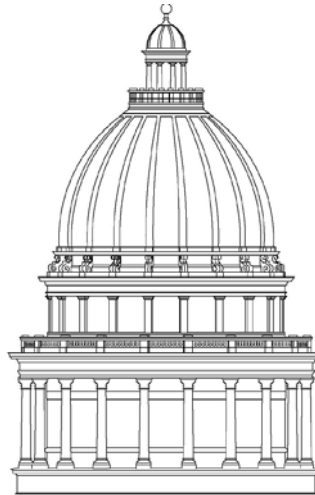


REPORT TO THE
UTAH LEGISLATURE

Number 2011-12



**A Performance Audit of
Mandatory Student Fees at
The University of Utah**

October 2011

Office of the
LEGISLATIVE AUDITOR GENERAL
State of Utah



STATE OF UTAH

Office of the Legislative Auditor General

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JOHN M. SCHAFF, CIA
AUDITOR GENERAL

October, 2011

TO: THE UTAH STATE LEGISLATURE

Transmitted herewith is our report, **A Performance Audit of Mandatory Student Fees at the University of Utah** (Report #2011-12). A digest is found on the blue pages located at the front of the report. The objectives and scope of the audit are explained in the Introduction.

We will be happy to meet with appropriate legislative committees, individual legislators, and other state officials to discuss any item contained in the report in order to facilitate the implementation of the recommendations.

Sincerely,

John M. Schaff, CIA
Auditor General

JMS/lm

Digest of A Performance Audit of Mandatory Student Fees at The University of Utah

This report discusses the need for increased transparency and accountability of mandatory student fees at the University of Utah. Student fees are currently \$456 per semester for a resident undergraduate student enrolled in 15 credit hours. The fees include 15 fee categories. Fee revenues may be used for a specific purpose or just be incorporated into a departments overall budget. Annual student fee revenues for 2011 were \$27.4 million.

Although the university has general financial policies that all departments must follow, no policies specifically guide the process for approving and managing student fees. Each department or fee receiving area decides how to manage its student fee revenues.

Policy for Establishing or Increasing Student Fees Is Needed. The university's approval process is not centralized and students are not consistently involved in the approval process. We could not evaluate whether fee rates were set appropriately or revenues were used for the approved purpose because fee documentation was unavailable. Policies should define the approval process, including how to submit a proposal, who is responsible, and when students should vote to establish or increase a fee. Documentation should justify fee amounts, estimate revenues, and specify appropriate use of revenues.

Policy for Monitoring Student Fees Is Needed. The university does not require monitoring the use of fee revenues. In 10 years, no fees have been retired, including fees intended to be temporary. Policies should require monitoring whether fee revenues are used effectively, efficiently, and for the authorized purpose. We found fund balances sometimes appear to be excessive, so policies should also address acceptable fund balances and require approval for the use of balances.

Utah State University's (USU) Structured Student Fee Process Provides Transparency and Accountability. The University of Utah could follow a structured student fee process similar to USU's, which has policies and procedures guiding the process. USU students have

Chapter I: Introduction

Chapter II: University of Utah Needs Policies Guiding the Student Fee Process.

**Chapter III:
Legislature and
Board of Regents
Should Require
Greater Student Fee
Accountability and
Transparency.**

substantial involvement in approving fees and monitoring that fees are set appropriately and used for their intended purpose.

1. We recommend that the University of Utah develop student fee policies and procedures that require:
 - a. Centralized control over establishing or increasing the amount of a fee
 - b. Identification of student involvement in setting fees
 - c. Documentation of the purpose of each fee, how the fee amount was determined, and a repeal date if it is temporary
 - d. Limits and controls on fund balances
 - e. Accounting procedures to accurately identify the amount of revenues collected and expenditures associated with the fee.
2. We recommend that the University of Utah conduct periodic reviews to ensure that fee revenues are used for the intended purpose.

Utah Provides Minimal Guidance. Utah statute and Board of Regents policies do not provide very much guidance for managing student fees. The Board of Regents has an established process for approving fees but does not have policies with specific requirements.

Some Other States Provide Significant Guidance. Our review of selected other states identified the types of guidance and controls that Utah should consider. Some states restrict the types of expenses that can be funded with student fees. States may define the degree of involvement students will have in approving fees. Some states require documentation to justify the need for the fee, the method to determine the fee amount, and the appropriate use of the revenues. States may require monitoring to ensure fee recipients are held accountable for the use of revenues. Additionally, requiring information to be disclosed on websites helps to promote a transparent process.

1. We recommend that the Legislature consider establishing general principles guiding the use of mandatory student fees, including the following:
 - a. Requiring the Board of Regents to restrict the use of student fees
 - b. Defining the level of student involvement in approving fees
 - c. Requiring fee documentation and monitoring.
2. We recommend that the Utah Board of Regents require institutions to have a structured process for managing student fees, including policies and procedures to address the following:
 - a. Approval requirements, including the level of student involvement
 - b. Documentation requirements justifying the need for the fee and the basis for proposing the fee amount, and the intended use of the collected revenues
 - c. Monitoring requirements ensuring that fee revenues are used for the authorized purpose
 - d. Controls over fund balances.

REPORT TO THE UTAH LEGISLATURE

Report No. 2011-12

A Performance Audit of Mandatory Student Fees at The University of Utah

October 2011

Audit Performed By:

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Chapter I

Introduction

This report discusses the need for increased transparency and accountability of mandatory student fees at the University of Utah. The Board of Regents defines general (or mandatory) student fees as:

Board-approved amounts which are assessed to students directly, required to be paid with tuition, and are generally dedicated to specific purposes, such as building revenue bonds, extracurricular student activities, additional student services such as health clinics or computer labs, or athletics. Fees for specific courses are not included.

The Board of Regents is responsible for approving each institution's fees. Although there are no policies specifically directing how institutions must approve or manage student fees, each year the board informally allows institutions to increase student fees up to the rate at which first-tier tuition is increased. If proposed increases exceed this rate, the board asks the institution to provide justification and evidence of student support. Each institution may charge different amounts for various types of student fees. Figure 1.1 shows each institution's current tuition and student fees. For fiscal year 2012, fees ranged from \$195 to \$456 for a resident undergraduate student enrolled in 15 credit hours.

Figure 1.1. FY2012 Tuition and Student Fees per Semester. From 10 to 17 percent of the amount students pay to attend an institution is used for mandatory student fees. These rates are based on a resident undergraduate student enrolled in 15 credit hours.

	Tuition	Fees	Total	Fees Percent of Total
University of Utah	\$ 2,925	\$ 456	\$ 3,381	13%
Utah State University	2,369	413	2,782	15
Weber State University	1,887	387	2,274	17
Utah Valley University	1,972	313	2,285	14
Southern Utah University	2,329	270	2,599	10
Salt Lake Comm. College	1,320	206	1,526	13
Dixie State College	1,644	300	1,944	15
Snow College	1,260	195	1,455	13
College of Eastern Utah	1,237	225	1,462	15

The University of Utah's mandatory student fees are \$456 per semester for an undergraduate student enrolled in 15 credit hours.

The University of Utah's student fees include 15 fee categories that generated \$27 million in 2011.

The University of Utah's 2012 student fees include fifteen different fee categories. Appendix A includes the university's current tuition and fee schedule for a resident undergraduate student. Figure 1.2 lists by category the fees and revenues generated for 2011 and the fees currently being charged for 2012.

Figure 1.2. University of Utah Mandatory Student Fees. Students are required to pay various amounts for 15 different fees.

Fee Name	2010-11 Annual Revenue	2010-11 Fees per Semester	2011-12 Fees per Semester
ASUU Activity	\$ 1,657,701	\$ 23.12	\$ 23.12
Athletic	5,514,797	76.22	82.36
Building	6,335,583	102.24	119.24
Collegiate Readership	308,177	4.30	4.30
Computing	6,377,372	113.52	113.52
Fine Arts	230,273	2.72	8.00
Health Services	1,476,847	20.48	20.48
Library Acquisitions	728,833	10.00	10.00
Money Management	21,185		3.00
Publications Council	436,114	6.00	6.00
Recreation	1,217,890	16.76	18.26
Study Abroad	217,899	3.00	3.00
Sustainability	179,657	2.50	2.50
Transportation	1,766,160	29.10	32.60
Utilities	951,088	13.50	10.00
Total	\$ 27,419,577	\$ 423.46	\$ 456.38

Most fees are assessed for specific activities or programs that exist because of the support provided by fee revenues. Generally, these fees are intended to purchase something or provide services. Other fees provide an additional source of revenue that supplements a department's budget. The revenues may be used for a specific purpose or just be incorporated into the overall budget. Building fees are used to help repay revenue bonds which finance various auxiliary enterprise facilities and to pay for repairing and maintaining those facilities.

All but three fees are set at the same rate regardless of the number of enrolled hours. Building, Computer, and Transportation fees increase with each enrolled hour. The following figure describes fees as defined on the university's website.

Figure 1.3. University of Utah Fee Definitions. Fee definitions are available on the university's web site.

ASUU Activity Fee - The revenue from this fee goes to the Associated Students of the University of Utah (ASUU), the U's student government organization.
Athletic Fee - The revenue from this fee enables free access to sporting events by all students at the U. Money also supports non-revenue sports and marching band.
Building Fee - The revenue from this fee helps pay for renovations for seven current student-related buildings, including the Union, the bookstore, Rice-Eccles Stadium, Huntsman Center, and residential living. The fee also helps pay for campus food services, facilities, and commuter services.
Collegiate Reader Fee - The revenue from this fee pays for free local and national newspapers available on campus.
Computing Fee - The revenue from this fee helps pay for operation of existing student computer labs and to create new student computer labs. The computing fee also goes to run library databases and support online student registration.
Fine Arts Fee - The revenue from this fee goes to various student groups and programs in the College of Fine Arts.
Health Services Fee - The revenue from this fee helps pay for campus health services which provide health care to all U students and dependents.
Library Fee - The revenue from this fee goes to help pay publications, books and special collections for campus libraries.
Money Management Fee - The revenue from this fee goes to support the Personal Money Management Center which provides financial advice, seminars, and one-on-one financial consultation to students.
Student Publications Council Fee - The revenue from this fee goes to help pay for 16 on-campus publications, including The Chronicle.
Recreation Fee - The revenue from this fee goes to help pay for operation of the Fieldhouse, HPER Complex, and the Outdoor Recreation Program(s).
Study Abroad Fee - The revenue from this fee is used for scholarships to enable students to study abroad typically during the summer months.
Sustainability Fee - The revenue from this fee goes to the Sustainable Campus Initiative Fund which provides funding for student-led projects focusing on making the campus more sustainable. Any student may apply to use this money and implement their sustainable initiative on campus. For program information please visit www.sustainability.utah.edu/SCIF
Transportation Fee - This fee goes to help pay for campus shuttle buses and free use of UTA Trax and bus systems.
Utilities Fee - The revenue from this fee helps to pay costs of heating and electricity for campus buildings, and wind power electricity.

Source: University of Utah

Most definitions appear to accurately describe the use of student fee revenues. We asked each department or fee receiving area if the published definition accurately described how the fee revenues are used. Most agreed that the definition was accurate but a few did not. For example, the athletic director said Athletic fee revenue is used to help support the entire program and is not just to provide free access to sporting events. In addition, we found that Utility fee revenue not only helps pay the costs of heating and electricity for campus buildings but also helps pay for sewer and water expenses.

Number and Amount of Student Fees Have Increased Annually

Over time, the number and amount of fees have increased because new fees have been established or existing fees increased. As shown in Figure 1.4, over the past 10 years, fees increased 69 percent, from \$270.12 in fiscal year 2002 to \$456.38 in 2012. Six new fees were established—Collegiate Readership, Library Acquisitions, Money Management, Study Abroad, Sustainability, and Utilities. Although no fees have been retired, the amount of the Utilities fee was reduced. The fee was \$17.50 when it was first established in fiscal year 2003 as a temporary fuel and power fee. This fee is discussed in Chapter II.

