



**MINNESOTA STATE**  
Board of Trustees

**AGENDA ITEM SUMMARY**

**NAME:** Finance and Facilities Committee

**DATE:** April 18, 2023

**TITLE:** Board Policy 5.11 Tuition and Fees (First Reading)

- Proposed New Policy /  
Amendment to Existing  
Policy
- Approvals Required by Policy
- Other Approvals
- Monitoring/Compliance
- Information

**PRESENTERS**

Bill Maki, Vice Chancellor for Finance and Facilities

**PURPOSE**

Board Policy 1A.1 Minnesota State Colleges and Universities Organization and Administration, Part 6. Board Policies and System Procedures requires board review and approval of proposed board policy changes and that each board policy is reviewed at least once every five years.

**BACKGROUND INFORMATION**

Board Policy [5.11](#) Tuition and Fees and its related documents provide the framework under which colleges and universities set tuition and fee rates that are appropriate to their institutions. Student fees are generally assessed to support specific student services or activities, such as instructional and classroom technology, student life/activity, health services, athletics, and parking. Fees are also assessed to support facilities funded through the sale of revenue bonds such as wellness centers, student unions, parking facilities, and student housing. The policy identifies five objectives in setting tuition and fee rates: 1) affordable access to higher education, 2) sustainability, 3) equity, 4) transparency, 5) flexibility for innovation and emerging markets. The board reviewed and approved updates to this policy in June 2018.

Policy 5.11 authorizes four types of fees and charges.

- 1) *Required fees* are established in statute or by board policy and are required to be charged by all colleges and universities. The required fees and charges are parking, senior citizen in lieu of tuition, late, payment plan, and statewide student association fees.
- 2) *Campus discretionary fees* are established by board policy and adopted at the discretion of the college/university president. The authorized campus discretionary fees are student life/activity, athletics, health services, technology, special events, application, credit for prior learning assessment, residential learning community, and new student orientation.

- 3) *Personal property charges, services charges, and assessments* are established by board policy and adopted at the discretion of the college/university president. Institutions may charge students the actual cost of property retained by students or services received by students. Policy also allows institutions to charge assessments to discourage certain behaviors, such as late fees.
- 4) *Revenue fund fees* are authorized in statute, board policy, and through the board approved related bond indenture. Fees support facilities funded with the proceeds from revenue bond sales and include charges for room and board, student unions, wellness centers and recreation facilities, parking ramps and lots.

All fees are subject to board-mandated student consultation requirements. In addition, Minnesota Statute Section [135A.0434](#) requires a campus-wide student referendum approving an increase to mandatory student activity fees by more than two percent. Student activities are defined in section [136F.01](#). The referendum requirement was enacted during the 2017 legislative session, first impacting the system’s fiscal year 2019 operating budget process. Since enacted, the system has seen seven referendums—three at colleges and four at universities. Of these seven, one referendum failed and six were successful.

**Campus Discretionary Fees**

Four of the campus discretionary fees described above are generally charged to all students attending the campus opting to assess the fee: technology, health services, student life/activity, and athletics. Table 1 summarizes by sector how many colleges and universities assess the four major discretionary fees charged to all students and the range of fees charged per student.

**Table 1  
Campus Discretionary Fees Charged to all Students, Fiscal Year 2023**

| <b>Institutions Charging Fee</b> | <b>Technology<br/>(per credit)</b> | <b>Health services<br/>(per term)</b> | <b>Student<br/>life/activity<br/>(per term)</b> | <b>Athletics<br/>(per term)</b> |
|----------------------------------|------------------------------------|---------------------------------------|---|---------------------------------|
| Colleges                         | 26                                 | 15                                    | 26  | 5                               |
| College Average Rate             | \$10.36                            | \$27.32                               | \$84.77   | \$42.08                         |
| Universities                     | 7                                  | 7                                     | 7   | 6                               |
| University Average Rate          | \$10.76                            | \$62.08                               | \$97.90   | \$53.69                         |
| System                           | 33                                 | 22                                    | 33  | 11                              |
| System Average Rate              | \$10.43                            | \$37.90                               | \$86.91   | \$48.41                         |
| System Range                     | \$7.74-\$12.00                     | \$9.60-\$75.00                        | \$21.45-\$112.50                                | \$16.20-\$55.00                 |

This table shows that:

- All colleges and universities assess a technology fee. The technology fee is a per credit fee that ranges from \$7.74 to \$12.00 per credit, with an average fee of \$10.43 per credit.

