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FINAL REPORT OF THE SENATE UNIVERSITY FEES STUDY COMMITTEE (SR 300)

Committee Members

Senator Lindsey Tippins, Chairman
District 37

Senator Sally Harrell
District 40

Senator Jeff Mullis
District 53

Acting Chancellor Teresa MacCartney
University System of Georgia

President Lynne Riley
Georgia Student Finance Commission

Prepared by the Senate Research Office, 2021

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STUDY COMMITTEE CREATION, FOCUS, AND DUTIES

The Senate University Fees Study Committee was created by Senate Resolution 300 during the 2021 Legislative Session of the Georgia General Assembly.¹ The Study Committee was tasked with reviewing the fees associated with the cost of postsecondary education to determine more affordable solutions, particularly for part-time students and graduate students, and making recommendations regarding potential changes to the tuition and associated fees structure.

Senator Lindsey Tippins of the 37th served as Chair of the Study Committee. The other Senate members were Senator Jeff Mullis of the 53rd and Senator Sally Harrell of the 40th. Additional members appointed to the Study Committee included Acting Chancellor Teresa MacCartney, University System of Georgia, and President Lynne Riley, Georgia Student Finance Commission.

The following legislative staff members were assigned to the Study Committee: Andrew Allison, Senate Press Office; Hayley Williams, Senate Research Office; Kalen Banks, Office of Senator Lindsey Tippins; and Michael Walker, Office of Legislative Counsel.

¹ S.R. 300, 156th Gen. Assemb., Reg. Sess. (Ga. 2021), <https://www.legis.ga.gov/api/legislation/document/20212022/202318>.

BACKGROUND

Student fees imposed by institutions within the University System of Georgia (USG) are addressed in Section 7.3² of the Board of Regents' Policy Manual and Section 24³ of the Board of Regents' Business Procedures Manual. The Board of Regents (BOR) annually reviews and approves proposed rates and uses for all mandatory fees and certain elective fees.

Mandatory Fees

According to the BOR Policy Manual, Section 7.3.2, "mandatory fees" are defined as fees that are assessed to all students, all undergraduate students, or all full-time undergraduate students on one or more campuses of a USG institution, including those fees due prior to registration that may be refunded later in the semester and fees for which the student receives a cash equivalent in the amount of the fee. According to the Policy Manual, mandatory fees must be used "exclusively to support the institution's mission to enrich the educational, institutional, and cultural experience of students."

Mandatory student fees include:

1. Intercollegiate athletic fees;
2. Student health service fees;
3. Transportation fees;
4. Student activity fees;
5. Technology fees;
6. Facility fees; and
7. Mandatory food service fees.

Additionally, a "Special Institutional Fee" (SIF) was established in 2009 to ensure continued academic excellence despite substantial cuts in state funding at the time. The system-wide SIF was initially intended to be a temporary measure to offset state budget cuts. However, the SIF ultimately became a permanent component of the system-wide mandatory fee schedule following a BOR resolution approved in April 2012.⁴

All mandatory fees assessed to students enrolled in 12 or more credit hours must be assessed at the Board approved rate. Institutions may reduce mandatory fees on a per-credit-hour basis or on a tiered structure for students taking fewer than 12 credit hours or for students enrolled in summer courses.

All colleges and universities charge student activity fees, technology fees, and the SIF. Most institutions also charge fees related to student services, including health center fees, athletic fees, transportation fees, and facility fees.

- **Student Activity Fees**

Activity fees are collected to support and contribute to student engagement and student life in general. Student activity fee revenues may be used to fund a wide variety of campus events, contests, student publications, and student organizations.

² *Policy Manual*, Board of Regents (2021), <https://www.usg.edu/policymanual/section7/C453/>.

³ *Business Procedures Manual*, Board of Regents (2021), https://www.usg.edu/business_procedures_manual/section24/C2050/.

⁴ *Resolution*, Board of Regents (April 12, 2021), https://www.usg.edu/fiscal_affairs/assets/fiscal_affairs/documents/Board_Approved_Resolution_Special_Institutional_Fee.pdf

- **Technology Fees**

Technology fees are intended to supplement normal technology spending and must be geared toward academic outcomes or instructional objectives.

- **Special Institutional Fees**

The SIF is a general purpose, system-wide fee charged by the Board of Regents at all institutions. Institutions may use it to support “any level of operations that would be appropriate for any educational and general fund source.” Examples include faculty salaries and benefits, graduate student teaching assistantships, classroom maintenance and enhancements, and other operational support.⁵ The BOR has sole authority to establish the amount of the SIF at each institution. Unlike other mandatory fees, adjustments to the SIF do *not* require the input of a student advisory group.