Figure 1.4. University of Utah Student Fees FY 2002 and 2012. Over the past 10 years, 6 new fees were added and the cost of existing fees increased. The total cost of fees increased \$186 (69 percent).

Fee Name	2001-02 Fees per Semester	2011-12 Fees per Semester	Change	
ASUU Activity	\$ 20.06	\$ 23.12	\$ 3.06	15%
Athletic	43.58	82.36	38.78	89%
Building	65.90	119.24	53.34	81%
Collegiate Readership		4.30	4.30	New
Computing	94.76	113.52	18.76	20%
Fine Arts	.88	8.00	7.12	809%
Health	16.66	20.48	3.82	23%
Library Acquisitions		10.00	10.00	New
Money Management		3.00	3.00	New
Publications	3.26	6.00	2.74	84%
Recreation	12.42	18.26	5.84	47%
Study Abroad		3.00	3.00	New
Sustainability		2.50	2.50	New
Transportation	12.60	32.60	20.00	159%
Utilities		10.00	10.00	New
Total	\$270.12	\$456.38	\$186.26	69%

Six new fee categories were added over the past 10 years, and the total cost increased by \$186 (69 percent).

Appendix B shows the fee rates and revenues over the past seven years.

Audit Scope and Objectives

This audit of mandatory student fees at the University of Utah was requested by Representative Curtis Oda. He raised concerns about the transparency and accountability of student fees, specifically asking how much is collected and spent each semester from the ASUU student fee and the use of any reserve balances at year end. He raised concerns that the university did not disclose the purpose of the various mandatory fees and also specifically questioned the use of an administrative fee for the study abroad program. Preliminary evaluation during the survey phase of this audit revealed that other Utah institutions and other states have a more structured process for managing student fees. Consequently, this audit focused on two objectives: (1) how fees are established, and (2) how fees are monitored. Because we focused on mandatory fees applicable to all students, we did not address the administrative fee of the study abroad program that is only paid by program participants.

To address these objectives, we first determined the amount of student fees collected by the University of Utah, how the funds were used, and if the use was consistent with any statutory or policy constraints. In Chapter II, we identify the University of Utah's process for managing student fees, which includes establishing new fees, increasing fees, and monitoring whether fees are used appropriately. We then compare the University of Utah's process with the process used by Utah State University. Chapter III addresses state-level controls over mandatory student fees.

Chapter II

University of Utah Needs Policies Guiding the Student Fee Process

The University of Utah does not provide specific control over mandatory student fees. Instead of establishing a structured process guided by policies and procedures, the university allows each department or fee receiving area to decide how to manage its student fee revenues. Although they still must follow general policies and procedures for handling financial transactions, the unstructured process for managing student fees has resulted in inconsistent practices. A national organization promoting transparency and accountability defines transparency as “acting visibly, predictably, and understandably to promote participation and accountability.” Policies and procedures are needed to make the process more predictable and understandable.

This chapter includes examples for a number of different fees that illustrate some of the issues we reviewed. More comprehensive information is included in Appendix C that lists information about each fee receiving department or area and concerns identified in our evaluation. This chapter provides information that:

- Identifies concerns with University of Utah’s process for approving fees
- Identifies concerns with the University of Utah’s process for monitoring fees
- Compares University of Utah’s process with Utah State University’s structured process

Policy for Establishing or Increasing Student Fees Is Needed

The University of Utah does not have policies or procedures guiding how fees will be established. The university’s informal process for establishing student fees results in an inconsistent approval process and inadequate documentation justifying the amount and use of fees. Guidance has been provided primarily by one individual, the associate vice-president of budget and planning.

The university does not have policies or procedures guiding the process for establishing fees.

Policies and procedures are needed to define the approval process, including how to submit a proposal, who is responsible, and when student representatives or the entire student body should vote to establish or increase a fee. Documentation should be required to justify the fee amount, estimate the revenues, and identify the appropriate use of the revenues. In addition, the policies should identify the responsibilities of both the administration and the departments.

Approval Process Is Not Centralized or Defined in Policy

The process for establishing new fees or increasing the amount of the fee should be guided by policies and procedures. The associate vice-president for budget and planning (budget administrator) provides some degree of centralized control over the process, but the process itself is not defined by written policies and procedures. Those seeking to establish new or increased fees present information justifying the need for the fee to the budget administrator. After reviewing their information and evaluating whether the fee amount is appropriate, the budget administrator discusses the fee or increase with student leaders who may also evaluate the proposal. The budget administrator sometimes advises the requestor to reduce the proposed fee amount. Next, the budget administrator generates a list of all fees for the coming year and, upon concurrence with the senior vice president and the president, presents this proposal for the approval of the board of trustees.

The approval process is not clearly defined in policy.

When asked for details about each fee, the administrator provided us with revenue totals for the past five years and identified account numbers for the university's computer information system. He told us we needed to contact each fee-receiving department to learn how the fee amount was determined, identify the appropriate use of fee revenues, and discuss any fund balances because the departments each decide how fee revenues are managed.

Our visits with each department revealed that they manage fees differently. For example, most departments track fee revenues in separate accounts but six fee receiving areas either incorporate student fee revenues into the overall budget or commingle the fee revenues with other types of revenues. Departments may have bylaws or require

committee approval of expenditures, but others do not have this structure.

Departments generally could not tell us how the fee amount was determined. For example, the associate dean over ASUU said she was not involved in the recent process to increase the amount of their fee and thought that the budget administrator proposed the increase. The director of the computer department said he did not know how the fee amount was determined many years ago or the formula for increasing the fee for each credit hour. The athletic department director said they evaluated their expenses and compared themselves with other institutions in their league. After discussing potential increases with student representatives to determine how large of an increase they would agree to, the budget administrator suggested the increase be spread over two years. Although all fee proposals go through the budget administrator, he does not keep any of the supporting documents.

The budget administrator appears to be responsible for the process but this responsibility is not defined in policy. The administrator told us we must ask departments about the fees and the departments referred us back to the budget administrator. The approval process should be defined in policy and responsibilities clearly identified.

Student Participation in Approval Process Is Not Consistent

Policies should identify when a student vote is needed to approve new fees, increase fees, or change the way a fee is administered. In our opinion, procedures should specify when a vote from student representatives or the student body is needed to approve a fee, instead of informally asking for the opinion of student government leaders.

Currently, students are not consistently included in the fee approval process. The initiation of a proposal for a new or increased fee is important because this is when the originator identifies the purpose of the fee and justifies the fee amount. The Associated Students of the University of Utah (ASUU) includes student representatives elected from each college in proportion to the number of student enrolled in that college. Using a legislative process, student representatives sometimes vote to approve fee proposals. Details of the fee proposal are documented in an ASUU bill. But student

Student involvement in approval process is not consistent.

representatives are not consistently asked to vote on all proposed fees or significant changes in a fee program. ASUU administrators were not sure when student representatives must vote to approve a fee, but concluded they likely vote on student-initiated fees. The following material describes examples where student representatives did not vote on student fee proposals or changes.

- On two occasions, student representatives were not asked to vote for major changes to previously approved programs. Students voted to approve the \$3 Study Abroad fee which included awarding scholarships based on merit and need. After the Board of Regents approved the fee, the department's scholarship committee decided it would be too difficult to administer and changed the basis for awarding scholarships to a random selection process. Similarly, the student representatives voted to approve the \$2.50 Sustainability fee which included a provision for a revolving loan program, but the department's committee decided to eliminate that part of the program due to accounting conflicts. Although the ASUU president signed a document supporting this change, student representatives were not asked to vote to change the program as originally approved.
- On at least two occasions, students or their representatives did not vote for new or increased fees. The new \$3 Money Management fee is an ASUU program that was not approved in a bill. Student representatives were also not required to vote for a significant increase in the Fine Arts fee (from \$2.72 to \$8.00) initiated by the department. The department discussed the increase with the student body president and vice-president, who informally gave their support for the fee increase.

Several other states included in our review, and other institutions in Utah have established approval procedures that require that a student advisory council or the student body vote on new or increased fees.

Documentation is unavailable identifying the purpose of the fee and the basis for the fee amount.

Documentation Justifying Fees Is Unavailable or Inadequate

Policies should require documentation that includes the purpose of each fee, the basis for setting the fee amount, a description of the

appropriate use of revenues, any limitations on the use of the revenues, and the repeal date if a fee is intended to be temporary.

Without policies, it is unclear who is responsible for documenting fee proposals. If the purpose of a fee is not defined, the fee receiving area can spend the revenues as they choose. The university's budget administrator and department representatives could not provide documentation for most fees. The budget administrator told us he does not keep supporting documentation for new or increased fee proposals and suggested we contact each department. However, department representatives said the budget administrator would have that information. The Fine Arts department was able to provide a document justifying a fee amount because they were currently proposing an increase. As a result of minimal documentation, we could not evaluate whether fee rates were set appropriately or whether revenues were used for the approved purpose.

We identified several concerns related to the lack of documentation.

- Documentation for changes in fee amounts is generally not available. For example, the largest fee increase for the 2012 year was \$17 (for 15 credit hours) per semester for the Building fee. We asked how that amount was determined and requested documents supporting the calculation of the amount. Similarly, we asked for any information or documentation supporting the decision to reduce the Utilities fee by \$3.50 per semester. In neither case were any documents available showing how the amounts of fee changes were determined.
- Fee amounts were sometimes set higher than necessary. For example, when the Collegiate Readership fee was first established, the fee was set at \$5, which generated more than twice the needed revenue. The fee was reduced and excess revenues were used to support the program in following years.
- The fee for the new Money Management program may also generate more revenue than is needed. We estimate the \$3 fee will generate approximately \$225,000 in 2012, but actual costs are less than half that amount. In addition, there has not yet been very much demand for this service. The money management counselor

We could not obtain documentation showing why some fees increased or decreased.

Fees sometimes are set higher than necessary.

reported he served only about 15 students from January through March. As students become aware of the service, the university anticipates demand will increase.

- Projected revenues were understated. Revenue estimates were not accurate for the Fuel and Power (Utilities) fee. Board minutes show first year revenue estimates were \$920,000, but the fee actually brought in \$1.2 million the first year, almost one-third more than projected. We asked for documents supporting their proposal but were told there weren't any.

- Documentation did not clearly justify a fee increase. The Fine Arts fee for 2012 was increased from \$2.72 to \$8.00, with additional increases proposed for the next two years. The increase would provide funding for a new program—an arts pass which offers students free admission to all College of Fine Arts events. The department chair verbally justified the increase by stating that students would receive free tickets to all Fine Art events, including Pioneer Theatre Company productions, and reduced rate tickets to Kingsbury Hall events. However, their supporting documentation shows most revenues will be used to support student performances and marketing. The amount to replace lost revenue to the theaters is a small portion of their projected expenditures. Student performances are currently funded by the department budget. Thus, the increased fee will allow performance expenses to be shifted from the department to the entire student body.

- Justification for fees was not always consistent from one year to the next. In the past, declining enrollment was used to justify an increase in the Recreation fee. But when enrollment increased, fees continued to be increased.

We believe documents should be required that include the purpose of the fee, justification for the fee amount, revenues the fee is expected to generate, and the authorized use of the revenues. Requiring documentation of expected revenues, expenditures, and usage may have resulted in lower fees or revoking fees for an underused program. There should be a clear link between the fee amount and the cost of the service provided. A record should be maintained showing the rationale for each decision regarding each fee.

Documentation should be required that includes the purpose of the fee, justification for the fee amount, revenues the fee is expected to generate, and the authorized use of the revenues.

Policy for Monitoring Student Fees Is Needed

In addition to the lack of policies and procedures for the establishment of student fees, the university does not have policies or procedures to monitor whether fee revenues are used effectively, efficiently, and for the authorized purpose. The university has policies and procedures for monitoring financial transactions that departments must follow, but there are no specific policies regarding mandatory student fees. It is not clear who is responsible to evaluate whether revenues are used as intended. Fund balances are not controlled and fees that were intended to be temporary have not been retired.