- Fifteen colleges and all seven universities assess a health services fee. The health services fee ranges from \$9.60 to \$75.00 per term, with an average fee of \$37.90 per term for those campuses assessing the fee.
- All colleges and universities assess a student life/activity fee. The student life/activity fee ranges from \$21.45 to \$112.50 per term, with an average fee of \$86.91 per term.
- Five colleges and six universities assess an athletic fee. The athletic fee ranges from \$16.20 to \$55.00 per term, with an average fee of \$48.41 per term for those campuses assessing the fee.

**Board Fee Maximums**

Fee maximums are established by the board for individual fee types. Colleges and universities may charge up to the fee maximum but may not exceed it without specific authorization from the board. The board sets fee maximums to maintain oversight over the level of fees charged to students while allowing individual colleges and universities the ability to assess differing fee rates within those limits based on individual campus needs. The fee maximums are the same for colleges and for universities; they are not sector specific.

The board has set fee maximums for the following campus discretionary fees charged to all students: technology, health services, student/life activity, and athletics. Table 2 shows the current fee maximums, the number of colleges and universities currently charging the maximum, the last fiscal year the maximum was changed, and the inflation adjusted maximum.

**Table 2  
Maximum Campus Discretionary Fees Charged to all Students, Fiscal Year 2023**

|   | <b>Technology</b>      | <b>Health services</b> | <b>Student life/activity</b> | <b>Athletics</b>     |
|---|------------------------|------------------------|------------------------------|----------------------|
| 26 Colleges:<br># at max/ # charging fee    | 2/26                   | 0/15                   | 6/26                         | 1/5                  |
| 7 Universities:<br># at max/ # charging fee | 1/7                    | 2/7                    | 3/7                          | 4/6                  |
| Last year maximum increased                 | FY2020                 | FY2020                 | FY2000                       | FY2009               |
| <b>Current fee maximum</b>                  | <b>\$12 per credit</b> | <b>\$75 per term</b>   | <b>\$112.50 per term</b>     | <b>\$55 per term</b> |
| Inflation-adjusted maximum*                 | \$14.00                | \$87.00                | \$194.00                     | \$74.50              |

\* Based on CPI-U as of October 2022, rounded to nearest \$0.50

This table show that:

- Based on when each fee maximum was last increased, there are significant gaps between the current maximum and the inflation-adjusted fee maximum.
- Declining enrollment has reduced the revenue generated from fees.
- Because a significant number of the programs supported through fees employ professional staff, the combination of inflation and declining enrollment has compounded the financial pressures on providing the programs and activities expected by students.

- If the four major campus discretionary fees maximums had kept pace with inflation, the technology fee would increase from \$12 to \$14 per credit, the health services fee from \$75 to \$87, the student life/activity fee from \$112.50 to \$194 per term, and the athletic fee from \$55 to \$74.50.
- Two colleges and one university charge the technology fee maximum.
- No colleges and two universities charge the health services fee maximum.
- Six colleges and three universities charge the student life/activity fee maximum.
- One college and four universities charge the athletic fee maximum.

As has been discussed both before the pandemic and increasingly since then, increased demand for fee-funded services has put additional pressure on fee-supported budgets.

It is important to stress that setting fee maximums at certain rates does not mean that student fees assessed at colleges and universities will necessarily be increased to those rates. Depending on the fee type, more than three-fourths of the colleges are not at the current fee maximums and less than half the universities are for three of the four fee maximums that are being proposed to be increased. The purpose of fee maximums is to provide colleges and universities with reasonable options for the rates at which each sets these fees. All fee rate proposals follow the student consultation process defined in system procedure 2.3.1 and parameters defined by the chancellor. Over the last decade or so, the system generally has held colleges and universities to an aggregate 3 percent annual increase in all other fees required and campus discretionary fees.