Waiver of Mandatory Fees

Institutions may waive or reduce mandatory fees, except the special institutional fee, for:

1. Students who are enrolled for fewer than six credit hours;
2. Students enrolled in summer semesters;
3. Students who reside or are jointly enrolled at another institution;
4. Students enrolled in practicum experiences (e.g., student teachers) or internships located at least 50 miles from the institution;
5. Students enrolled in distance learning courses or programs who are not also enrolled in on-campus courses nor residing on campus;
6. Students enrolled at off-campus centers, except that the institution shall be authorized to charge select fees to these students for special services subject to approval by the Board of Regents;
7. Students enrolled in a study abroad program and not enrolled on campus during that same semester; and,
8. Members of the armed services utilizing the military’s tuition assistance programs or paying their own way to attend the institution.

With respect to the SIF, the BOR specifically provides that institutions must:

1. Exempt all active duty military students;
2. Reduce the SIF by 50 percent for all students taking less than 5 credit hours;
3. Exempt dual enrolled students;
4. Exempt cross-registered students at multiple institutions who pay the SIF at the home institution only; and
5. Exempt students who typically do not pay fees, such as senior citizens.

Elective Fees and Special Charges

Certain elective fees and special charges may be assessed selectively based on the purpose of such fees. Institutional presidents are authorized to establish and adjust elective fees. Examples of such fees include:

1. Food service fees;
2. Resident hall deposits;
3. Laboratory fees; and
4. Supplemental course material fees.

⁵ *Special Institutional Fee Fact Sheet*, University of Georgia, https://busfin.uga.edu/bursar/tuition_special_inst_fee_fact_sheet_1920.pdf (last visited Nov. 16, 2021).

SUMMARY OF TESTIMONY AND DISCUSSION

Meeting One – September 15, 2021 (State Capitol)

Senator Harrell opened the meeting by outlining the background of SR 300. The effort was inspired by a local community college, where students took an average of eight years to complete their degree part-time and had to pay thousands of dollars more than the average full-time student. She stated that this is not only a part-time student problem, but also extends to graduate students.

Acting Chancellor Teresa MacCartney of the University System of Georgia shared that USG's fees and tuition are lower than those imposed by university systems in at least 37 states. Chancellor MacCartney described USG's commitment to honing in on efficiency and quality education, which led the Board of Regents to establish the system-wide special institutional fee (SIF) to offset budget cuts during the Great Recession. This was initially a temporary measure, but state funding never cycled back into the system. As a result, the SIF is a permanent component of the system-wide fee schedule, now generating \$230 million in system revenue.

Chancellor MacCartney outlined USG's mandatory fees and annual increases since FY2011. She explained that the Board of Regents is closely scrutinized for any adjustments or increases, and that the average increase per year is well below the rate of inflation. Additionally, Chancellor MacCartney explained that Public-Private Ventures (PPVs), which institutions use to finance various non-instructional projects, account for the majority of recent fee increases. She stated that the system is willing to look into certain projects to alleviate the burden of fee increases caused by PPV projects. She went on to describe USG's extensive review process for moving forward with projects, and explained that approximately 25 percent of system-wide lease payments are associated with mandatory fees.

Senator Mullis asked about the fees imposed in the context of COVID-19, specifically, why the fees are still imposed and how they are being used when classroom activity is limited. Chancellor MacCartney stated that many miscellaneous fees could be worked on, but the SIF must remain on the table, as it accounts for too much revenue to throw out.

Senator Harrell asked about enrollment projections in light of COVID-19, as enrollment was projected pre-pandemic to decrease significantly over the next several decades. Chancellor MacCartney said it is too soon to predict the impact of the pandemic on enrollment projections.

Meeting Two – November 10, 2021 (State Capitol)

Bryant Barnes, a graduate student at the University of Georgia, testified about his experience as a college student dealing with the burden of fees, particularly from the perspective of graduate students. Mr. Barnes explained the cyclical use of the SIF to fund graduate stipends, which have recently been increased at UGA with the intention of offsetting the cost of the SIF for graduate students.

Senator Harrell explained that she attempted to bring in additional speakers to represent students from institutions within USG, but most students she contacted were unable to make it due to scheduling conflicts. Additionally, Senator Harrell brought to the committee's attention USG's enrollment report, which shows a significant number of part-time students enrolled within the system.

