

TOPIC: FINAL FEE POLICY APPROVAL

**PREPARED BY: MARK CAVANAUGH, CHIEF FINANCIAL OFFICER AND
JULIA RAMSEY, DIRECTOR OF BUDGET AND FINANCE
POLICY**

I. SUMMARY

This consent item is to obtain final approval for a revision to Student Fee Policy.

II. BACKGROUND

In February 2011, the Commission was presented with an action item regarding the Student Fee Working Group's recommended revisions to the student fee policy. The Working Group was formed in response to the Office of the State Auditors student fee audit that was released in August 2010. The audit identified three major themes which the revised fee policy sought to address. These themes were:

- Lack of clarity in both statute and Commission policy around how fees are classified, categorized and defined;
- Lack of review and oversight once fees are established; and
- Relationship of student benefit to student fees.

To address these concerns, the Working Group recommends modifying the Commission's fee policy in the following ways:

- Including examples to the various descriptions of fee categories in order to better illustrate what type of fee would apply to which definition;
- Adding requirements for institutions to establish review procedures for fee fund balances, rate assessments, fee expenditures, and institution fee policies. Individual institutions will determine when these reviews will occur and by whom they will be conducted.
- Augmenting language to the policy to specify that student fees should provide benefit to students but also acknowledging that some fees, such as those for capital construction, may not provide immediate benefit for current students.

The Commission unanimously approved staff recommendation on the February 2011 action item to approve the recommended revisions for the Student Fee Working Group.

III. STAFF ANALYSIS

After the fee policy was initially rewritten to address concerns found in the audit, the General Assembly passed House Bill 11-1301, which significantly streamlined and clarified student fee administration including addressing how fees are defined, assessed, approved, and reported by Colorado institutions of higher education. Specifically, HB11-1301 removed redundant and conflicting definitions and emphasized institutional autonomy, student input and approval, and improved fee planning and transparency. The Department has been working with finance staff at the institutions to finalize the revised policy (Attachment A), to comply with statute, improve transparency and comport with institution practice.

IV. STAFF RECOMMENDATIONS

That the Commission approve the revised Student Fee Policy found in Attachment A.

STATUTORY AUTHORITY

C.R.S. 23-5-119.5 (1) The general assembly hereby finds that, due to increasing financial restrictions, fees are increasingly being used as sources of revenue for state institutions of higher education. The general assembly further finds that it is important to allow the governing boards flexibility in managing student fees in the manner that is most effective for their respective institutions. However, the general assembly also finds that state institutions of higher education must develop meaningful processes for receiving and considering student input concerning the amount assessed in fees and the purposes for which he institution uses the revenues received. It is therefore the intent of the general assembly that the governing boards adopt policies concerning the definition, assessment, increase and use of fees, including but not limited to the policies specified in this section, which governing board policies shall be in accordance with the policies adopted by the commission pursuant to 23-1-105.5

C.R.S. 23-5-119.5 (3) Each governing board is authorized to require students to pay fees to offset costs that are specific to certain courses or programs or that otherwise exceed or are in addition to normal overhead and operating costs that are paid by tuition revenues. Revenues received by a governing board as student fees are not subject to annual appropriation.