

September 12, 2018

MEMORANDUM

TO: State Board of Regents

FROM: David L. Buhler

SUBJECT: USHE – Tuition and Student Aid Policy Study Update

Issue

The Finance and Facilities committee of the Board of Regents has been assigned to serve as the steering committee for the Board's strategic initiative focused on tuition and student aid policies. This report serves as the status update regarding the initiative and highlights several questions for the steering committee to consider as it expands its discussion regarding college affordability and tuition and student aid policies.

Background

The Board of Regents recognizes that Utah must increase the proportion of its population with a college education to build state prosperity into the future. This can only be accomplished by ensuring higher education remains accessible and affordable for Utahns. Affordability is an issue of concern for Utahns, given larger family sizes (3.12 persons per household, compared with 2.63 nationally) and thus the likelihood of more students attending college from the same family, simultaneously. As the Board considers an affordability strategy, it will be important to recognize that although tuition at Utah's four-year public institutions is the third-lowest in the nation, Utah community colleges rank 16th lowest in the nation, which creates questions about college affordability for students pursuing career and technical training, an associate's degree, or a cost-effective alternative way to complete their first two years of school before transferring to a four-year institution.

In May 2018, the Board adopted three strategic priority initiatives including the request that the Commissioner and his staff engage in a comprehensive evaluation study of the Board's current tuition and student aid policies in order to create an affordability strategy and framework; recommend revisions to tuition and student aid policies to support the affordability strategy; identify the economic benefit of nonresident students for the state of Utah; and create system and institution metrics and benchmarks to review system and institution performance against the affordability strategy.

The Commissioner's staff has initiated the study and has completed the following tasks:

- Develop an initial timeline associated with the completion of the project (attached)
- Engage the Kem C. Gardner Institute to conduct the study
- Identify and meet with system-wide institutional representatives to gather institutional perspective regarding the project scope

- Meet with Kem C. Gardner to clarify initial questions regarding scope and anticipated deliverables

Over the next several weeks, the Commissioner's office will complete the following additional tasks

- Reconvene the institution representatives to review and refine the initial scope document prepared by Kem C. Gardner (September 24)
- Schedule a meeting with the Finance and Facilities committee to review the project scope to ensure that the study addresses the Board's specific questions (October or in conjunction with the November Board meeting).

Board questions to consider:

- How does the Board define affordability?
- How does the current tuition and fee policy create unintentional affordability barriers for students?
 - Does a uniform first-tier tuition increase policy adversely impact student affordability across the system institutions?
 - Does a two-tier tuition system result in higher average tuition rate increases across the system more than an individual tuition rate developed specifically for each institution?
 - To encourage summer enrollment, should new-year tuition increases be delayed to fall semester?
 - Should a separate summer tuition schedule or adjusted plateau schedule be adopted to encourage summer enrollment and timely completion efforts?
 - Should the Board consider changing the non-resident tuition surcharge from 3.0 times the resident rate to be at least equivalent to the full-cost for resident students?
 - Regent policy currently allows institutions to implement undergraduate tuition differentials, do these differentials adversely impact first-generation and underrepresented students' access to these programs?
 - Program and course fees are managed at the institution level, with limited Board involvement which has resulted in a multitude of additional fees that students are required to pay in addition to tuition, differential tuition, and general student fees. Should the Board take a more active role in program and course fee management?
 - Is there a benefit to directing institutions to do a tuition reset to calculate the cost of eliminating all student fees and creating a single tuition rate for students? What would be the short-term and long-term impact for students and institutions?
- How will institutions be impacted financially by tuition policy revisions?
- What additional information does the Board need to make informed tuition rate increases?
- What types of institution accountability would the Board like to see related to tuition and fees?
- Should there be a separate Regent workgroup to focus on tuition issues?

Attachments to this memo include

- Regent Policy R510, *Tuition and Fees*
- Tuition and Student Aid Policy Study Work plan and timeline
- Tuition and Student Aid Policy Institution Representative Workgroup

Commissioner's Recommendation

This is an information item only; no action is required.

DLB/KLH
Attachments

David L. Buhler
Commissioner of Higher Education

R510-1. Purpose: To establish a tuition and general fee policy.