Monitoring Is at Discretion Of Each Department

There are no Board of Regents or university-wide policies that require an evaluation to determine whether the fee amount is set at an appropriate level or revenues are used for the intended purpose. Without policies, monitoring is left to the discretion of each department. We discussed revenues, expenditures, and fund balances with each fee receiving area or department and learned most have a committee or board that may approve the use of fees. However, we found few instances where an independent oversight entity monitors whether student fee revenues have been used as intended. The Board of Trustees provides some oversight by approving the budgets of the ASUU and the Media Council (publications). ASUU also contracts with an external auditor for a financial audit. Otherwise, the departments each decide how they will use their revenue. Although there are university-wide controls, there are no specific internal controls in place to monitor whether student fee revenues are used appropriately.

Fund Balances Are Not Controlled

In addition to the absence of policies guiding the monitoring of student fees, there are no policies requiring that fee fund balances be monitored or controlled. Monitoring the fee fund balances is important to determine if the amount of the fee being charged is appropriate.

Fees should be monitored to evaluate if they are used effectively, efficiently, and for the authorized purpose.

Fund balances retained by each department sometimes appear excessive.

We were specifically asked to determine what is done with the unused fee revenue at the end of each semester. The answer is that the fund balances are retained by each department receiving the fee revenue.

Figure 2.1 shows the revenue and 2010 fund balance for each fee receiving area. Fund balances range from \$3,000 for the Collegiate Readership fee to \$3 million for the Computing fee. The fund balance is unknown for six fee categories because the fee revenues are commingled with other revenues. Thus, it was not feasible to determine how the fund balances related to the fee revenues. We have included endowment funds in the ASUU and Study Abroad fund balances. The ASUU endowment was funded with fee revenue, but the Study Abroad endowment was funded by the university.

Figure 2.1. University of Utah Fund Balances for Student Fees.

Fund balances are carried forward from 2010 for use in the 2011. Fund balances cannot be identified when revenues are commingled.

Fee Name	2010-11 Annual Revenue	2010 Fund Balance	Percent of 2011 Revenue
ASUU Activity*	\$1,657,701	760,687	46%
Athletic	5,514,797	Unknown	
Building	6,335,583	Unknown	
Collegiate Readership	308,177	3,021	1%
Computing	6,377,372	3,122,296	49%
Fine Arts	230,273	13,633	6%
Health Services	1,476,847	598,926	41%
Library Acquisitions	728,833	Unknown	
Money Management	21,185	NA	
Publications Council	436,114	Unknown	
Recreation	1,217,890	1,225,410	101%
Study Abroad*	217,899	100,309	46%
Sustainability	179,657	134,287	75%
Transportation	1,766,160	Unknown	
Utilities	951,088	Unknown	
Total	\$27,419,577		

*Fund balances include endowment funds for ASUU-\$107,028 and Study Abroad-\$66,000.

As discussed, the university lacks policies guiding student fees. Therefore, we selected 7 percent as a reasonable upper limit for fee fund balances because institutions are allowed to carry forward 7 percent of their legislatively appropriated funds. Figure 2.1 shows

that six departments had fund balances that exceeded 7 percent. In fact, all six had balances of 40 percent or more of the fee revenues. Even in the absence of clear policy, these fund balances seem excessive.

Department representatives told us how they intended to use the fund balances. For example, we were told the Recreation fee fund balance will be used for future equipment purchases, the Health fee balance is intended for planned remodeling costs, and the Computer fee balance will be distributed to labs after the end of the fiscal year. However, we have no documented criteria to determine if these are appropriate uses of the fee revenue or if the amount is excessive. There are no policies identifying how much is an acceptable fund balance, or requiring approval for the use of the excess revenues.

In one case, there may have been an unnecessary fee increase as a result of not monitoring fund balances. We questioned why the ASUU fee was increased for 2011 when there was a large fund balance of more than \$760,000. The ASUU representative told us the ASUU did not request an increase, but the budget administrator proposed the increase. The budget administrator told us he was unaware of the fund balance. ASUU fund balances have been significant in past years. In 2003, accumulated fund balances were used to establish a \$100,000 student scholarship endowment fund. Although the ASUU bill states that interest from the fund was intended to pay for student books, it may have been used for various purposes. The Recreation fee was also increased despite a large fund balance.

It was beyond the scope of this audit to determine if fee revenues were used appropriately. Departments often transfer funds from one account to another which makes it difficult to determine how fee revenues are used. Consistent accounting procedures are needed to accurately identify amount of revenues collected and expenditures associated with the fee.

Fund balances should be monitored to ensure that fees amounts are set at appropriate levels and that no funds have been improperly transferred to other accounts to be used for purposes other than that for which it was intended. In our opinion, limits should be placed on fee fund balances and fees should not be increased when there is a sizeable fund balance.

Policies should identify how much is an acceptable fund balance and require approval for their use.

Fees Are Not Retired

The university lacks policies requiring that fees intended to be temporary will be retired. No fees have been retired over the past ten years. We identified several fees that should have been considered for elimination.

- The Utility fee, originally intended to be a temporary fee, has not been retired. In 2003, the fee was approved as a temporary Fuel and Power fee. However, the fee has been continued. In 2009, the fee was reduced and the name was changed to a Utility fee. Revenues are now used more to supplement sewer and water expenses than for fuel and power.
- In 2009, a Library Acquisition fee was established for the same amount as the Utility fee reduction. A news article about fee increase discussions reported a student leader said they hoped to eventually eliminate the library fee. The budget administrator also said having a fee separate from tuition helps them to monitor spending so the fee can be eliminated.
- The Sustainability fee was established with the intent that the program would eventually become self-supporting and the fee would be eliminated. However, changes to the program removed that prospect.

Fees are not repealed for programs when demand lessens. Although not intended to be temporary, the Collegiate Readership fee was not repealed even though student leaders suggested reducing the fee or eliminating the program altogether because students prefer online news services over paper copies.

Fees that are intended to be temporary should have a repeal date. One of the states we reviewed requires documentation to identify whether a fee is temporary or permanent and a repeal date if the fee is temporary. In addition, we feel fees should be approved on their own merits, rather than changing the name to encompass a broader use of the revenues.

Fees intended to be temporary should have a repeal date.

In contrast to what we found at the University of Utah, Utah State University has a significantly more structured student fee process.

Utah State University's Structured Student Fee Process Provides Transparency And Accountability

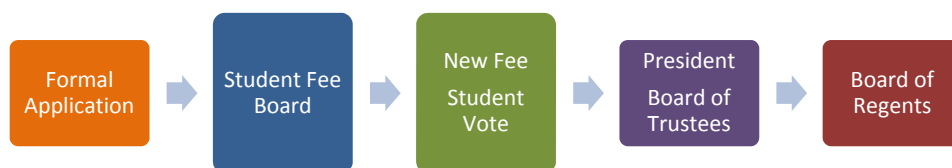
The University of Utah could follow a student fee process similar to the one used at Utah State University (USU). USU's process is student-centered and guided by policies and procedures (Appendix D). Other than building fees, a student fee board approves all fees before proposals are submitted to their board of trustees for approval. The student fee board is also responsible to monitor whether fees are set at the appropriate level and used as intended.

Fee Approval Process Is Defined in Policy

USU policies provide students with direct input into decisions about student fees. A student fee board approves fees and recommends their approval by the University President and the Board of Trustees. The fee board's purpose, structure, authority, and reporting procedures are clearly defined in policy. Figure 2.2 shows the fee approval process from when an applicant requests a new fee through approval by the Utah State Board of Regents.

Figure 2.2. Utah State University Student Fee Approval Process.

New or increased fees must be approved by a student fee board and vote of the general student body before being submitted for approval by the USU Board of Trustees and final approval by the Board of Regents.



USU policies require proposals for a new fee or a fee increase to be submitted on a specific form to the student fee board. The form documents justification for the proposed fee amount and the proposed use of fee revenues. Students have substantial involvement in approving fees. After evaluating the request, the student fee board votes whether to approve the fee. A two-thirds majority vote is

Utah State University policies identify the purpose, structure, authority and reporting procedures for managing student fees.

Students have substantial involvement in approving USU fees.

required to initiate any action. A favorable vote moves the proposal to a referendum of the general student body. A favorable vote is followed by a recommendation to the USU President and to the Board of Trustees before being submitted for approval by the Utah State Board of Regents. Policies state there are no automatic annual increases in student fees.

Monitoring of Fees Is Required in Policy

In addition to policies and procedures for establishing fees, USU also requires regular monitoring. Policy requires a process by which new and existing fees can be evaluated. An administrative fee committee, a subcommittee of the student fee board, reviews and approves the allocation of fees collected from students, including any contingency fund balances, to ensure that funds are being used for their intended purposes. This committee also reviews and recommends any changes to the level of the fee. Committee members are assigned to specific fee areas to act as stewards over those fees.

Each year, committee members review their assigned fee's budget and report to the fee board on any needed changes to the fee amount. Sometimes they are asked to evaluate whether expenditures are appropriate, whether the fee is being used according to the original intent, or whether the purpose for the fee has been completed. Committee members are required to keep a record of the rationale for decisions regarding fees. We were able to review some of the records documenting the history of the fees from their inception.

USU also promotes accountability on spending by requiring a separate account be set up to record all fee income and expenditures. According to their documentation requirements, this approach allows for several items of control.

- a. The relationship of student enrollment to student fees receipted can easily be tested.
- b. Assurance can be provided that student fees have been expended for their intended purpose.
- c. A review of the general ledger accounts can provide assurance that all balances have been carried forward properly. This

USU policy requires monitoring to ensure that funds are used for their intended purpose and that the fee amount is set at the appropriate level.

USU promotes accountability by requiring a separate account be set up to record fee income and expenditures.

review can also assure that no funds have been improperly transferred to other university accounts.

Although it was beyond the scope of this audit to review, USU acknowledged they sometimes commingle the revenues of some accounts. For example, student fees for athletics are comingled with other departmental funds.

In summary, Utah State University has a structured process for approving and monitoring student fees. We feel the University of Utah needs policies and procedures to guide the process, promote consistency, and improve accountability.

Recommendations

1. We recommend that the University of Utah develop student fee policies and procedures that require:
 - a. Centralized control over establishing new fees or increasing the amount of a fee
 - b. Identification of student involvement in setting fees including when a student vote is needed to approve new fees, increase fees, or change the way a fee is administered
 - c. Documentation of the purpose of each fee, how the fee amount was determined, appropriate use of revenues, any limitations that are placed on the use of the revenues, and a repeal date if it is temporary
 - d. Limits and controls on fund balances
 - e. Implementation of consistent accounting procedures to accurately identify amount of revenues collected and expenditures associated with the fee.
2. We recommend that after establishing policies and procedures, the University of Utah conduct periodic reviews to ensure that revenues are used for the intended purpose and used in compliance with any statutory or policy constraints.

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Chapter III

Legislature and Board of Regents Should Require Greater Student Fee Accountability and Transparency

In addition to reviewing Utah State University's student fee process, we found that a number of other states have a structured student fee process in place. In fact, our review of other state statutes and Board of Regents policies revealed that other states provide significantly more guidance than Utah provides. This chapter addresses state-level controls over mandatory student fees provided by statute and the Board of Regents.

Utah Provides Minimal Guidance

Utah provides minimal statewide guidance for managing student fees. Statutes rarely address student fees. The Utah Board of Regents also does not provide much guidance and has only a few policies for managing student fees.

Statutes authorize each institution "to handle its own financial affairs under the general supervision of the board of regents" (*Utah Code* 53B-7-101(10)). The only statutory guidance specific to student fees we found involves revenue bonds for auxiliary enterprise facilities. For example, legislation passed in 2007 approved bonding for a new recreation building at the University of Utah and approved a student recreation fee limited to a maximum of \$60 per semester for not more than 20 years (*Utah Code* 64B-16-202(c)).

