also appear to be more efficient when comparing tuition to the direct costs associated with instruction and support.
- The study shows that out-of-state students attending SUS schools pay significantly less than the direct costs of their education, while state funds appropriated for resident students far exceed the costs of educating them, effectively acting as a subsidy for out-of-state students.
- Regarding state support, resident SUS students receive approximately $15,129 per academic year, out-of-state students receive $4,889, while ICUF students receive only $963 in appropriations per academic year.
- The total appropriations implicitly utilized by out-of-state students exceed $369 million.
- Perhaps most strikingly, for the state to replace the capacity provided by ICUF institutions, the SUS system would need to increase spending by $5.9 billion and would require an additional $631 million in legislated appropriations.

Table 8 below provides a breakdown of the cost to educate and the source of funds between tuition and fees, appropriations, and other sources on a per-student basis per academic year.

Table 8: Components of Cost per Academic Year for Undergraduate Students

Full-time Equivalent Students	*ICUF In-state*	*SUS In-state*	*SUS Out-of-state*
Discounted Tuition and Fees	$21,403	$3,185	$10,286
Appropriations	$963	$15,129	$4,889
Other Funding	$2,316	$0	$3,139
Total Direct Spend on Education	$24,681	$18,314	$18,314

ırce: Derived from prior tables, normalized to 30 credit hours

By examining the funding dynamics of ICUF and SUS across residency status and education level, a more complex picture emerges of how the state funds higher education at both public and private levels. ICUF clearly provides value-for-value in education and generates meaningful savings for the state.

This analysis invites an important thought exercise: Would Florida and Floridians benefit if the state were able to expand out-of-state tuition sufficiently to cover the $455 million shortfall, and then redirect a portion of those savings to help ICUF further develop within the competitive private-sector education landscape? Would taxpayers and prospective students gain more or less from such a rebalancing of the higher education funding model?

These questions suggest an opportunity to reimagine how Florida structures its investment in higher education, leveraging the efficiency and capacity of both sectors while ensuring taxpayer dollars are allocated to maximize educational value and access for Florida residents.

Appendix – Biographies

Dr. Clyde L. Diao

Managing Partner & Economist

Dr. Clyde Diao is an economist with 34 years of experience. His expertise includes forecasting and analyzing tax issues; managing, developing, and conducting economic research projects on development and environmental issues; econometric and regional economic analysis; developing large econometric models for the State of Florida.

Dr. Diao served as the Deputy Policy Coordinator with the Florida Executive Office of the Governor. His primary responsibility included analyzing the US Economy and forecasting Florida's economy and demographics as the bases for Florida's state revenues. He developed the State of Florida's econometric models that forecast and analyze Florida's employment, income, housing, construction, tourism, and transportation.

As the Deputy Policy Coordinator, he also worked on various tax policy issues relating to corporate income tax, documentary stamps tax, intangibles tax, communication services, gross receipts taxes, highway safety taxes, tobacco taxes, and estate tax, among others. Using sophisticated regional modeling techniques, Dr. Diao conducted analyses to determine the economic impacts of various state policies — some of which are highly controversial issues that would require Dr. Diao’s expert advice for the Executive Office of the Governor.

In 2010, Dr. Diao was appointed by Gov. Charlie Crist to be the Census Liaison for the State. He was instrumental in developing the strategy for the 2010 Census, which saw a sharp increase in participation from 65% to 74% and added two more congressional seats for Florida. Florida became a model to the nation in the 2010 Census.

He is also the former Chief Economist at the Florida Department of Environmental Protection, where he was involved in various aspects of environmental regulation policy. He has appeared in court as an expert witness for the State of Florida.

Dr. Diao has been a vocal proponent of Asian American issues outside the office. He is the founder of the Asian Coalition of Tallahassee and served as Chairman for ten years. ACT is the umbrella organization that aims to unite Asian Americans in the region. He was also the leader of the Big Bend Filipino American Association for ten years, the BBFAA's longest-serving president. Dr. Diao has fought for issues that impact the Asian American community, such as eliminating the Alien Land Law in Florida's constitution and the State's declaration of the Asian American Heritage Month.

Dr. Diao is from Cagayan de Oro City, Philippines. He graduated from Xavier University/Ateneo de Cagayan, a Jesuit institution with honors, and received his MS and PhD in Economics at Florida State University as a World Bank scholar.

Jared Parker

Managing Partner & Economist

Jared Parker is a founding partner and economic consultant at the Regional Economic Consulting Group. He comes from an economics career within the State of Florida's Government and maintains a wide range of experience in state policy impacts.

Before founding the Regional Economic Consulting Group, Jared Parker worked in the Florida Legislative Office of Economic and Demographic Research (EDR) and the Tax Research Unit of the Florida Department of Revenue. He was responsible for projecting revenues and determining the fiscal impacts of pending bills to the Legislatures' Revenue Estimating Panel. His policy experience includes sales tax exemptions, corporate income, insurance premium taxes and credits, Communication Services, Documentary Stamps, Intangibles taxes, and electric and gas utilities.

Jared Parker was involved with many long-term impact projects for general state policy while at EDR. He participated in the State's analysis and committee hearings featuring the Patient Protection and Affordable Care Act and the later attempt to expand Medicaid under Florida's Health Insurance Exchange. He was involved with the BP Oil Spill impacts of 2010, hurricane disaster impacts, and numerous Constitutional Amendments.

Jared Parker received his MS in Applied Economics from Florida State and has a broad range of experience on various topics about local, State, and regional economies. With many years of hands-on experience in measuring the state economy for the Legislature, he has been a part of the revenue estimating process that both the Governor and the Legislature depend on to create their budgets for the past decade.

He brings to the REC Group invaluable experience in producing in-depth outlooks and impacts and can deliver results clearly and concisely.