R510-2. References

- 2.1. Utah Code §53B-7-101 (Combined Requests for Appropriations)
- 2.2. Federal Higher Education Act, 20 USC 1091b (Institutional Refunds)

R510-3. General Policy

3.1. Uniform First Tier Tuition Rate Increases: A first tier tuition rate increase shall be uniform for all institutions, shall be implemented at the same time, and shall be based on evaluations of current data on inflation and national and regional tuition increases and justified by specific increasing needs in the Utah System of Higher Education.

3.2. Optional Second Tier Tuition Rate Increases: Each institutional President, with the approval of the institutional Board of Trustees, may recommend a second tier tuition rate increase to meet specific institutional needs. Second tier tuition rate increases may apply to all programs equally or may be different for specific programs.

3.3. Application of Increases in Tuition Revenues in Appropriated Operating Budget Requests: In developing its appropriated operating budget recommendations, it is the policy of the Board to include tuition revenues from projected additional annualized FTE enrollments as a portion of the projected financing for proposed expenditure increases to accommodate the additional students. Revenues from a proposed uniform first tier tuition rate increase pursuant to Section 3.1 will be included as partial financing for other proposed expenditure increases. Revenues from recommended second tier tuition rate increases pursuant to Section 3.2 will not be included as partial financing for other proposed expenditure increases.

3.4. Effective Date for New Tuition Schedules: Tuition changes approved by the Board take effect for the subsequent semester.

3.5. Resident/Nonresident Tuition Relationships: Undergraduate nonresident tuition shall be set at no less than 3.0 times the institutional undergraduate resident tuition rate. The Board may grant exceptions on a case-by-case basis.

3.6. Graduate/Undergraduate Tuition Relationships: Tuition for resident and non-resident graduate students will be set at no less than one hundred ten percent (110%) of tuition for undergraduate students. For this purpose, a graduate student is a student who has been formally admitted to a graduate program at the institution.

3.7. Annual Review for Fairness and Price Competitiveness: Annually, the tuition relationship targets, comparisons with national and regional tuition and fee data, institutional cost data, general and

¹ Approved October 24, 1986; amended June 19, 1987, August 7, 1987, July 27, 1990, March 21, 1992, September 18, 1992, November 6, 1992, September 24, 1993, September 23, 1994, November 4, 1994, June 23, 1995, November 3, 1995, August 1, 1996, September 11, 1997, November 13, 1998, January 21, 2000, March 17, 2000, March 16, 2001, March 14, 2002, July 2, 2002 and December 14, 2007, January 11, 2012, November 16, 2012, and May 16, 2014.

course fee data, and other factors shall be reviewed to determine if modifications are necessary to maintain fairness and price competitiveness.

R510-4. Tuition Charges

4.1. Alternative Tuition Models: Institutions may use either: (1) a linear tuition model, in which the incremental tuition charge per student credit hour is the same without regard to the number of hours for which a student is enrolled, or (2) a plateau model, in which students carrying a defined full-time load are charged a uniform rate within a defined range of credit hours.

4.1.1. Maximum Range for the Plateau Model: The plateau, or number of credit hours for which a full-time tuition rate may be charged, may be any range between 10 and 20 credit hours. Where the plateau model is used, tuition per credit hour between one credit hour and the beginning of the plateau range shall increase in linear increments. Students enrolled for credit hours beyond the plateau range shall be charged at the same rate per credit hour as those before the plateau range.

4.1.2. Online Tuition: Alternative tuition schedules for online courses may be authorized by the Board on a case by case basis

4.2. Differential Tuition: Differential tuition schedules for undergraduate and graduate programs may be authorized by the Board on a case by case basis. In addition to initially approving differential tuition rates for academic programs, differential tuition increases beyond the regular institutional tuition increase proposal should be approved by the Board. The increased revenues from the differential tuition rate charges shall be used by the institution to benefit the impacted program and to help support related campus services. Institutions requesting differential tuition schedules should consult with students in the program and consider the following:

- 4.2.1. the student and market demand for the program;
- 4.2.2. the impact of differential tuition rates on student access and retention;
- 4.2.3. the tuition rates of comparable programs at other institutions;
- 4.2.4. the potential earnings capacity of program graduates; and
- 4.2.5. the societal importance of the program.