### **2023 REVIEW AND RECOMMENDATIONS**

Board Policy 5.11 Tuition and Fees is a policy managed by the board's Finance and Facilities Committee, and as such, changes are shepherded through the finance division, under the direction of the Vice Chancellor for Finance and Facilities. The vice chancellor has an advisory group that reviews matters of interest and provides advice for consideration. This group is comprised of campus subject matter experts in the areas of finance, academic and student affairs, and diversity, equity and inclusion.

This advisory group, the Financial Resource Allocation and Policy (FRAP), reviewed tuition and fee policy and procedure modifications during their January, February, and March meetings. In January, they reviewed current policy and procedures and discussed possible modifications. In February, they returned to continue discussing modifications and to create recommended changes.

The proposed changes to policy, procedure, and the attachment were submitted first to the Vice Chancellor for Finance and Facilities as advice, then to the Chancellor for review, and lastly, to the System Director for Policy, Procedure and Intellectual Property and the Office of General Counsel. After passing through each of these reviews, the proposal was posted to the system's policy and procedure review site for a 30-day consultation and comment by the system's students, faculty, and staff. This comment period concluded on March 31, 2023.

### **PROPOSED CHANGES TO POLICY, PROCEDURE, AND ATTACHMENT**

The proposed changes to Board Policy 5.11 Tuition and Fees does three things:

- modifies the order of policy objectives in Part 1 and provides edits throughout the document for style, formatting, and clarity;
- aligns review of fee maximums with policy and procedure review (5 years);
- adds a sustainability fee under campus discretionary fees.

Changes to policy require changes to procedure to ensure alignment. In this case, the proposed changes to System Procedure 5.11.1 Tuition and Fees provides two things:

- edits throughout the document for style, formatting, and clarity;
- adds sustainability fee language that creates the campus discretionary fee and provides the parameters under which it may be charged—an affirmative vote of the campus student association, the kinds of expenses allowable under the fee, and the process by which the annual budget for use of these funds is developed. This fee would support student-led, campus-based efforts to further the goals of existing Board Policy [5.17](#) Commitment to Environmental Sustainability.

Finally, changes in policy and procedure generally result in changes to the attachment that lists fee maximums. The modifications to the Fee Amount attachment include:

- edits throughout the document for style, formatting, and clarity
- amends the graduate application fees to market driven
- amends residential learning community to no maximum
- amends existing fee maximum amounts according to Table 3, below
- adds a sustainability fee with maximum of \$20 per term

**Table 3**  
**Recommended Maximum Campus Discretionary Fees Charged to all Students**

|                             | <b>Technology</b> | <b>Health services</b> | <b>Student life/activity</b> | <b>Athletics</b> |
|-----------------------------|-------------------|------------------------|------------------------------|------------------|
| Last year maximum increased | FY2020            | FY2020                 | FY2000                       | FY2009           |
| Current fee maximum         | \$12 per credit   | \$75 per term          | \$112.50 per term            | \$55 per term    |
| Proposed maximum            | \$14 per credit   | \$90 per term          | \$174.00 per term            | \$75 per term    |

**SUMMARY OF INPUT AND FEEDBACK FROM MINNESOTA STATE COMMUNITY**

In the fall of 2022, the seven universities sent a joint letter requesting a review of fee maximums with the goal of adjusting the established maximums by the rate of inflation. In addition, Students United, the statewide student association for the universities, passed a resolution in November 2022, in favor of increasing the cap on the student life/activities fee for the seven state universities. They stated that student engagement and belonging is crucial for each campus, and each campus should have the ability to decide on increasing student fees to ensure funding is available to support campus programs, events and organizations that help create a culture of belonging.

Additionally, the student senates at a number of universities individually expressed their support

for increasing the student life/activity fee maximum. Also, some university senates requested the establishment of a new sustainability fee to support focused funding for student-led environmental sustainability efforts. Bemidji State University has had a green fee (hosted under the student life/activity fee) since 2008.