FINDINGS AND RECOMMENDATIONS

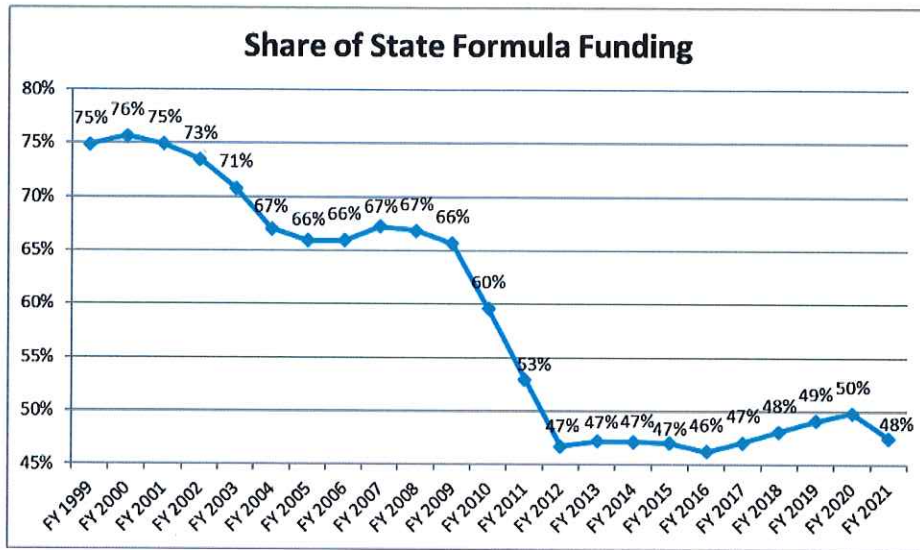
Based on the testimony and research presented, the Study Committee on University Fees recommends eliminating the Special Institutional Fee. The Study Committee acknowledges that this action may be challenging due to the multi-faceted complications that are inherent within the University System. We believe that a reasonable, phased-out approach is possible by utilizing a combination of possible remedies. Accordingly, we propose consideration of a three-pronged approach, described in detail below.

The Special Institutional Fee generates approximately \$230 million in existing revenue. The SIF program was adopted in 2009 as a temporary measure to help USG get through the budget crisis caused by drastically reduced state revenues. This fee was made permanent in 2012. An analysis of the spending of this fee revenue clearly shows that it is a supplemental revenue stream to support general operating expenses for institutions. In reality, the Special Institutional Fee is nothing more than tuition by another name and the Study Committee believes that revenue of this type should be classified as such to be eligible for financial assistance under our HOPE Scholarship Program.

The Study Committee recognizes the significant hurdles associated with eliminating the SIF, especially at rural institutions experiencing declining enrollment and the resulting budgetary challenges. The Study Committee also understands the challenges of partially shifting the loss of revenue from the SIF to HOPE and wants to ensure the long-term viability of the program. Still, the Study Committee strongly believes that discontinuing the SIF within a reasonable period of time – as quickly as possible – is in the best interest of the state and the families of students who attend Georgia's public colleges and universities.

While the discontinuation of the SIF will be challenging, the Study Committee recommends a three-pronged approach to achieve this goal:

1. Implement cost saving measures at our institutions by evaluating program efficiency.
2. Classify the SIF as tuition, making the fee eligible for HOPE, either in whole or in part.
3. Restore appropriations, in whole or in part, to the higher education funding levels of 2008 as adjusted for inflation (see chart on following page). The percentage of state appropriations toward the funding formula has fallen from 67 percent in FY2008 to 48 percent in FY2021. The partial restoration of these funds would greatly help in the discontinuation of the SIF.

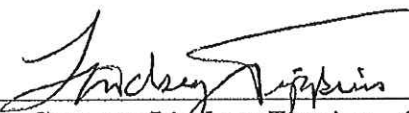


Other Recommendations

1. *Pro Rata Fee Assessments*: Develop fairer and more consistent approaches to fee schedules for online students and implement a tiered fee schedule for part-time students based on credit hour enrollment to bring the cost of a 4-year degree for part-time students closer to the total cost for full-time students.
2. *Broaden Fee Structure Committee Representation*: Broaden stakeholder representation in the fee approval and budget process at postsecondary institutions. Campus fee committees should include part-time students, graduate students and other parties responsible for paying tuition and fees (i.e. parent or guardian payees).
3. *Standardize Terminology*: Develop standardized approaches to fee terminology and transparency. The committee recognizes that greater understanding of fee purposes, especially those tied to debt service, is necessary among students and families.
4. *Increase Transparency*: Enhance reporting of fund balances for each Mandatory Fee and Auxiliary Service and reporting to the General Assembly annually any transfers of fund balances among accounts. Increase reporting from postsecondary institutions on current fee levels, accumulated reserves, the projected use of these reserves, and future trends.

Respectfully Submitted,

**FINAL REPORT OF THE SENATE UNIVERSITY FEES
STUDY COMMITTEE (SR 300)**



Senator Lindsey Tippins - Committee Chairman
District 37