

BOARD OF REGENTS BRIEFING PAPER

HANDBOOK REVISION: Use of Funds Generated from Registration Fees

BACKGROUND & POLICY CONTEXT OF ISSUE:

The funds generated from the collection of student registration fees are allotted for expenditure based on certain categories of use. Those categories vary by institution and include the following: student access, capital improvement, general improvement, activities and programs, student association, student support/scholarship, and the state-supported operating budget. The Board's current policy clearly specifies the permissible use of funds generated for capital improvement and student access. While the policy also addresses the appropriate use of funds generated for general improvement, that definition lacks the specificity that is included in the capital improvement and student access categories. Further, the activities and programs category and the student association category are not defined currently in Board policy. The absence of a clear guideline for the use of these funds makes it difficult to audit the campuses to ensure the funds are being used in the manner intended by the Board of Regents.

At its June 2008 meeting, the Board of Regents' Audit Committee made the following recommendations:

- Review and revise as appropriate the capital and general improvement fee assessments to determine the purpose of each fee. (The NSHE Audit Department recommended that the general improvement fee policy be developed that clearly defines the intent of the fee and the appropriate use of the funds.)
- Determine the purpose of the activities and programs fee.

Based on the recommendations of the Audit Committee, staff met on several occasions with the Business Officers and the Student Affairs Vice Presidents (August, October, and December 2008) to review the current definitions and develop new definitions. The meetings resulted in a revised definition of the use of the capital improvement fee, and new definitions for the use of the general improvement, activities and programs, and student association fee. In addition, based on the discussions, the use of student access funds was reviewed and revised.

SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

- Amend Board policy to update the definitions of permissible use of the capital improvement fee, and the newly developed definitions for use of the general improvement, activities and programs, and student association fees (See the attached Policy Proposal); and
- Amend Board policy to revise the allocation for Student Access funds from 90 percent need-based/10 percent non-need-based to 80 percent need-based/20 percent non-need-based.

Based on conversations with the Business Officers, staff recommends that the campuses be given an opportunity to redistribute dollars in the newly defined categories to ensure that from this point forward the dollars allocated to any one category shall then be expended under the definitions for appropriate use of a given fee. Pending approval of the proposed revisions, redistribution of the fees will be brought forward to a future meeting.

IMPETUS (WHY NOW?):

This recommendation is brought forward in response to the recommendations of the Board of Regents' Audit Committee made in June 2008.

BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

- The NSHE Audit Department will have clear definitions from which to audit the institutions against;
- Within each defined category, the use of student registration fees will be clearly defined;
- Categories for the use of funds will be consistent across all institutions; and
- A portion of the fee that is allotted for student associations ensuring that the students will have a permanent source of funds (the exception to which is UNR's student association fee that was permanently removed from this process as authorized by the Board in April 2008).

POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

- A clear definition of the use of fees eliminates any possibility for additional flexibility by the campuses to expend dollars outside of a defined use.

ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:

Leave the definition as currently written for the capital improvement fee only and do not define the use of other fee categories.

COMPLIANCE WITH BOARD POLICY:

- Consistent With Current Board Policy: Title # _____ Chapter # _____ Section # _____
- Amends Current Board Policy: *Title 4, Chapter 10 (misc. sections) and Title 4, Chapter 18, Section 18*
- Amends Current Procedures & Guidelines Manual: Chapter # _____ Section # _____
- Other: _____
- Fiscal Impact: Yes _____ No _____
Explain:

POLICY PROPOSAL
TITLE 4, CHAPTER 10, SECTIONS 11 - 27
Use of Funds Generated by Registration Fees

Additions appear in *boldface italics*; deletions are [~~stricken~~ and bracketed]

Section 11. Use of Capital Improvement Fee

1. [~~The Board of Regents shall annually establish a fee for students known as the Capital Improvement Fee.~~] ***A portion of the registration fee established pursuant to Title 4, Chapter 17 for all credit-bearing courses shall be allotted for capital projects and will be referred to as the “Capital Improvement Fee.”***

- [~~2. Such fee shall be assessed on a per-credit-hour basis to all students registered for courses in the spring and fall semesters except for Community Service courses offered by the community colleges and other fee-supported programs offered through Continuing Education and Off-Campus units at the universities or state college.~~]

- 3]2. [~~Such fees~~] ***Funds generated from the Capital Improvement Fee*** shall be deposited [~~in~~] ***into*** a Capital Improvement Fee Fund[~~, with the fees from~~] ***for*** each institution [~~kept~~] ***that is maintained*** separately.