4.3. Inclusion of Registration Costs: Registration costs shall be included in tuition, not assessed as a separate fee category.

4.4. Apprenticeship Programs: Tuition for courses offered specifically for apprenticeship programs shall be at least one-half of, and no greater than, tuition for other credit courses at the institution.

4.5. Non-Credit Programs: Short-term intensive training (STIT) funds are appropriated by the Legislature to each participating USHE institution. Tuition for non-credit CTE programs funded with STIT dollars will be established by each institution at a level sufficient to cover program costs and in accordance with USHE guidelines and legislative intent.

- 4.6. Other Non-Credit Instruction:** Tuition for other non-credit programs and courses shall be established by each USHE institution. The total of all available funds, including tuition, shall be sufficient to pay the total direct cost of providing such programs and courses, in the aggregate, for the institution.
- 4.7. Summer School:** Resident summer school students shall be assessed the same tuition per credit hour or full-time load as that assessed resident students during the regular academic year.
- 4.8. Contract Credit Courses:** Charges for credit courses provided under contract to outside agencies shall be at least sufficient to pay the total direct costs of providing such courses, in the aggregate for the institution.
- 4.9. Continuing Education Credit Enrollments:** Students enrolled in Continuing Education credit courses other than contract courses shall be assessed tuition at no less than the regular charge per credit hour.
- 4.10. Medicine and Law:** Tuition for Medicine and Law programs will be considered separately.
- 4.11. Course Audit Registrations:** Students must register to audit any class. Such audit hours will be part of their total load and they shall pay tuition at the same rate as paid by students registering for credit in the course.
- 4.12. Correction Facility Program Tuition:** Reduced tuition for programs provided to inmates at state correctional facilities will be considered separately. The State Board of Education advisory council overseeing corrections education and recidivism reduction issues will determine inmate eligibility for participation in Board of Regents authorized tuition reductions.
- 4.13. Excess Credit Hours:** Institutional policies and practices shall encourage students not to accumulate credit hours beyond those needed to successfully complete a program of study.
- 4.13.1. Definitions:** For the purpose of Section 4.13 only, the following terms are defined for the application of and administration of the excess credit hour surcharge.
- 4.13.1.1. Program of study-** A group of academic courses required for a baccalaureate degree.
- 4.13.1.2. Excess Credit Hour Surcharge-** For resident students, the surcharge amount to be charged is double the current year's resident tuition rates, pertaining to that institution, for the number of excess credit hours taken. Non-resident students paying non-resident tuition rates are not subject to excess credit hour surcharges.
- 4.13.2. Excess Credit Hour Surcharge:** An institution may charge a student the excess credit surcharge subject to conditions set forth in Section 4.13.4 for credit hours in excess of 125% of a student's program of study.
- 4.13.3. Notification:** Each USHE institution must establish a process by which students are notified of this policy when enrolling at the institution. Strategies to assist student completion shall be employed and may include such things as encouraging a student to meet with an adviser before or upon hitting the 125% of degree completion, and/or encouraging the student to establish a plan for program completion by meeting with a counselor or advisor.

4.13.4. Determination of Number of Credit Hours Necessary for the Program of Study

4.13.4.1. Allowances for Program of Study- The number of credit hours for completion of the program of study may include the hours needed for a double major, dual degree, additional minor, certification(s), and/or emphasis(es) related to the student's major area of study. Second bachelor degrees will also be allowed and will be considered new programs of study for purposes of the excess credit hour calculation.

4.13.4.2. Credit Hours Excluded- Excluded from the calculation of the credits required for completion of a student's program of study are credit hours: (1) earned through concurrent enrollment, advanced placement, and credit by examination, (2) resulting from re-entry into the educational system by a student who may have accumulated a large number of credits, or even completed degrees, but where employment requirements obligate his or her return to college, (3) resulting from a defensible change in major, and (4) developmental education credit.

4.14. Tuition Surcharge for Course Repetition: Tuition for repeating a course more than once shall be charged at the full cost of the instruction unless the institution determines that the repetition is a result of illness, accident or other cause beyond the student's control or unless the course is prescribed by the student's program of study.

R510-5. General Fees Other Than Tuition

5.1. Approval by the Board: All general student fees are subject to Board of Regents approval, normally in conjunction with annual determination of tuition rates. Course fees do not require Board approval but the Board will monitor such fees. Course fees will also be included in determining financial aid cost of attendance and the level of student contribution toward their total education costs.