Board of Regents' policy defines general (mandatory) student fees as "dedicated to specific purposes, such as building revenue bonds, extracurricular student activities, additional student services such as health clinics or computer labs, or athletics." Policy also states that "all general student fees are subject to Board of Regents approval, normally in conjunction with the annual determination of tuition and fees." The Board of Regents also provides guidance for auxiliary enterprises.

Utah does not provide very much statewide guidance for managing student fees.

Although not identified in written policy or procedure, the Board of Regents has an established process. Institutions annually submit fee proposals for Board of Regents' approval. According to Board of Regents minutes, institutions may increase student fees up to the rate to which first-tier tuition is increased. If proposed increases exceed this rate, the Regents ask the institution to provide letters signed by student representatives justifying the increase and verifying their support. The level of justification provided by students varies between institutions. There are also no policies requiring institutions to justify why the fee amount should be set at the specified level. Institutions are not required to report the amount of fee revenues collected for each fee or whether the existing fee has resulted in fund balances. This lack of guidance is very different from other states.

Some Other States Provide Significant Guidance

A review of thirteen other states' statutes and board of regents policies revealed that some other states provide significantly more guidance than Utah provides. We focused on other states that specifically provide statutory and board control over student fees to help us identify the types of guidance and controls that Utah should consider. These states restrict the types of fees that qualify as student fees. They address the approval process, student involvement, documentation requirements, and monitoring requirements. Some states also require separate accounts for fee revenues and expenditures. Appendix E summarizes selected information for these other states.

Some other states provide more statutory and board of regents guidance for managing student fees.

Some Other States Restrict the Type and Amount of Student Fees

Utah may want to restrict the type of expenses that can be funded with student fees. Other states may specify that mandatory fees must directly benefit students. For example, the Wisconsin Board of Regents identifies permitted and prohibited expenditures—prohibited are normal campus-wide activities and functions that service the entire institution. Colorado passed a law requiring guidance and fee definitions after concerns were raised that student fees were increasingly being used as sources of revenue.

Without restrictions on what may be paid for with student fees, Utah institutions have used student fees as a general revenue source.

The University of Utah's Utilities fee helps pay the cost of heating, electricity, water, and sewer for campus buildings. When the Fuel and Power fee was first established, a member of the Board of Regents expressed concern that the Utilities fee may not be an appropriate student fee and suggested that the regents consider a policy at some time in the future. However, this issue was never addressed. Library and Fine Arts fees are also funding expenditures that were previously funded with the university's general fund money.

Some other states place restrictions on the type of expenses that can be funded with student fees.

Another concern arises with University of Utah's Building fee. The fee helps pay for buildings within the Auxiliary and Campus Facilities System (ACFS), which includes a number of student-related buildings. Mandatory fees seem an important source of funding for the Union building, which is open to all students. However, it is not clear that student dormitories and apartments should be supported by fees paid by all students rather than just those who live there. University officials report that the Building fee supports all the ACFS facilities. Rather than specifically detailing how fees are used, officials said the fees are dedicated to the entire ACFS system to help support it. Student fees serve as a reliable funding source to help get better interest rates on the revenue bonds issued by the ACFS.

Florida, Oklahoma, North Dakota, and Virginia laws all set limits on the fee amounts or fee increases. Wisconsin law states that when a debt service is no longer required, the related fee ceases. In Colorado, fees related to bonds must specify the portion of the fee that is actually applied to repayment of the bonds and must terminate upon repayment.

Utah Board of Regents policy states only that student fees are "generally dedicated to specific purposes, such as building revenue bonds, extracurricular student activities, additional student services such as health clinics or computer labs, or athletics." In our opinion, more guidance is needed. The state should consider mandating student fees be used to fund either a specific purpose or a supplemental service that directly benefits students. Student fees should not fund expenditures that are normally paid for from the university's general fund.

Some other states define the degree of involvement students will have in approving fees.

Some Other States Involve Students in Approving Fees

Other states specify the degree of involvement students will have in approving fees. The following material states the kind of student involvement we noted and gives examples from other states.

A Student Vote May Be Required.

- Texas law defines specific types of fees and limits both the total amount of fees charged and any increases unless approved in a student body vote or by a majority vote of the student government.
- California laws require a student body vote to increase student organization fees.
- Colorado law requires a majority vote of the student body for all new fees or fee increases in excess of the rate of inflation.

Student Advisory Boards Are Sometimes Required.

- Oklahoma law requires a student advisory board to represent the student viewpoint on fees.
- Georgia board of regent policy requires mandatory student fee revenue to be budgeted and administered with the advice and counsel of an advisory committee composed of at least 50 percent students.
- Most Texas institutions are required to have a student fee advisory committee to advise the board.

Students May Have Responsibility for Fees.

- Wisconsin law gives students the primary responsibility for the formulation and review of fee policies.

Some Other States Require Documentation of Student Fees

Institutions in most other reviewed states must provide justification detailing the need for the fee, the method used to determine the fee amount, the appropriate use of the revenues, and the effective date for the fee. Guidance can range from general to very specific.

States May Set General Documentation Requirements.

- Washington law requires the boards of trustees and board of regents to adopt guidelines that govern the establishing and

funding of programs and stipulate procedures for budgeting and expending fee revenue.

- Tennessee's Board of Regents requires institutions to follow a general format, properly document actions, identify accounting treatment of each type of fee, and cease debt service fees when the debt is retired on a given project.

States May Mandate Specific Documentation Requirements.

- Colorado law requires that the Board of Regents implement policies concerning the definition, assessment, increase, and use of fees.
- Florida law requires the Board of Governors to consider the purpose accomplished by the new fee; whether there is a demonstrable student-based need that is not currently being met; whether the financial impact on students is warranted; whether any restrictions, limitations, or conditions should be placed on the use of the fee; and whether there are outcome measures to indicate whether the fee's purpose is accomplished.
- North Dakota law directs that before the higher education board can increase a fee, institutions must provide the estimated revenue; the purpose of the fee; five years' information about other fee increases, including the revenues collected; the extent to which students participated in the decision-making process; and the approximate number of students who would be assessed the fee.
- Texas law requires institutions to establish the purpose of each fee type and how the fee may be used.
- Oklahoma law requires the Board of Regents to maintain information about the basis for the amount of the fee, the amount of revenue collected, and the use of revenues. Policies must identify the accounts where revenues are deposited.
- Arizona's Board of Regents requires fees to be supported by documentation that gives a complete justification of the need for the fee; the intended use of funds collected; the semesters the fee will be charged; the amount of the proposed fee and basis for the fee amount; the account where revenue and related expenditures will be recorded; and approval requirements.
- California law requires an effective date for approved fees and Georgia Board of Regent policies state that changes to fees will become effective at the start of the fall semester.

Some other states require documentation justifying the amount of fees and authorized use of revenues.

Some Other States Require Monitoring Of Student Fee Revenue

Once there is a documented expectation, there must be a plan for evaluating the use of revenues. Monitoring requirements in the states we reviewed ensure that fee recipients are held accountable for the use of the fee revenues and for ensuring that the fee is set at an appropriate rate.

Other States May Require Monitoring.

- Arizona's Board of Regents requires each institution to audit fee expenditures to ensure that fees are used for board-approved purposes.
- Florida laws instruct institutions to consider outcome measures to indicate whether a fee's purpose is accomplished.
- Oklahoma Board of Regents require institutions to ensure that student fee revenues are spent for the approved purposes.
- Washington laws instruct the Board of Regents to adopt rules to govern and protect the receipt and expenditure of all fee proceeds.

Other States May Require That Student Fee Information Be Disclosed on Websites.

- California's Board of Regents requires each campus to maintain a website that provides details on how the student services fee revenue was allocated relative to the recommendation of an advisory committee.
- North Dakota law requires the Board of Higher Education to publish the amount each institution will assess by purpose or service.
- Virginia law requires institutions to annually publish a report of the use of fees that details the amount and distribution of student activity fees and the name of organizations receiving \$100 or more.
- Laws in Tennessee and Wisconsin also require institutions to annually publish financial disclosure statements on their websites, including the amount of student activity fee revenue received and expended and any remaining balances.

Without statewide guidance, Utah institutions have developed differing processes for managing student fees. Utah State University developed a structured process with policies and procedures for approving fees, documenting the intended use of fee revenues, and monitoring expenditures. In contrast, the University of Utah reported

Some other states require monitoring to ensure that fee recipients are held accountable for the use of the revenues.

Some other states require information to be disclosed on websites which promotes transparency.

they do not have any university-wide policies or procedures guiding the process, and each department or fee receiving area manages its own fee revenues.

We feel Utah should provide statutory and Board of Regents guidance to institutions to ensure that student fees are charged only when appropriate and that the process for establishing fees is transparent. Institutions should be required to establish the purpose of each fee and how the fee may be used. There should be policies concerning the definition, assessment, increase, and use of fees; policies identifying restrictions, limitations, or conditions placed on the use of fees are also needed. Monitoring should be required to ensure that fees are used for Board of Regents-approved purposes and there must be procedures for reviewing whether fees are set at appropriate rates.

Recommendations

1. We recommend that the Legislature consider establishing general principles guiding the use of mandatory student fees, including the following:
 - a. Requiring the Board of Regents to place restrictions on the use of student fees
 - b. Defining the level of student involvement in approving fees
 - c. Requiring fee documentation and monitoring.
2. We recommend that the Utah Board of Regents require institutions to have a structured process for managing mandatory student fees, including policies and procedures to address the following:
 - a. Approval requirements, including the level of student involvement
 - b. Documentation requirements justifying the need for the fee and the basis for proposing the fee amount, and indicating intended use of the collected revenues
 - c. Monitoring requirements to ensure that fee revenues are used for the authorized purpose
 - d. Controls over fund balances.

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Appendices

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Appendix A

University of Utah Fee Schedule



UNIVERSITY OF UTAH

Undergraduate Lower Division:

Freshman and Sophomore (0-59 hours) Undergraduate Tuition Per Semester (Resident)
For Summer 2011, Fall 2011, and Spring 2012 (Subject to change without notice)

Credit Hours	Zero Hour Tuition	Per Credit Hour Charge	Total Tuition	ASU Activity	Athletic	Building	Collocate Reader Program	Computing	Fine Arts	Utilities	Health	Library	Public Council	Rec.	Study Abroad	Sustain-ability	Money Manage	Trans	Total Fees	Total Tuition & Fees
1	459.89	\$164.34	\$624.23	\$23.12	\$82.36	\$57.36	4.30	\$20.42	\$8.00	\$10.00	\$20.48	\$10.00	\$6.00	\$18.26	\$3.00	\$2.50	\$3.00	\$13.84	\$282.64	\$906.87
2	459.89	328.68	788.57	23.12	82.36	61.78	4.30	27.07	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	15.18	295.05	1,083.62
3	459.89	493.02	952.91	23.12	82.36	66.20	4.30	33.72	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	16.52	307.46	1,260.37
4	459.89	657.36	1,117.25	23.12	82.36	70.62	4.30	40.37	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	17.86	319.87	1,437.12
5	459.89	821.70	1,281.59	23.12	82.36	75.04	4.30	47.02	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	19.20	332.28	1,613.87
6	459.89	986.04	1,445.93	23.12	82.36	79.46	4.30	53.67	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	20.54	344.69	1,790.62
7	459.89	1,150.38	1,610.27	23.12	82.36	83.88	4.30	60.32	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	21.88	357.10	1,967.37
8	459.89	1,314.72	1,774.61	23.12	82.36	88.30	4.30	66.97	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	23.22	369.51	2,144.12
9	459.89	1,479.06	1,938.95	23.12	82.36	92.72	4.30	73.62	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	24.56	381.92	2,320.87
10	459.89	1,643.40	2,103.29	23.12	82.36	97.14	4.30	80.27	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	25.90	394.33	2,497.62
11	459.89	1,807.74	2,267.63	23.12	82.36	101.56	4.30	86.92	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	27.24	406.74	2,674.37
12	459.89	1,972.08	2,431.97	23.12	82.36	105.98	4.30	93.57	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	28.58	419.15	2,851.12
13	459.89	2,136.42	2,596.31	23.12	82.36	110.40	4.30	100.22	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	29.92	431.56	3,027.87
14	459.89	2,300.76	2,760.65	23.12	82.36	114.82	4.30	106.87	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	31.26	443.97	3,204.62
15	459.89	2,465.10	2,924.99	23.12	82.36	119.24	4.30	113.52	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	32.60	456.38	3,381.37
16	459.89	2,629.44	3,089.33	23.12	82.36	123.66	4.30	113.52	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	33.94	468.79	3,558.12
17	459.89	2,793.78	3,253.67	23.12	82.36	128.08	4.30	113.52	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	35.28	481.20	3,734.87
18	459.89	2,958.12	3,418.01	23.12	82.36	132.50	4.30	113.52	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	36.62	493.61	3,911.62
19	459.89	3,122.46	3,582.35	23.12	82.36	136.92	4.30	113.52	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	37.96	506.02	4,088.37
20	459.89	3,286.80	3,746.69	23.12	82.36	141.34	4.30	113.52	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	39.30	518.43	4,265.12
21	459.89	3,451.14	3,911.03	23.12	82.36	145.76	4.30	113.52	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	40.64	530.84	4,441.87
22	459.89	3,615.48	4,075.37	23.12	82.36	150.18	4.30	113.52	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	41.98	543.25	4,618.62
23	459.89	3,779.82	4,239.71	23.12	82.36	154.60	4.30	113.52	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	43.32	555.66	4,795.37
24	459.89	3,944.16	4,404.05	23.12	82.36	159.02	4.30	113.52	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	44.66	568.07	4,972.12
25	459.89	4,108.50	4,568.39	23.12	82.36	163.44	4.30	113.52	8.00	10.00	20.48	10.00	6.00	18.26	3.00	2.50	3.00	46.00	580.48	5,148.87