- [~~4. Except as provided in paragraph 5 below, a request for use of such fees for individual projects of \$25,000 or more must be approved by the Board of Regents for the following purposes~~]

3. ***Funds generated by the Capital Improvement Fee may be expended on projects of \$100,000 or less that have been approved by the President and if for the following purposes:***
 - a. For the service of revenue bonds when a revenue bond issue [~~has been~~] ***is*** authorized by the Nevada State Legislature ***and approved by the Board of Regents***. Such revenue bonds may be issued [~~only~~] for the purpose of construction ***and furnishing*** of [~~academic buildings~~] ***facilities***.
 - b. For the necessary supplementation of capital projects that have been approved by the Nevada State Legislature.
 - c. [~~To loan to the dormitory~~] ***For loans on residence*** and dining hall bond indebtedness service [~~funds in the event such~~] ***when*** funds are [~~unable~~] ***not otherwise available*** to meet [~~their~~] ***the required*** annual payments.
 - d. For [~~such~~] remodeling projects and related furniture, [~~furnishings~~] ***fixtures***, and equipment as are urgently needed for the accommodation of students in [~~academic~~] buildings, but which cannot be funded from other institutional funds or State Public Works Board Capital Improvement Funds.
 - e. For programming, planning, design, and feasibility studies pertaining to capital projects, which require consulting services in order to carry out the institution’s basic responsibilities in developing long-range programs and plans.
 - f. For [~~such grounds~~] ***real property*** improvements as are necessary.
 - g. For the purchase of land or buildings adjacent to a campus or branch campus and within the master plan areas as such land or buildings become available and are offered for sale.

h. For other purposes approved by the Board of Regents.

4. *Expending funds generated by the Capital Improvement Fee for projects or expenses in excess of \$100,000 require approval by the Board of Regents.*

~~[5. The Board of Regents delegates to the Presidents the authority to expend Capital Improvement Fees for projects totaling less than \$25,000 for the purposes noted in paragraphs 4a-f. If a project totaling less than \$25,000 does not meet the description of paragraphs 4a-f, it must be approved by the Board. Projects that meet the description of paragraph g and paragraph h must be approved by the Board regardless of total project cost.~~

~~6. Of the student fees collected at UNR and UNLV, one dollar will be designated as a General Improvement Fee to be used for general improvement purposes as determined by the campus President.~~

~~7. The General Improvement Fee fund shall be separately budgeted annually, and this budget shall be devoted to the goods and services that directly enhance the students' educational experience.]~~

Section 12. Use of the General Improvement Fee

- 1. *A portion of the registration fee established pursuant to Title 4, Chapter 17 for all credit-bearing courses shall be allotted for general improvements as defined in this section and will be referred to as the "General Improvement Fee."***
- 2. *Funds generated from the General Improvement Fee shall be deposited into a General Improvement Fee Fund for each institution that is maintained separately.***
- 3. *Funds generated by the General Improvement Fee shall be expended on goods and services that directly enhance the educational experience of the student body, including, but not limited to student advising, counseling, recruiting, orientation, and other general student support services. This includes expending funds on salaries and wages, operating, equipment, and library materials that benefit the general student population. One dollar of the General Improvement Fee funds generated at each institution may be used for other purposes as designated by the President.***
- 4. *Expending funds generated by the General Improvement Fee for other purposes than those described in subsection 3 shall require approval by the Board of Regents. This requirement does not apply to the dollar that may be used for purposes designated by the President unless otherwise provided for in Board policy.***