5.2. Variation Among Institutions: General fees other than tuition may vary according to specific institutional needs.

5.3 General Student Fee Policy: Each USHE institution shall develop a student fee policy to address the following:

5.3.1. Advisory Board: Each institution shall establish a student fee advisory board to oversee the creation, review and maintenance of required student fees.

5.3.1.1. The advisory board membership shall include currently enrolled students.

5.3.2 Institutional Policy: The institutional policy shall contain processes for the student fee advisory board to follow in the creation, review and maintenance of student fees. The institutional policy shall include the following:

5.3.2.1. Fee Creation: The creation of new student fees shall be supported by a demonstrated need, clear statement describing the fee, and a sound budgetary plan.

5.3.2.2. Fee Review: The student fee advisory board shall periodically monitor and annually review student fees. Processes and discussions should focus primarily on— but not be limited to— the adequacy of the fee in accomplishing the stated objective. Fee

account fund balances should be minimal or, in cases where fund balances are accumulating, be supported by a plan for use of the funding.

5.3.2.3. Fee Maintenance: Fee amounts may be increased or decreased as necessary to adequately accomplish the stated objective. Changes resulting from a fee increase shall be supported with adequate documentation describing the rationale for the increase and the planned uses of the additional fee revenue.

5.3.3. Fee Reporting: The student fee advisory board may require an annual report from each student fee program manager.

5.4 Fee Percentage Rate Increase above 1st Tier Tuition Percentage Rate Increase: If an institution is proposing to increase general student fees at a percentage rate greater than the percentage rate the system is proposing to increase 1st tier tuition, the institution shall submit a letter to the Board regarding fee increases from student leadership at the institution.

5.5. Option to Waive General Student Fees: General fees other than tuition may, at the institution's option, be waived in whole or in part for students.

R510-6 . Refunds of tuition, fees, and other student charges

6.1. Refund Policy: Each institution shall provide refunds of tuition, fees, housing and meal, and other student charges to all students who either fail to enroll or who withdraw after enrolling. The refunds shall be at least as large as prescribed in this policy. This policy is designed to provide a fair and equitable refund policy for all students who withdraw, whether or not receiving Federal student financial aid, and also for specific compliance with the provisions of Section 484B of the Federal Higher Education Act, as amended (20 USC 1091b.), as applicable to students who receive Federal student financial aid (Federal campus-based student financial aid, Federal Pell Grants, Leveraging Educational Assistance Partnership Program aid, Federal Family Education Loan Program loans or Federal Direct Student Loan Program loans), and who fail to register or who withdraw after enrolling.

6.2. General Refund Policy for Students Who Withdraw from the Institution and Who Are Not First Time Enrollees in the Institution and Also Receiving Federal Student Financial Aid: Students who are not first time enrollees in the institution and also receiving Federal student financial aid, both as defined in Federal regulations, 34 CFR Section 668.22 and who withdraw from the institution or drop courses shall be entitled to refunds of tuition, fees, and other student charges (including housing and meal contract charges) paid to the institution which meet or exceed the following requirements:

Refund Period	Portion Refundable
Prior to 15th calendar day of the quarter, semester, or other period of enrollment	at least 70%
From the 15th calendar day to close of business on the 21st calendar day of the period of enrollment	at least 50%
After the 21st calendar day	none

6.2.1. Non Refundability of Application, Admission, and Late Registration Fees: Late registration, application and admission fees are not required to be refunded for students who are not enrolled at the institution for the first time in the current enrollment period and also receiving Federal student financial aid.

6.2.2. Refunds in the Case of Meal Tickets or Contracts with Dollar Value Rather than Time Periods: Where students purchase meal tickets or contracts with dollar value rather than covering specific time periods, a student who withdraws is entitled only to a refund of the unused portion of the dollar value of the ticket or contract.

