

BOARD OF REGENTS
BRIEFING PAPER
Use of Student Access Funds

BACKGROUND & POLICY CONTEXT OF ISSUE:

During the August 17, 2006, meeting of the Board of Regents' Budget and Finance Committee, it was brought to the attention of the regents that under certain circumstances NSHE institutions may be expending dollars intended for financial aid on other budget categories.

Current Board policy provides that 100 percent student access dollars generated from registration fee increases must be expended for financial assistance for students. Specifically, at least 90 percent of 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. The remainder of the funds, not to exceed 10 percent will go to other "access-oriented" financial assistance for both undergraduate and graduate students. This policy, as currently written, is not applicable to state appropriated dollars allocated to the scholarship function of the state-supported operating budget. Further, there is no existing provision in Board policy that prohibits an institution from budgeting less than the legislatively appropriated amount to the Scholarship function of the state-supported operating budget.

SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

Amend Title 4, Chapter 9 to provide that amounts budgeted by each NSHE institution in the Scholarship function shall be approved annually by the Board of Regents as part of the institution's operating budget; provided, however, that in the event that the amount budgeted by the institution is less than the amount funded by the Nevada State Legislature in the Scholarship function such amount shall be considered separately by the Board and shall be accompanied by the President's justification for such variance. This provision will not preclude an institution from augmenting the budgeted amounts of the Scholarship function. Any amounts transferred into the Scholarship function over and above the Board approved amounts may be reallocated to other functions without restriction.

Further, amend Title 4, Chapter 17, Section 1 (in part) and Title 4, Chapter 18, Section 17 to define student access funds for the purpose of appropriate use to mean any budgeted dollars intended for financial aid, including state appropriated dollars and funds generated from registration fees. This is intended to ensure that state appropriated financial aid funds, in addition to the student access funds generated from registration fee increases, are expended based on the 90/10 guideline for need-based aid established in Title 4, Chapter 18, Section 17.

IMPETUS (WHY NOW?):

The policy proposal is brought forward in response to the August 2006 request of the Budget and Finance Committee.

BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

The Board has expressed on a number of occasions that financial aid to students is a critical priority. In addition, the Board is on record that the current level of financial aid to students is unacceptably low. The Nevada System of Higher Education recently received an “F” for “affordability” in *Measuring Up 2006*, a national report card on higher education. This issue is exacerbated by the necessity to continually increase tuition and fees in line with approved Board policy. Amending the policy language as recommended will ensure that state appropriated financial aid funds, in addition to the student access funds generated from registration fee increases, are expended based on the 90/10 guideline for financial aid established in Title 4, Chapter 18, Section 17, and that the dollars appropriated to the scholarship function of the state-operating budget do not diminish over time. Therefore, it will be ensured that all appropriated and available financial aid dollars are actually expended for that purpose alone.

POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

If adopted, this policy will impact an institution’s flexibility in terms of establishing a minimum dollar amount to be budgeted for the Scholarship function of the state-supported operating budget, whereby budgeted amounts that are less than the amount funded by the Nevada Legislature in the Scholarship function must be brought before the Board for approval. Further, this policy limits flexibility in expending stated-funded scholarship dollars to the extent that such dollars will fall under the Board’s definition of “student access” and will be subject to the 90/10 guideline for financial aid.

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

Various alternatives to this proposal have been considered, none of which broad or general support was established.

COMPLIANCE WITH BOARD POLICY:

- Consistent With Current Board Policy: Title # _____ Chapter # _____ Section # _____
- Amends Current Board Policy: Title 4, Chapter 9, Section 2; Title 4, Chapter 17, Section 1 (in part); and Title 4, Chapter 18, Section 17
- Amends Current Procedures & Guidelines Manual: Chapter # _____ Section # _____
- Other: _____
- Fiscal Impact: Yes _____ No _____
Explain: _____

POLICY PROPOSAL
TITLE 4, CHAPTER 9, SECTION C.2(new 7)
Financial Policies: Operating Budgets

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

C. Financial Policies: Operating Budgets (in part)

Amend Section 2 (Financial Policies) of Title 4, Chapter 9, Section C. to include a new subsection concerning the Scholarship Function of the State Operating Budget as follows:

6. Use of Instructional Funds

Each NSHE institution that provides student instruction and derives instructional funding through the State-operating budget must utilize those resources to the greatest extent possible in support of student credit-based instruction. The use of instruction funds for non-instructional purposes must be certified by the institution's President and approved by the Chancellor and Board of Regents prior to budgetary commitment. Approval should be only under the most unusual conditions. (B/R 4/97)

7. *Scholarship Function*

Amounts budgeted by each NSHE institution in the Scholarship function shall be approved annually by the Board of Regents as part of the institution's operating budget; provided, however, that in the event that the amount budgeted by the institution is less than the amount funded by the Nevada State Legislature in the Scholarship function such amount shall be considered separately by the Board and shall be accompanied by the President's justification for such variance. This provision does not preclude an institution from augmenting the budgeted amounts of the Scholarship function. Any amounts transferred into the Scholarship function in excess of the Board approved amounts may be reallocated to other functions without restriction.

POLICY PROPOSAL
TITLE 4, CHAPTER 17, SECTION 1 (in part)
Student Access Funds

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

3. 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. [~~These funds will be budgeted in the scholarship function and titled "Student Access."~~] The guidelines for use of these funds are specified in Title 4, Chapter 18, Section 17.

POLICY PROPOSAL
TITLE 4, CHAPTER 18, SECTION 17
Student Access Funds

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

Section 17. ~~[Guidelines for]~~ 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. ~~[The funds are budgeted in the scholarship function and titled "Student Access."]~~ ***For the purposes of this section, "Student Access funds" means any budgeted dollars intended for student financial aid, including allocations for scholarships from state appropriations (excluding grants-in-aid) and funds generated from registration fees.*** The guidelines for the use of Student Access funds are as follows:

1. One-hundred percent (100%) of ~~[these]~~ ***Student Access*** funds will be used for financial assistance for students. ~~[The]~~ ***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.
2. At least ninety percent (90%) of ~~[the]~~ ***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 funds (not to exceed 10%) for each institution each academic year will go to other "access-oriented" financial assistance, ***including but not limited to non-need based grants and work study programs,*** for both undergraduate and graduate students.
4. 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.

~~[5. The Chancellor will present for consideration to the Board of Regents a possible state match to these funds.]~~