Appendix B

University of Utah Student Fees and Revenues

Fiscal Year 2006 to 2012

FEE (One Semester)	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Change FY2006-12	
ASUU	21.40	21.40	21.90	22.52	22.52	23.12	23.12	1.72	8%
Athletics	52.26	54.26	56.16	58.42	61.22	76.22	82.36	30.10	58%
Building*	83.90	87.90	89.90	93.44	96.94	102.24	119.24	35.34	42%
Collegiate Readership	5.00	2.50	2.50	2.50	2.50	4.30	4.30	(0.70)	-14%
Computer*	101.38	104.38	106.34	110.40	112.00	113.52	113.52	12.14	12%
Fine Arts	0.96	1.00	2.50	2.60	2.68	2.72	8.00	7.04	733%
Health	17.80	18.34	18.89	19.64	20.22	20.48	20.48	2.68	15%
Library				5.00	6.50	10.00	10.00	10.00	
Money Management							3.00	3.00	
Publications (Media Council)	3.46	3.58	4.48	4.66	6.00	6.00	6.00	2.54	73%
Recreation	13.24	13.64	14.06	16.06	16.54	16.76	18.26	5.02	38%
Study Abroad				3.00	3.00	3.00	3.00	3.00	
Sustainability					2.50	2.50	2.50	2.50	
Transportation*	16.80	19.80	23.40	27.70	28.68	29.10	32.60	15.80	94%
Utilities**	18.50	18.50	18.50	13.50	13.50	13.50	10.00	(8.50)	-46%
Total	334.70	345.30	358.63	379.44	394.80	423.46	456.38	121.68	36%
Dollar Change		11	13	21	15	29	33		
Percent Change		3%	4%	6%	4%	7%	8%		
ANNUAL REVENUES	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11		Change FY2006-11	
ASUU	1,304,794	1,422,832	1,434,374	1,471,274	1,519,529	1,657,701		352,907	27%
Athletics	3,185,185	3,608,464	3,677,875	3,819,804	4,131,594	5,514,797		2,329,612	73%
Building*	4,606,995	4,730,904	4,926,293	5,071,647	5,584,157	6,335,583		1,728,588	38%
Collegiate Readership	304,775	166,558	163,823	162,895	168,487	308,177		3,402	1%
Computer*	5,271,178	5,330,827	5,367,836	5,524,979	5,934,510	6,377,372		1,106,194	21%
Fine Arts	58,206	66,446	163,825	172,476	179,756	230,273		172,067	296%
Health	1,041,366	1,194,197	1,236,880	1,289,224	1,367,472	1,476,847		435,481	42%
Library	-	-	115	330,757	461,984	728,833		728,833	
Money Management						21,185		21,185	
Publications (Media Council)	211,807	237,434	293,065	306,623	386,726	436,114		224,307	106%
Recreation	795,046	900,025	920,185	1,054,318	1,114,746	1,217,890		422,844	53%
Study Abroad	-	-	69	93,055	130,100	217,899		217,899	
Sustainability	-	-	-	63	169,224	179,657		179,657	
Transportation*	953,948	1,109,742	1,284,184	1,505,048	1,629,320	1,766,160		812,212	85%
Utilities**	1,127,750	1,230,581	1,211,264	881,835	925,716	951,088		(176,662)	-16%
Total	18,861,050	19,998,010	20,679,788	21,683,998	23,703,321	27,419,577		8,558,527	45%
Dollar Change		1,136,960	681,778	1,004,210	2,019,323	3,716,256			
Percent Change		6%	3%	5%	9%	16%			
* Amount varies based on enrollment hours; amounts listed are based on 15 hours undergraduate resident									
**Prior to 2008, fee was only for Fuel & Electricity									

Appendix C

Summary of Audit Information on University of Utah Student Fees

This appendix summarizes information we obtained about each mandatory student fee at the University of Utah and describes some concerns we had with fee management. Much of the information was provided by the University's associate vice president for budget and planning (budget administrator) or by the individuals he directed us to talk with about each fee. We also reviewed accounting records and other documents, but it was beyond the scope of our work to verify all the information provided.

ASUU Activity Fee

2011 Fee: \$23.12

2011 Revenue: \$1,657,701

2010 Fund Balance: \$760,687

2012 Fee: \$23.12

Includes \$107,000 Endowment

The ASUU Activity Fee supports the Associated Students of the University of Utah, the university's student government organization. Our designated contacts for the ASUU Activity Fee were the Associate Dean of Students and the ASUU accountant.

The ASUU is supported primarily by student fees, with some revenue generated through fundraising efforts. In addition to office expenses, fee revenues are used to fund student groups, organizations, and events. ASUU policies and procedures set up a legislative process for approving expenditures and oversight. For the 2011 school year, the ASUU published an annual report that provides considerable detail about its expenditures.

We asked why there was a fee increase for 2011 despite the existence of a significant reserve fund balance. The associate dean over ASUU told us they did not request an increase but the budget administrator had proposed a cost of living increase. The budget administrator said he was unaware of the reserve fund balance.

In the past, significant reserve balances were used to establish a \$100,000 endowment fund. The ASUU bill approving this student scholarship endowment fund states that interest from the fund was intended to pay for student books. However, interest revenues are now used to fund child care. It is not clear to us why student fees were used to establish an endowment instead of reducing the fee charged to students.

We identified a transparency concern with the ASUU fee. It appears as though the ASUU fee has increased only by \$1.72 over the past six years (Appendix B). However, some

programs that were previously funded through ASUU, such as fine arts groups, sustainability, and money management, are now paid for with new fees. In 2011, students paid a \$2.72 Fine Arts fee and \$2.50 for a Sustainability fee, programs that were at one time funded with ASUU fee revenues. And in 2012, the ASUU Money Management Program will be funded by a new \$3.00 fee. In addition, ASUU no longer funds the radio station, now being funded by the Publications fee. Spinning off programs essentially provided ASUU with a fee increase because ASUU no longer funds the listed services but the revenues previously associated with those services are now available for other purposes.

Athletic Fee

2011 Fee: \$76.22	2011 Revenue: \$5,514,797	2010 Fund Balance: Unknown
2012 Fee: \$82.36	Includes \$102,201 Marching Band Revenue	

The description on the University of Utah's website states that the fee enables free access to sporting events by all students and also supports non-revenue sports and the marching band. However, according to the director, revenue is not intended to pay for access to sporting events, but to support the overall program. Our designated contact for the Athletics Fee was the Director of the Athletics Department.

We could not determine if there was a fund balance because revenues are commingled with other athletic department funds. Fee revenues are approximately 13 percent of total revenues. The marching band revenue is kept in a separate account that is not commingled. The fund balance at the end of 2010 was \$29,000 or about 28 percent of the 2011 revenue (34 percent of 2010 revenue).

Building Fee

2011 Fee: \$102.24 (15 Cr)	2011 Revenue: \$6,335,583	2010 Fund Balance: Unknown
2012 Fee: \$119.24 (15 Cr)		

The Building Fee helps fund bond payments and renovations for seven student-related buildings, including the Union, the bookstore, Rice-Eccles Stadium, Huntsman Center, and residential living. The fee also helps pay for campus food service facilities and commuter services. Fees range from \$57.36 for one credit hour to \$163.44 for 25 credit hours. We could not determine if there was a fund balance from student fees because revenues are commingled with other funds of the Auxiliary and Campus Facilities System (ACFS). Our designated contact for the Building Fee was the Assistant Vice President for Auditing and Risk.

The university auditor could not provide information identifying how the fee amount was determined or the portion of the fee associated with each facility. We asked for the documentation justifying the fee increase of \$17 (15 credit hours) this year. University officials could not provide documentation, but indicated that the \$17 fee increase this past year was needed because of significant improvements needed in ACFS facilities and because the fee did not increase in past years when there should have been a consistent steady increase. However, as show in Appendix B, the fee has increased each of the past six years. No methodology is used to determine how much of an increase is needed. The fee is not adjusted when a debt is retired because the bonding combines all facilities in order to obtain a better rate.

As described above, the Building Fee helps support the ACFS as a whole. Therefore, we could not determine the extent to whether the fees went to the Union Building or to other auxiliary facilities including dormitories, apartments, the university bookstore, parking services and athletic stadiums. While it seems appropriate to us that mandatory student fees support the Union Building, it is less clear whether general student fees should support residential, parking, or other auxiliary facilities that charge for services and should be essentially self supporting.

The state and Board of Regents have specific policies and procedures guiding the use of auxiliary enterprises. The Board of Regents defines auxiliary enterprises as:

Business enterprises or other support activities (as distinguished from primary programs of instruction, research, and public service, and from organized activities and intercollegiate athletics) the primary purpose of which is to provide specified services to students, faculty, staff or guests of the institution. All housing, food service, and college store activities in any institution are to be classified and managed as auxiliary enterprises. Other activities which serve primarily individuals (as distinguished from internal departments of the institution) and operate on an essentially self-supporting basis also should be classified and managed as auxiliary enterprises. (R550-3.1)

Self-supporting is defined as "receiving revenues (fees for services, sales, dedicated general fees, contributions, and investment income) to cover all or most of the direct and indirect operating expenses, assignable indirect costs, debt service and capital expenditures for the activity." The following facilities are designated auxiliary enterprises: bookstore, food services, housing (residence halls and university student apartments), student center (union), golf course, parking and campus transportation services, John M. Huntsman Center (special events), and student health services. (R550.5.2)

Board policy also establishes specific restrictions and requires auxiliary enterprises to be monitored. For example, enterprises may not accumulate fund balances in excess of their

requirement for working capital, renewals and replacements, and debt service. Internal audits are required by either the resident auditors or the regents' audit staff; their reports must include an opinion regarding the fairness of the annual reports and the institution's compliance with policy. In addition, the State Auditor audits compliance with the bond agreement.

Collegiate Readership Fee

2011 Fee; \$4.30	2011 Revenue: \$308,177	2010 Fund Balance: \$3,021
2012 Fee; \$4.30		

The Collegiate Readership Fee is used to purchase local and national newspapers made available in containers located throughout the campus. The program is managed by the ASUU. Our designated contact for the Collegiate Readership Fee was the Associate Dean of Students over ASUU.