6.3. Special Pro Rata Refund Policy for Students Who Fail to Enroll or Who Withdraw from the Institution and Who are First Time Enrollees in the Institution and are Also Receiving Federal Student Financial Aid: Any student who is a first time enrollee in the institution and is also receiving Federal student financial aid, both as defined in Federal regulations, 34 CFR Section 668.22 and who fails to register or who withdraws from the institution or otherwise fails to complete the period of enrollment for which registered, on or before the 60 percent point (in time) in the period of enrollment for which the student has paid tuition, fees, room and board, or other charges, shall be entitled to a pro rata refund of such tuition, fees, room and board, and other charges. The institution's pro rata refund policy for such students, and all calculations and determinations there under, are required to conform to the requirements of 34 CFR Section 668.22-

6.4. Refunds for Students Who Withdraw from the Institution After the 60 Percent Point: The institution may, but is not required to, provide for refunds for students described in Section 6.3 who withdraw from the institution after the 60 percent point (in time) in the period of enrollment for which the student has paid tuition, fees, room and board, or other charges.

6.5. Exceptions for Hardship: Refunds greater than provided for in this refund policy may be granted by the President or the President's designee for unusual hardship cases.

Work Plan Template

Initiative Name: USHE Affordability Framework and Student Aid and Tuition Policy Redesign

Staff Lead: Kimberly Henrie

Lead Work Group: Access & Affordability

Scope:

Project Description and Objective: Create a USHE Affordability Strategy and framework that aligns USHE tuition and student aid policies to the affordability strategy, and create system and institution metrics and benchmarks to review system and institution performance against the affordability strategy.

Project Deliverables:

- Baseline Study reviewing Tuition and Student Aid Policies including:
 - a cost benefit analysis of the discounted aid vs the benefit of additional money brought into the state
 - Determination of the impact of the multiplier effect of nonresident students for USHE institutions and the state of Utah at large
 - Recommendations for policy revisions and performance metrics related to student affordability
- USHE Affordability Framework and Guiding Principles
- Recommended Statutory Changes
- Updated Tuition Policies (including Tuition Waivers)
- Updated Student Aid Policies
- System Metric and Benchmarks (designed to measure affordability)
- Institution Metrics and Benchmarks (designed to measure affordability)

Project Milestones & Timeline: Estimated Completion Date: June 2019

- Stakeholder Engagement
 - Identification of stakeholders (June 2018)
 - Board Initiative Advisory Group
 - Institution Representatives
 - External Representatives
 - Orientation Meeting (July - August 2018)
 - Monthly/Quarterly Meeting (August 2018 – March 2019)
 - Final Assessment and Review of report (January 2019)
- Consultant Engagement (July 2018 – May 2019)
 - Identification
 - Orientation Meeting
 - Monthly Coordination Meeting
 - Final Presentation
- Study (August 2018 – May 2019)
 - Design Study
 - Collect Data
 - Work with Consultant through monthly coordination meetings
 - Review initial findings
 - Receive Final Report
- Policy and Metric Development (May 2019)
- Board Action (May 2019)
- Annual Evaluation (March/April Board Meeting)

**Utah System of Higher Education
Board of Regents Strategic Priority Initiative
FY 2019**

Student Aid and Tuition Policy Review and Evaluation

The return on investment for a college education for both the student and the State continues to be high, but paying for a college education can be a challenge for Utah families, with many believing higher education is not affordable for them.

Paying for college is a complex function of tuition and financial aid, combined with fees, housing, transportation, and other personal costs. The Board of Regents is developing a comprehensive evaluation and redesign of existing tuition and student aid policies. In early 2018, the Board took initial steps to seek a more deliberate allocation of tuition waivers—a state-sanctioned mechanism for student scholarships and aid. Subsequently, the Board recognizes an urgent need to understand the impact of tuition waiver use in relation to the economic return to the state, the student, and the institution. The evaluation will also address how tuition waivers fit into broader affordability strategies of the Board.

Primary Goal: Create a USHE affordability strategy and framework and recommend revisions to tuition and student aid policies to support the Board's affordability strategy; identify the economic benefit of nonresident students for the state of Utah; and create system and institution metrics and benchmarks to review system and institution performance against the affordability strategy.

**Board of Regents Steering and Advisory Committee
Finance and Facilities Standing Committee**

Mark Stoddard, Chair
Ron Jibson
Thomas Wright
Harris Simmons

Jessie Anderson, Vice Chair
Dan Campbell
Pat Jones

Bob Marquardt
Wilfred Clyde
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