Students United, the statewide student association for the universities, expressed support for both requests and has encouraged the system to move forward in this area. At the March 2023 Board of Trustees meeting, the chair of Students United submitted written remarks that read, in part, *“Students United would also like to express our support for the proposed maximum increases and discretionary sustainability fee as read in Board Policy 5.11 and System Procedure 5.11.1. We continue to support raising the fee maximum for the student life/activities fee, and we are excited to see the proposal of a discretionary sustainability fee. We received substantial feedback from our students in support of this fee, including our leaders at Bemidji. We are eager to see the impact of the sustainability fee as it supports the diverse green initiatives across the seven state universities.”*

LeadMN, the statewide student association for the colleges, submitted a letter that indicated they had several concerns regarding the proposed changes and requested that they be sent back for further review. The concerns focused on the following areas:

- Contention that the consultation process is broken and there is no formal mechanism to address issues if student leaders believe that Board Policy 2.3 is not being followed. LeadMN is concerned about the lack of consultation on the current policy and procedure process, and reiterated concerns about the annual process. These concerns were also documented in a consultation letter from the association and shared with the Board at the 2<sup>nd</sup> reading of the annual operating budget in June.
- There are no clear definitions of what are and what are not legitimate expenses related to use of student fees.
- The sustainability fee proposal should not be a fee that students are required to pay. Existing campus budgets should bear the expenses of investing in environmental sustainability initiatives.
- Students cannot afford increases.

To address these concerns, the system office will take the following steps over the next year:

- The system will consult with constituent groups to review the policy and procedures that govern the student consultation process. The process will include students, campus administrators, and system office staff, and will be convened under the direction of Academic and Student Affairs. This process could result in a designated work group, additional training opportunities, or other strategies to better identify opportunities to improve the process. The conclusion of this process will take Board Policy 2.3 Student Involvement in Decision-Making and System Procedure 2.3.1 Student Involvement in Decision-Making through the formal review process as this policy and procedure were last updated in April 2019.
- The Vice Chancellor for Finance and Facilities will work with LeadMN to address specific concerns related to fee-related expenses identified in their letter and to

review parameters of Board Policy 2.8 Student Life and System Procedure 2.8.1 Student Life as they related to approval of student life/activity fee expenses. Additionally, the system office will update and provide additional guidance to campuses related to determining the eligibility of expenses from these accounts.

During the formal 30-day comment period, constituent groups provided additional feedback on these proposed changes. The creation of a discretionary sustainability fee received favorable comments with a few exceptions. Increasing fee maximums received favorable comments from almost all of the responders that provided comments in this area. In addition, several university commenters suggested we align graduate application fees with our tuition policy for graduate programs, resulting in a modification to the proposal, making these items market driven.

### **SUMMARY**

Board Policy 5.11 Tuition and Fees and related procedures are due for a five-year review and are recommended to be modified at the request of the state university students in order to adjust fee maximums and create a discretionary fee in support of student-led environmental sustainability efforts.

The proposed changes have gone through the 30-day review and comment period that are required of policy and procedure revisions.

These increases in fee maximums do not automatically increase the fees that students pay. Instead, they provide additional flexibility at each institution for the students and administration to make decisions that best serve local needs and desires. All campuses are still subject to limited annual increases (2 percent annually) in both student life/activity and athletic fees unless student referendums approve higher increases. Additionally, over the past decade or so, the system generally has held colleges and universities to an aggregate 3 percent annual increase in all other fees required and campus discretionary fees.

This is the first reading of the proposed changes.

### **RECOMMENDED COMMITTEE MOTION (FIRST READING DRAFT)**

The Finance and Facilities Committee recommends that the Board of Trustees approve the proposed amendments to Board Policy 5.11 Tuition and Fees, System Procedure 5.11.1 Tuition and Fees, and the Fee Maximum Amount attachment, including the creation of a sustainability fee as a campus discretionary fee.

### **RECOMMENDED BOARD MOTION (FIRST READING DRAFT)**

The Board of Trustees approves the proposed amendments to Board Policy 5.11 Tuition and Fees, System Procedure 5.11.1 Tuition and Fees, and the Fee Maximum Amount attachment, including the creation of a sustainability fee as a campus discretionary fee.

*Date Presented to the Finance and Facilities Committee:* 4/18/2023

*Date Presented to the Board of Trustees:* First reading – no action taken.

*Date of Implementation:* TBD