In prior years, the fund balance for this program was as high as \$376,000 because the original \$5 fee generated significantly more than the cost of the program. When discovered, the fee was reduced and excess revenues were used to support the program for the following years.

ASUU leaders recently reported to the budget administrator that students may prefer to read newspapers online and they were contemplating possibly eliminating the program. However, the fee was approved for the 2012 school year. These concerns illustrate the need to justify the amount of a fee and the process for eliminating a fee that is for a service with lesser demand.

Computing Fee

2011 Fee: \$113.52 (15 Cr)	2011 Revenue: \$6,377,372	2010 Fund Balance: \$3,122,296
2012 Fee: \$113.52 (15 Cr)		

The Computing Fee helps pay for the operation of existing student computer labs, create new student computer labs, to run library databases, to support online student registration, and provide wireless services. Fees range from \$20.42 for one credit hour to \$113.52 for 25 credit hours. Our designated contacts for the Computing Fee were the Director and Finance Director for the University Information Technology department.

The department does not know how the fee amount was determined or how the formula was developed for prorating the fee. They told us the University's budget administrator determines how much the fee should be.

Councils control how the fee revenues are used. Other university departments submit standardized funding request forms to the Student Advisory Council made up of faculty from each college. The council evaluates the proposals and makes a recommendation to the Information Technology Council, who approves the requests. Funds are then transferred to the requesting department.

The finance officer said the fund balance is due to a timing issue because the funds are not transferred until after the end of the fiscal year. However, we found the fund balance remained high (\$2.8 million) for six months after the end of the fiscal year.

Fine Arts Fee

2011 Fee: \$2.72	2011 Revenue: \$230,273	2010 Fund Balance: \$13,633
2012 Fee: \$8.00		

The Fine Arts Fee is used for student groups and programs in the College of Fine Arts. The recent increase (from \$2.72 to \$8.00) will allow students to attend all art performances for little or no cost. Revenues are expected to increase to \$600,000. Our designated contacts for the Fine Arts Fee were the Dean and the Finance Director for the College of Fine Arts.

This fee was spun off from the ASUU fee because the Fine Arts leaders felt that ASUU inappropriately denied funding to their student groups. Fine arts groups still must register with the ASUU to be funded, but the funding now comes from the Fine Arts Fee.

The recent fee increase from \$2.72 to \$8.00 per semester was proposed by the department, which anticipates additional increases (\$10 and \$12) for the next two years. To justify the increase, the department chair provided projected revenues and expenditures. He said students would receive free tickets to all fine art events, including the Pioneer Theatre Company performances and heavily reduced rate tickets to Kingsbury Hall. The following are the departments estimated revenue and expense projections for 2012 based on \$8 student fee (and 2014 @ \$12) compared to the 2011 \$2.72 fee:

	2011	2012	2014
Fee	\$2.72	\$8.00	\$12.00
Revenue	\$183,837	\$531,990	\$797,985
Expenses:			
Communication/Marketing	77,600	125,000	220,000
Awards*	96,984	95,000	95,000
Performance/Exhibition		300,000	330,000
Kingsbury Discount Subsidy		35,000	35,000
Pioneer Theatre Subsidy		30,000	30,000
UMFA Subsidy		10,000	10,000
MUSE Partnership			20,000
Total Expenses	\$174,584	\$595,000	\$740,000

**Previously funded thru ASUU-student advisory council (SAC) contingency fund*

Their projected expenditures show that most revenues will be used to support student performances and marketing that is currently mostly funded by the department. A lesser amount will be used to replace lost revenue to the theaters.

Health Services Fee

2011 Fee: \$20.48

2011 Revenue: \$1,476,847

2010 Fund Balance: \$598,926

2012 Fee: \$20.48

The Health Services Fee helps pay for health care to university students and their dependents. Our designated contact for the Health Services Fee was the Director of the Student Health Center.

Health services is an auxiliary enterprise subject to restrictions such as being self-supporting and not being allowed to accumulate fund balances in excess of requirements for working capital, renewals and replacements, and debt service. The department reported their fund balance is intended to be used for future remodeling. They did not have documentation identifying how much of a reserve balance they were allowed to accumulate or whether remodeling is an appropriate use of the fee revenue.

Library Acquisitions Fee

2011 Fee: \$10.00

2011 Revenue: \$728,833

2010 Fund Balance: Unknown

2012 Fee: \$10.00

The Library Acquisitions Fee helps pay for publications, books, and special collections for campus libraries. Revenues are divided between three libraries: the Marriott Library receives 79 percent, the Eccles Library receives 18 percent, and the Quinney Law Library receives 3 percent. Our designated contact for the Library Acquisitions Fee was the Director of Budget and Planning for the Marriott Library.

According to a 2008 Chronicle news article, the library acquisition fee was intended to be temporary. Administrators said the fee could have been included with the second-tier tuition but was more transparent if kept with fees and also said it could eventually be eliminated. Instead of being eliminated, the fee increased twice over the following years. We could not determine if there was a fund balance from student fees because revenues are commingled with other funds.

Money Management Fee

2012 Fee: \$3.00

2011 Revenue: \$21,185

The Money Management Fee is used to provide a website and a center where a counselor helps students learn to manage their personal finances. We estimate revenues for 2012 will be approximately \$225,000. The contact for the Money Management Fee was the counselor for the money management center.

This ASUU-initiated fee was not voted on by student representatives. It is unclear how the fee amount was determined, and the fee may generate more revenues than are needed to run the program. We estimate the \$3 fee will generate approximately \$225,000 in 2011, but the expenses will be less than \$100,000. The service does not appear to be in great demand. The counselor reported he served only about 15 students from January through March but the university anticipates demand will increase as students become aware of the services.

Publications Council Fee

2011 Fee: \$6.00

2011 Revenue: \$436,114

2010 Fund Balance: Unknown

2012 Fee: \$6.00

The Publications Council Fee helps to pay for 16 on-campus publications, including the Chronicle. Our designated contact for the Publications Council Fee was the Director of Business and Advertising for the Student Media Council.

The council is now called the Student Media Council which not only provides oversight over the Chronicle and the other on-campus publications, but also the radio station and student marketing. The Board of Trustees approves their budget. The director said they hope to one day become self-supporting by increasing their advertising revenues, in which case the fee should be retired. We could not determine if there was a fund balance from student fees because revenues are commingled with other funds.

Recreation Fee

2011 Fee: \$16.76

2011 Revenue: \$1,217,890

2010 Fund Balance: \$1,225,410

2012 Fee: \$18.26

The Recreation Fee helps to pay for the operation of the Fieldhouse, HPER Complex, and the Outdoor Recreation Programs(s). Our designated contact for the Recreation Fee was the Director of Campus Recreation Administration.

A Campus Recreation Advisory Committee provides some oversight but there are no policies guiding how the fee revenues must be used. Department staff reported the fund balance is intended to help pay for new equipment. This fee was established at \$1.50 by a student initiative and bill passed in 1977. The department requested the subsequent increases. In 2008, declining enrollment was used to justify higher fees, but the fee was not reduced when enrollment increased.

In 2007 the Legislature approved bonding for a new recreation building (the Student Life Center) and limits the student recreation fee to a maximum of \$60 per semester for not more than 20 years (Utah Code 63B-16-202(c)). The statute states “the University of Utah may increase student recreation fees to not more than \$60 per semester for not more than 20 years, and use those revenues . . . to service the student life center revenue bond debt.” This is the only instance we found where the university’s building fee amount is associated with a specific facility.

Study Abroad Fee

2011 Fee: \$3.00

2011 Revenue: \$217,899

2010 Fund Balance: \$100,309

2012 Fee: \$3.00

Includes \$66,000 Endowment

The Study Abroad Fee is used for scholarships to enable students to study abroad, typically during the summer months. Our designated contact for the Study Abroad Fee was the Director of International Studies/Study Abroad.

A committee administers the program and has developed policies and procedures to guide the process. The fee was a student initiative and a bill, passed by ASUU student representatives, required the fee to be phased in—only freshmen, sophomores, and graduates students paid the fee the first year, juniors began paying the next year, and seniors began paying in 2011.

The original student initiated bill stated that fee revenue was to be used to award scholarships based on merit and need. But after the fee was approved, the department committee felt it would be too difficult to administer and decided to award scholarships based on a random selection process. Student government representatives were not asked to vote on this change.

Sustainability Fee

2011 Fee: \$2.50

2011 Revenue: \$179,657

2010 Fund Balance: \$134,287

2012 Fee: \$2.50

The Sustainability Fee goes to the Sustainable Campus Initiative Fund, which provides funding for student-led projects focusing on making the campus more sustainable. Our designated contacts for the Sustainability Fee were the Director and Fund Coordinator for the Office of Sustainability.

Funds are distributed by a board with policies and procedures to guide the process. This program was initially funded by ASUU and was later approved as a separate fee. During the fee approval process, some students raised concerns that the proposed fee had not been fully vetted through the ASUU legislative process. The University Board of Trustees approved the fee, contingent upon completion of that process. Then, ASUU representatives approved the fee and it was implemented.

The bill approving the fee included a loan program but that part of the program was abandoned. Student leaders signed a document approving this change, but student representatives were not asked to vote. The vision was that the program hoped to become

self-supporting, at which point the fee would be eliminated. There are now no plans to eliminate the fee. The bill to establish the fee included a provision for ASUU to audit the program, but no audit has yet been completed.

Transportation Fee

2011 Fee: \$29.10 (15 Cr) 2011 Revenue: \$1,766,160 2010 Fund Balance: Unknown
2012 Fee: \$32.60 (15 Cr)

The Transportation Fee helps pay for campus shuttle buses and free use of UTA Trax and bus systems. Fees range from \$13.84 for one credit hour to \$46.00 for 25 credit hours. Our designated contact for the Transportation Fee was a Manager for Administrative Services.

The department did not know how the amount of the fee was determined or the formula for prorating the fee based on credit hours. The department suggested we ask the University's budget administrator about the fee increase and he told us the \$3.50 increase was needed because UTA increased its rates. However, he could not provide documents showing how the fee amount was determined. This fee increase was implemented before the UTA contract was finalized. We could not determine if there was a fund balance from student fees because revenues are commingled with other funds.

Utilities Fee

2011 Fee: \$13.50 2011 Revenue: \$951,088 2010 Fund Balance: Unknown
2012 Fee: \$10.00

The description on the University of Utah's website states that the Utility Fee's purpose is to help pay the cost of heating and electricity for campus buildings, and for wind power electricity. Our designated contact for the Utilities Fee was the Director of Budget and Institutional Analysis.

Our review identified several concerns with the Utilities Fee. In 2003, the fee was initially approved as a temporary fuel and power fee. Both a university administrator and member of the Board of Regents questioned if this was an appropriate use of student fees but the fee continued. In 2009, the fee amount was reduced and the name was changed to a Utility Fee.

In 2005, the fee increased \$1 from \$17.50 to \$18.50 because students wanted to support wind power. However, this is also a project that is supported with revenues from the

Sustainability Fee. The Utility Fee was reduced by \$5 in 2009 which offset the new Library Fee and by \$3.50 in 2012. University administrators said the fee was not reduced to offset other increases but did not provide any documents showing how the amounts of the fee changes were determined.

Revenues are transferred to supplement sewer and water expenses. The following shows the use of Utilities Fee revenue for 2010 and 2011.

	2010		2011	
Fuel	\$296,190	32%	\$108,676	11%
Electricity	69,118	7%	59,597	6%
Water	367,000	39%	586,000	62%
Sewer	200,000	21%	195,500	21%
Total	\$932,308		\$949,773	

This fee also illustrates the need for documentation and monitoring both because the fee was intended to be temporary and because it was expected to generate less revenue. Board of Trustee minutes show the actual revenues were much higher than projected when the fee was first approved. Estimated revenues were projected to be \$918,925 but actual revenues were \$1,184,387, or 29% higher than projected. We could not determine if there was a fund balance from student fees because revenues are commingled with other funds

Appendix D

Utah State University

Student Fee Policy

Updated March 1, 2011

Updated and approved May 1, 2003

By Board of Trustees

This policy defines the (1) purpose, (2) structure, (3) authority, (4) reporting procedures, and (5) other considerations of the University Student Fee Board (USFB) and the Administrative Fee Committees.