Section 13. Use of the Activities and Programs Fee

- 1. *A portion of the registration fee established pursuant to Title 4, Chapter 17 for all credit-bearing courses shall be allotted for graduate and undergraduate student activities and programs and will be referred to as the "Activities and Programs Fee."***
- 2. *Funds generated from the Activities and Programs Fee shall be deposited into an Activities and Programs Fee fund for each institution that is maintained separately. The institution may account for such funds in multiple accounts if necessary.***

3. *Funds generated by the Activities and Programs Fee shall be expended on specific student activities and programs, including salaries and wages, operating, and equipment.*
4. *Expending funds generated by the Activities and Programs for purposes other than those described in subsection 3 shall require approval by the Board of Regents.*

Section 14. Use of the Student Association Fee

1. *A portion of the registration fee established pursuant to Title 4, Chapter 17 for all credit-bearing courses shall be allotted for student government and will be referred to as the "Student Association Fee," unless a Board-approved student association fee has been established outside of the registration fee distribution.*
2. *Funds generated from the Student Association Fee shall be deposited into a Student Association Fee fund with the fees from each institution maintained separately.*
3. *Funds generated from the Student Association Fee shall be expended for the support of institutional student government associations, including salaries and wages, operating, scholarships, and equipment expenses.*
4. *Expending funds generated by the Student Association Fee for other purposes than those described in subsection 3 shall require approval by the Board of Regents.*
5. *The provisions of this section concerning the authorized use and administration of funds generated from the Student Association fee are also applicable to any Board approved student association fee charged in addition to registration fees.*

RENUMBER SECTIONS 12 through 27 AS SECTIONS 15 through 30.

POLICY PROPOSAL
TITLE 4, CHAPTER 18, SECTION 18
Student Access Funds

Additions appear in *boldface italics*; deletions are [~~stricken~~ and bracketed]

Section 18. Use of Student Access Funds

In order to improve the access of all students and to encourage participation in higher education, an amount up to 50% of all registration fee increases, net the amounts distributed to other fee categories, will be dedicated to student financial assistance. For the purposes of this section, “Student Access funds” means budgeted dollars intended for student financial aid, including allocations for such funds from state appropriations and funds generated from registration fees. The guidelines for the use of Student Access funds are as follows:

1. One-hundred percent (100%) of Student Access funds will be used for financial assistance for students. Except for the Regents’ Service Program, funds will not be used for administrative or any other purposes, unless specifically authorized by Board policy. The portion derived from undergraduate student enrollments will be dedicated to undergraduate financial assistance. The portion derived from graduate student enrollments will be dedicated to graduate financial assistance; however this shall not include funding of base salaries for graduate assistantships.
2. At least [~~ninety~~] *eighty* percent (~~[90]~~*80*%) of state-funded Student Access funds for each institution each academic year will go to need-based programs, according to federal government methodology, for both undergraduate and graduate students.
3. The remainder of the state-funded Student Access funds (not to exceed [~~40~~]*20*%) for each institution each academic year will go to other “access-oriented” financial assistance, including but not limited to scholarships non-need based grants and work study programs, for both undergraduate and graduate students.
4. For fee-generated Student Access funds, at least *eighty percent* [~~90%~~] (*80*%) of undergraduate funds and at least 50% of graduate funds for each institution each academic year will go to need-based programs, according to federal government methodology.
5. The remainder of the fee-generated Student Access funds (not to exceed [~~40~~]*20*% for undergraduate and 50% for graduate students) for each institution each academic year will go to other “access-oriented” financial assistance, including but not limited to scholarships and other non-need based grant programs.
6. The institution will present a report each year to the Board of Regents showing how the Student Access funds were utilized. The findings of the report will be used to evaluate these guidelines.
7. Nothing in this Section precludes an institution from allocating additional funds for general scholarship purposes. Any such additional allocations are not subject to the student access distribution established in this Section.