1. Purpose

The purpose of the USFB is to provide students with direct input into decision regarding the disposition of student fees for the following reasons: (a) Students should pay fees to support facilities, programs, and/or activities that they desire. Student fees should not generally be used for programs or services that can be supported by state or auxiliary funds. (b) Budget information regarding the disposition of student fees should be easily available for public review. (c) There should be a process by which new and present fees can be evaluated.

The following are the purposes of the Administrative Fee Committees: (a) Review and recommend the allocation of fees collected from students to ensure their appropriate use. (b) Review and recommend levels of service within each fee receiving area.

2. Structure

The USFB will consist of the following members and act as stewards over the accompanying fees:

ASUSU Student Advocate Vice President (Chairperson)

ASUSU President: Activity Fee-specifically the ASUSU service and student body activities portion

ASUSU Graduate Studies Vice President: Health Fee

ASUSU Executive Vice President: Building Fee-specifically the bond for the stadium and spectrum portion

ASUSU Public Relations Director: Activity Fee-specifically the Statesman portion

ASUSU Academic Senate President: Computer Fee

ASUSU Programming Vice President: Building Fee-specifically the TSC maintenance portion

ASUSU Athletics Vice President: Athletic Fee
ASUSU HASS Senator: Music and Theatre Fee
ASUSU Natural Resources Senator: Aggie Blue Bikes Fee and Bus Fee
ASUSU Senate Pro-Temp: Library Fee

Vice President for Student Services
Director of Student Involvement and Leadership Center (non-voting)
Associate Vice President for Student Services (non-voting, executive secretary)

The USFB also consists of five students-at-large, as follows:

One appointed by the Graduate Studies Vice President
Two appointed by the Student Advocate Vice President
Two appointed by the Executive Vice President
Two appointed by the Academic Senate (body)

Each area receiving student fee funds at USU will establish an administrative fee committee. These committees will function according to charters approved by the USFB and will include as members both students and University faculty and/or staff. Students must constitute a majority of any administrative fee committee.

3. Authority

Requests for the allocation of new student fees and increases in current student fees shall be due to the ASUSU Student Advocate by January 9 of each academic year. The requests will be completed using a form established for that purpose. The ASUSU Student Advocate will provide a copy of these requests to the ASUSU President, the Vice President for Student Services, and the executive secretary of the USFB. The Vice President for Student Services will send a copy of the requests to the Executive Committee of the University for comment and input. The Executive Committee will screen the requests for new student fees and increases in current student fees and provide comments on each request and an unprioritized list of requests they support to the USFB.

In addition, any USFB member may submit a request for student fee funding directly to the USFB. The Executive Committee will have the opportunity to comment on these requests.

The recommendations of the USFB will be due to the President by February 7 of each academic year. The USFB shall be authorized to consider general fees assessed to all USU students. Course fees, special fees for distinct groups, and tuition charges shall not be subject to review by the USFB.

The USFB shall take the following actions:

- (a) All new fee requests, after review and comment by the Executive Committee, will be submitted to the USFB. A majority vote by the USFB will determine action to be taken on items presented to the board. After a USFB vote on a new fee request, the Executive Council may pass a bill requesting the USFB to consider its ruling. After rehearing the request, a 2/3 vote of the USFB will be required to initiate any action. Upon hearing a request for a new student fee and/or a rehearing on the proposed new fee, the USFB will rule on the request. A favorable vote by the USFB would move the fee proposal to a referendum at the general student-body election. A favorable vote by the students would be followed by a recommendation to the University President, and, if approved, to the Board of Trustees by the USFB. A student referendum for new program fees may be initiated by student petition as outlined in the ASUSU Constitution.
- (b) It will be necessary to hold an introductory fee board meeting near the beginning of the academic school year to orient the fee board members and the administrators to one another, to read over the fee board policy to understand one another's duties, and to identify issues that they, as the current fee board will be addressing over the next year.
- (c) Decide whether recommended increases in established fees are necessary to ensure the desired level of service in a fee receiving area. If increases are deemed necessary, recommendations will be sent by the USFB to the University President.
1. Obtain all budgets dealing with the expenditures of student fees and make them available to the general student population.
 2. Make recommendations to the University President to resolve differences between an Administrative Fee Committee and the program administrator.
 3. Call for a program review of any fee receiving area to determine if the expenditures are appropriate, if the fee is being used according to the original intent in establishing the fee, or if the purpose for the fee has been completed. This review may be initiated upon recommendation of a specific Administrative Fee Committee, resolution from ASUSU student government, or petition as outlined by the ASUSU constitution. Following this review, the USFB may recommend either no change in the present fee structure, or it may recommend changes to the University President in the amount of the fee, or the continuation of the fee.
 4. There will be no automatically assessed annual increases in student fees. All increases must be reviewed and recommended by the USFB.

5. The Vice President for Business & Finance shall notify the USFB at least 12 months in advance of the date when financial obligations to purchase or renovate a facility with student fees has been paid in full. However, the USFB may recommend the continuation of a fee at their discretion

Prepare a complete student fees schedule for consideration and approval by the University President, and if approved, with subsequent recommendations to the Board of Trustees and Board of Regents. This schedule will consist of the dollars per student per semester to be collected for the administrative fee committees as well as the fees approved by the USFB through referenda. Budget documents related to the schedule of fees will be submitted according to established institutional and ASUSU guidelines.

Administrative Fee Committees take the following actions:

- (a) Review proposed budgets and actual expenditures of the fee receiving areas. These budgets and reports will be forwarded to the USFB.
- (b) Ensure that each fee receiving area maintains a desired level of service. These committees may recommend to the USFB increases in established fees to ensure that sufficient fees are collected to maintain the level of service.
 1. Request and conduct an in depth, comprehensive review of the specific fee.
 2. Review proposed expenditure of fees and recommend to the appropriate fee administrators any desired changes.
 3. Keep a record that sets forth the rationale for each decision regarding fees.

4. Reporting Procedures

The Administrative Fee Committees will report directly to the USFB. The USFB will report to the University President on proposed changes relating to existing fees, and on all requests for new fees.

5. Other Considerations

- (a) A student vote on fee increases for new programs will take place at the annual ASUSU general student body elections, unless otherwise authorized by the Executive Council.
- (b) Student fee issues will be presented normally once a year to the University President, the Board of Trustees, and the Board of Regents, as a package proposal. The USFB

will prepare the proposal after hearing all requests for new fees and increases in existing fees.

- (c) The USFB will not be authorized to make official recommendations for programmatic changes without approval of the Associated Students of USU through the ASUSU referendum process. The USFB will not have the authority to reduce student fees authorized by the referendum process or previously approved by the University President, the Board of Trustees and the State Board of Regents, unless recommended by the University President. Upon the recommendation of the University President, the Board of Trustees and the Board of Regents, a fee may be discontinued.
- (d) Revisions of this policy may be initiated by a 2/3 vote of the USFB and recommended to the President and Board of Trustees for approval.

NOTE: The original copy of this policy was approved by the Board of Trustees in their May meeting of 1992.

Appendix E

Summary of Statutory and Board Guidance of Mandatory Fees in Selected Other States

Arizona: A Student Fee Advisory Board reviews student surveys and applications for fees to make sure that the money provided by students will most directly benefit students. Board policy states that prior to requesting an increase, the universities will engage in student consultation which must include (a) notification of and consultation with elected student representatives concerning the proposed tuition, mandatory fee, or program fee increase, and (b) consideration of student fee referenda or of organized opinion-gathering from students who are likely to be assessed the tuition, mandatory fee, or program fee. Policy also states that each university must audit program fee expenditures to ensure that any fees are used for Board-approved purposes. An internal audit at Arizona State University states the following must be documented: a complete justification of the need for the fee or deposit, the specific intended use of the funds to be collected, the semesters/sessions the fee will be charged, the dollar amount of the proposed fee, the basis for proposing the fee amount, and the local department agency/org account where revenues and related expenses will be recorded. It also identifies approval requirements.

California: State law (89300) requires a two-thirds vote of the student body to set a student organization fee or a majority vote to increase the fee. Fees take effect the beginning of the academic year. The building and operating fee may not exceed \$40 per student per academic year, with unexpended funds available for financing, operating, and constructing a student body center. Another law (66150) defines a student-imposed athletics fee as a fee proposed by the governing body of a student body organization. The fee may be imposed or increased pursuant to approval by a vote of a majority of the students to support an institution's intercollegiate athletics programs. The university must refund to students any portion of the fee not allocated during that academic year.

California Board of Regent policy (3101) states that at each campus, the Chancellor shall solicit and actively consider student recommendations, with the intent of honoring such recommendations as much as possible, on the use of Student Services Fee revenues and the annual Student Services Fee set by the Regents. Each campus is required to maintain a website that provides details on how the Student Services Fee has been allocated relative to the recommendation of the Student Fee Advisory Committee. The President of an institution must issue administrative guidelines for the use of Student Services Fee revenue, Student Fee Advisory Committees, Student Services Fee reports, and student fee websites.

Colorado: State law (23-1-123) requires a 30-day notice of any fee assessment or increase; adopts policies concerning the definition, assessment, increase, and use of fees; and requires that students' opinions be considered about assessed amount and purposes of revenues. A notice of a fee assessment or increase must specify the amount, the purpose, whether it is temporary or permanent, and the repeal date if temporary. The commission must establish separate policies for fees used for different purposes. All new fees or increases in excess of the rate of inflation must be approved by a majority vote of the student body. Fees related to bonds must specify the portion of the fee that is actually applied to repayment of the bonds and must terminate upon repayment. (23-5-120) Fees for a student association or government must be deposited in a separate fund with interest credited to the fund.

Florida: State law (1009.24(4)(e)) limits the sum of the activity and service, health, and athletic fees to 40 percent of tuition; the aggregate sum of the fees may not increase more than 5 percent per year or the same percentage increase applied to tuition, whichever is greater. The athletic fee increase may exceed these caps to defray the costs associated with changing National Collegiate Athletic Association divisions. Any increase must be approved by an athletic fee committee and cannot exceed \$2 per credit hour. Student activity and service fee increases must be recommended by an activity and service fee committee, at least one-half of whom are students appointed by the student body president. Fee increases may occur only once each fiscal year and must be implemented beginning with the fall term (the student health fee has similar restrictions and the technology fee is limited to 5 percent of tuition per credit hour). In reviewing the trustees' proposal to establish a new fee, the Board of Governors must consider (1) the purpose to be served or accomplished by the new fee; (2) whether there is a demonstrable student-based need for the new fee that is not currently being met through existing university services, operations, or another fee (3) whether the financial impact on students is warranted in light of other charges assessed to students for tuition and associated fees; (4) whether any restrictions, limitations, or conditions should be placed on the use of the fee; and (5) whether there are outcome measures to indicate if the purpose for which the fee was established is accomplished.

Georgia: State law gives the Board of Regents authority over fees but does not provide specific guidance. Board policy requires institutions to have a mandatory student fee committee, of which 50 percent or more of the members are students appointed by the Student Government Association. The committee is charged with reviewing and voting on requests for student fees. However, each institution's president may approve fee requests without the approval of the fee committee. Board policy also requires mandatory student fee revenue to be budgeted and administered with the advice and counsel of an advisory committee composed of at least 50 percent students. Approved fees become effective the following fall semester. Institutions may waive mandatory fees for students enrolled for fewer than six credit hours or prorate fees on a per-credit hour basis for students taking fewer than twelve credit hours. Proposals to increase or create new fees or a substantive change in a fee's purpose shall first be presented for advice and counsel to a committee composed of at least 50 percent students, except in special circumstances when a general purpose fee is instituted system-wide by the regents. Fees must be used exclusively to support the institution's mission to enrich the educational, institutional, cultural experience of students.

Nevada: State law authorizes students to establish a student government and requires the Board of Regents to collect a fee for its support. Board policy lists each approved fee.

North Dakota: Recent legislation (SB2351) established state laws (15.10.3) defining student fees as any monetary charge, other than tuition, that a student is assessed for a specific purpose or supplemental service. Mandatory fees may be assessed for optional purposes or services and, in one year, may not increase by more than one percent of the average undergraduate tuition rate. For comparison purposes, the state board of higher education is required to publish on its website each institution's fee information. Before the board may approve increases, institutions must provide specific information, including the estimated revenue generated by the proposed fee increase, the purpose, other anticipated tuition and fee increases, fee increases during the preceding 5-year period, and the revenue collected as a result of the increase, the extent to which students participated in decision making, and the approximate number of students that would be assessed the fee each year. Statutes also requests a study to determine how fees are determined and justified and whether the programs and services should be supported by tuition dollars, legislative appropriations, or other public or private funding sources (15-10.3).

Oklahoma: State law (70-3218.8 (A)(1)) caps increases to tuition and fees by a formula based upon other states' and peer institutions' rates. The combined average of the nonresident tuition and mandatory fees, as determined by the State Regents, shall remain less than 105 percent of the combined average of the nonresident tuition and fees at the state-supported institutions of higher education that are members of the Big Twelve Conference on the effective date of this act. Regional universities and two-year colleges are capped according to institutions adjacent to Oklahoma. Laws (70-3218.10(B)) also require the Regents to maintain information on established mandatory fees, including the basis for the amount of the fee, the amount of total revenue to be collected from the fee, and the use of the revenues collected. A seven-member student advisory board represents the student viewpoint to the board. Board of Regent policies also identify the accounts where the revenue is to be deposited and how it will be processed and instruct institutions to ensure that the revenues are spent for the approved purpose of the fee.

Tennessee: State law (49-7-2402) requires institutions to annually publish financial disclosure statements for student activity fees that include the number of undergraduate and graduate students enrolled, the source of any student activity fees according to the number of students enrolled, the expenditure of the student activity fees, and funds not expended for the annual period. Laws also state, student government activity fees increases may be subject to a referendum for student body approval or rejection. Board of Regent policy states that institutions should attempt to follow a general format in publishing information on fees and charges. Policy also states that actions should be properly documented and identifies accounting treatment for each type of fee. Debt service fee policies require that, at the conclusion of the debt retirement for a given project, the debt service fee attributed to the project will cease. Any new project requires the approval of a new debt service fee on its own merits, without the reallocation of any existing fee.

Texas: State law provides extensive and detailed guidance for managing each different type of student fees. Guidance is provided in over 100 pages of statutes which include, by institution, the purpose of each fee type, how the fee may be used, and limits on the amount of the fee. Each fee has a separate budget which shows the purpose or functions to be financed, the estimated income to be derived and the proposed expenditures to be made.

For example, statutes (54.503) define student services fees as fees on activities which are separate and apart from the regularly scheduled academic functions of the institutions and directly involve or benefit students, including textbook rentals, recreational activities, health and hospital services, medical services, intramural and intercollegiate athletics, artist and lecture series, cultural entertainment services, debating and oratorical activities, student publications, student government, the student fee advisory committee, student transportation services. Fees must be approved by each institution's governing board. The total amount of compulsory student services fees charged (excludes building fees) is limited to \$250 per semester. In addition, any increase that raises the fee to more than \$150 per semester must be approved in a student body vote or by a majority vote of the student government. In subsequent years, a vote is required before a fee can be increased by more than 10 percent of the fee approved in the last election. Most institutions are required to have a student fee advisory committee to advise the board. Committees must study and recommend the type, amount, and expenditures for each fee. Student services fees must be accounted for separately from educational and general funds and used only for the support of student services. Similar statutory guidance exists for other fees.

Virginia: State law (23-2.3) requires institutions to publish annual reports that show the amount of student activity fee revenue and the names of organizations receiving \$100 or more from student activity funds. Institutions' Board of Visitors committee approves fees. Recommendations of Student Advisory Committees are required. State Council of Higher Education policy states that mandatory fees for purposes other than educational and general programs shall not be increased for undergraduates beyond 5 percent annually, except for fee increases related to capital projects and student health services

Washington: State law (RCW28B.15.045) recognizes that services and activities fees are paid by students for the express purpose of funding student services and programs and requires governing boards to ensure that students have a strong voice in recommending budgets for services and activities fee. The boards of trustees and the boards of regents of the respective institutions are required to adopt guidelines that stipulate procedures for budgeting and expending fee revenue. Fee committees, on which students hold at least a majority of the voting membership, are responsible for the student services budgets; dispute resolution is addressed. Statutes (28B-20.130) also require the board to adopt proper rules to govern and protect the receipt and expenditure of the proceeds of all fees.

Wisconsin: State law (36.09(5)) acknowledges that students play the lead role in determining how to spend student activity fees and have primary responsibility for the formulation and review of policies concerning student life, services, and interests. Students, in consultation with the chancellor and subject to the final confirmation of the board, have the responsibility for the disposition of those student fees which constitute substantial support for campus student activities. Laws (36.27) also require the Board of Regents to ensure that the segregated fees applicable at each institution and college campus are posted on the Internet Web site of the institution or college campus, along with fee expenditures.

Wisconsin law (36.46) states the board may not accumulate any auxiliary reserve funds from student fees and auxiliary operations funded from student fees that exceed an amount equal to 15 percent of the previous fiscal year's total student segregated fee revenues for that institution, unless the reserve funds are approved by the secretary of administration and the joint committee on finance. A request shall include a plan specifying the amount of reserve funds the board wishes to accumulate and the purposes to which the reserve funds would be applied.

The board did not devise a specific structure for managing fees but set forth directions and general principles to guide the institutions. Chancellors, in consultation with students, define the allocable and non-allocable portion of the student fee. Chancellors are responsible for administering funds received from student fees. Students are given an opportunity to review and offer advice concerning the budget of each activity and program funded primarily with fees. Budget formats must be standardized within an institution. When debt service is no longer required, the related fee must cease. Policies identify permitted and prohibited expenditures. For example, prohibited expenditures include normal campus-wide activities and functions that service the entire institution such as campus-wide, centrally provided physical plant and institutional support. Also prohibited are lump sum payments to student organizations as opposed to payments for specific purposes supported by invoices.

Agency Response

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October 4, 2011

Mr. John M. Schaff
Legislative Auditor General
W315 Utah State Capitol Complex
Salt Lake City, UT 84114-5315

Dear Mr. Schaff:

Thank you for the opportunity to review and respond to "A Performance Audit of the University of Utah's Mandatory Student Fees."

We appreciate the work performed by you and your staff in the review of our mandatory student fees. We take very seriously our responsibility to use the fees paid by our students as efficiently and effectively as possible and for the purposes outlined by the fee definitions.

Our responses to the recommendations included as part of the audit accompany this letter.

Again, thank you for your time and effort in performing this review and the recommendations to help improve our current processes.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Lorris Betz".

A. Lorris Betz

ALB/lm

Response to the Legislative Audit of the University of Utah's Mandatory Student Fees

The University of Utah appreciates the opportunity to respond to the audit of mandatory student fees at the University of Utah. The report of the Auditor General provides some useful recommendations. The University has and will take these recommendations very seriously. We have already put together a committee to review our current procedures and develop written policies and procedures for Mandatory Students Fees so the process will be more transparent and clear to all those involved.

Below are the recommendations from the audit and the University of Utah's responses:

Chapter 2

Recommendation 1: *We recommend that the University of Utah develop student fee policies and procedures that require:*

- a. Centralized control over establishing new fees or increasing the amount of a fee*
- b. Identification of student involvement in setting fees*
- c. Documentation of the purpose of each fee*
- d. Limits and controls on fund balances*
- e. Implementation of consistent accounting procedures to accurately identify amount of revenues collected and expenditures associated with the fee.*

We believe that formalizing and enhancing the procedures currently in place for student fees would be beneficial to the University. We have put together a committee that plans on having these procedures written and in place by the FY13 budget process.

Recommendation 2: *We recommend that after establishing policies and procedures, the University of Utah conduct periodic reviews to ensure that revenues are used for the intended purpose and used in compliance with any statutory or policy constraints.*

We concur. Periodic reviews are made of revenues and expenses at the University both by internal and external auditors. We will add an additional enhanced review of student fees.

Chapter 3

Recommendation 1: *We recommend that the Legislature consider establishing general principles guiding the use of mandatory student fees, including the following:*

- a. Requiring the Board of Regents to place restrictions on the use of students fees*
- b. Defining the level of student involvement in approving fees*
- c. Requiring fee documentation and monitoring.*

We are willing to work with the Legislature to provide any information they may need.

Response to the Legislative Audit of the University of Utah's Mandatory Student Fees

Recommendation 2: *We recommend that the Utah Board of Regents require institutions to have a structure process for managing mandatory student fees, including policies and procedures to address the following:*

- a. Approval requirements, including the level of student involvement*
- b. Documentation requirements justifying the need for the fee...*
- c. Monitoring requirements...*
- d. Controls over fund balances*

We are willing to work with the Board of Regents to provide any information they may need.

October 7, 2011

Mr. John Schaff
Legislative Auditor General
W315 Utah State Capitol Complex
Salt Lake City, UT 84114-5315

Dear Mr. Schaff:

On behalf of the Utah System of Higher Education (USHE), we wish to thank you for the opportunity to respond to the audit of Mandatory Student Fees at the University of Utah. Your staff was both professional and courteous as they carried out the audit. We appreciate their helpful and reasoned recommendations for policy guidance on mandatory student fees.

In practice, the USHE institutions do comply with many of the key elements that comprise the recommendations in the audit. For instance, many of the institutions already include student representatives in the student fee setting process and already require documentation of fee need and monitoring of fee activity levels. We are confident that the implementation of the recommendations—particularly an improved Regental policy— will ensure greater uniformity in practice across the USHE institutions.

Attached is the USHE response to the recommendations in the audit. We look forward to responding to questions and suggestions as this audit report is presented to various legislative committees.

Sincerely,



William A. Sederburg
Commissioner of Higher Education

Attachment

Response to the Legislative Audit of Mandatory Student Fees At the University of Utah

The Utah System of Higher Education (USHE) appreciates the opportunity to respond to the Audit of Mandatory Student Fees at the University of Utah. In response, the University of Utah has addressed the first two recommendations listed in Chapter 2 of the report and we agree with and support their response on these items. The system's responses to the other recommendations found in Chapter 3 of the report are shown below.

Chapter 3

Recommendation 1: *We recommend that the Legislature consider establishing general principles guiding the use of mandatory student fees, including the following:*

- a. Requiring the Board of Regents to place restrictions on the use of students fees*
- b. Defining the level of student involvement in approving fees*
- c. Requiring fee documentation and monitoring.*

Response: The USHE will work with the Legislature to provide any information they may need. The USHE would ask for flexibility to ensure the wise and efficient use of resources in developing written guidelines to address Recommendation 2 below. Further, we suggest that once Recommendation 2 is executed and policy is developed to address the auditor's concerns, then the intent of Recommendation 1 will be met, without requiring the need for legislation.

Recommendation 2: *We recommend that the Utah Board of Regents require institutions to have a structured process for managing mandatory student fees, including policies and procedures to address the following:*

- a. Approval requirements, including the level of student involvement*
- b. Documentation requirements justifying the need for the fee...*
- c. Monitoring requirements...*
- d. Controls over fund balances*

Response: We concur. In practice, many of this recommendation's components are already in place; however, we agree that improvement to the existing Regental policy can be made. The USHE institutions and the State Board of Regents will work together to strengthen the existing Regental policy by providing additional guidance and creating greater structural uniformity in practices across the institutions in the areas of student involvement in the fee setting process, fee documentation and monitoring requirements, and fund balance reviews.