STATE GOVERNANCE, POLITICS, AND MANDATORY STUDENT FEES: NAVIGATING A NEW REALITY IN THE UNIVERSITY SYSTEM OF GEORGIA

by

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(Under the Direction of Major Professor Rob Toutkoushian)

ABSTRACT

Rapidly increasing enrollments, combined with declining state revenues, cuts to state appropriations, and the increasing cost of educating students have coalesced during a global economic recession, leaving American institutions of public higher education in financial crisis. Institutions are looking for new sources of revenue and are increasingly turning to mandatory student fees to help fill the gap. In Georgia, public higher education is governed by the University System of Georgia Board of Regents (USG BOR), a highly politicized body that has the power to set mandatory student fee rates with significant input from institutional committees. This study aimed to discover the perspective of senior level officials in both the institution and the state governing body on the role of mandatory student fees in the USG. This paper reviews the literature informing the use and governance of mandatory student fees, examines USG mandatory student fee rates, policies, and procedures, and provides qualitative data from senior officials at the University System of Georgia and one sample USG institution.

The economic and political conditions of the USG significantly affect student fee policy and rates. Examples in this study include changes in the merit-based HOPE Scholarship, a state performance audit of mandatory student fees, and leadership changes in the legislature and USG BOR. This study found that mandatory student fees are being utilized to offset the decline in state appropriations to the University System of Georgia, both at the system and institutional level. Fee rates are increasing dramatically in the USG, most significantly from a BOR-mandated special institutional fee and the proliferation of mandatory student fees to fund public private construction ventures. The BOR-mandated special institutional fee is the most significant finding of the study as it circumvented the fee approval process and has become an indispensible financial tool in funding the general operation and academic mission of USG institutions. State governance plays an important role in mandatory student fee decisions through the involvement of a complex web of stakeholders, which adds layers of politics that complicate the mandatory student fee process for the institutions as well as for the system.

INDEX WORDS: Mandatory Student Fees; University System of Georgia; Board of Regents; Higher Education Finance; State Governance; Politics; HOPE Scholarship.

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DEDICATIONS

This dissertation is dedicated to the memory of Dr. J. Douglas Toma, who fooled us all into thinking we could pull this off. You are greatly missed.

And to William Burke, who has brought more to my life then I could have ever imagined.

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- the incredible city of Haarlem and all of their bicyclists,
- the fine work of The Cleaning Source, LLC, and
- that one Krispy Kreme in downtown Sydney.

TABLE OF CONTENTS

LIST OF TABLES

Page

LIST OF FIGURES

CHAPTER 1

INTRODUCTION

It is widely recognized that public institutions of higher education in the United States are in a state of financial crisis. Rapidly increasing enrollments, combined with declining state revenues, cuts to state appropriations, and the increasing cost of educating students have coalesced during a global economic recession. Institutions are pursuing new, non-governmental sources of revenue to help offset declining state appropriations and other budget shortfalls (McLendon, Hearn, & Mokher, 2009; Slaughter & Rhoades, 2004; Arnott, 2008). According to Weisbrod, Ballou, and Asch (2008), institutions are utilizing fees rather than unpopular tuition increases to bolster their total student revenue. Mandatory student fees, which began as a small fee used to fund extracurricular activities for students, are now an ever expanding and crucial portion of the higher education enterprise.

There is a nationwide concern over the rising price of higher education and increased scrutiny is now focused on mandatory student fees and their portion of this rising price. According to Weisbrod et. al, (2008), while the total price of education is on the rise, the amount and percentage of mandatory student fees in that price is becoming more significant. The national popular media has picked up the story of rising fee rates, and recent articles in The New York Times (Glater, 2007), Time Magazine (Pickert, 2008), and USA Today (Marklein, 2011) alleged that institutions are pushing more of the price of higher education onto student fees because fee increases are more palatable than tuition increases. A September 2010 (Andriotis, 2010) article in the Wall Street Journal's *Smart Money* listed 8 College Fees You Didn't Plan For, including a number of typical mandatory student fees, emphasizing the fact that mandatory student fees are often a hidden portion of higher education price. Students in Alabama, Arizona, Illinois, Indiana, and Oregon have all been affected as their institutions have drastically increased mandatory student fee rates as budget tighten and tuition rates remain relatively stable (Marklein, 2011; Peck, 2010; Glater, 2007). As higher education revenue becomes more reliant on special purpose fees and less reliant on overall tuition increases, the situation appears analogous to trends in national tax policy. While constituencies are electing public officials that represent their broad tax philosophies, other special purpose taxes (such as SPLOST in Georgia) are proposed through referenda which do not follow the traditional broad tax process.

This national trend is reflected in the state of Georgia, where the total price faced by students in the form of tuition and fees in the University System of Georgia has increased from an average of $705 in 1992 to an average of $2,278 per semester in 2010 (Georgia Department of Audits and Accounts, 2010). Mandatory student fees account for 21.9% of this total price in 2010, an increase from 13.4% in 1992 (Georgia Department of Audits and Accounts, 2010). In the University System of Georgia, mandatory student fee increases are outpacing tuition increases. The table below shows the percentage increase in total tuition and total mandatory student fees at six sample University System of Georgia institutions from fall semester 2002 to fall semester 2011.

Table 1. Tuition and mandatory student fee rate increases, fall 2002 - fall 2011.

Note. Fee and tuition data from USG BOR Tuition and Mandatory Student Fee Rates Per Semester, FY02-FY12.

Institution	**Tuition Increase**	**Mandatory Student Fee Increase**
Georgia Tech	176.67%	188.32%
Georgia State University	176.67%	222.42%
University of Georgia	176.67%	178.63%
Georgia Southern University	145.03%	181.93
Georgia College & State University	155.61%	274.40%
Savannah State University	127.85%	163.75%

Throughout the system, mandatory student fee rates are increasing, as evidenced in the USG mandatory student fee data found in appendix A. In fiscal year 2002, the total average cost of mandatory student fees at one of the 34 USG institutions was $198.41 per semester. A decade later, the average mandatory fees will cost a full time student an average of $679.26 per semester in fiscal year 2012 (USG BOR, Mandatory Student Fee Rates Per Semester Fiscal Year 2012). The graph below shows dramatic increases in mandatory student fee rates at the same six sample USG institutions from fall semester 2001 to fall semester 2011.

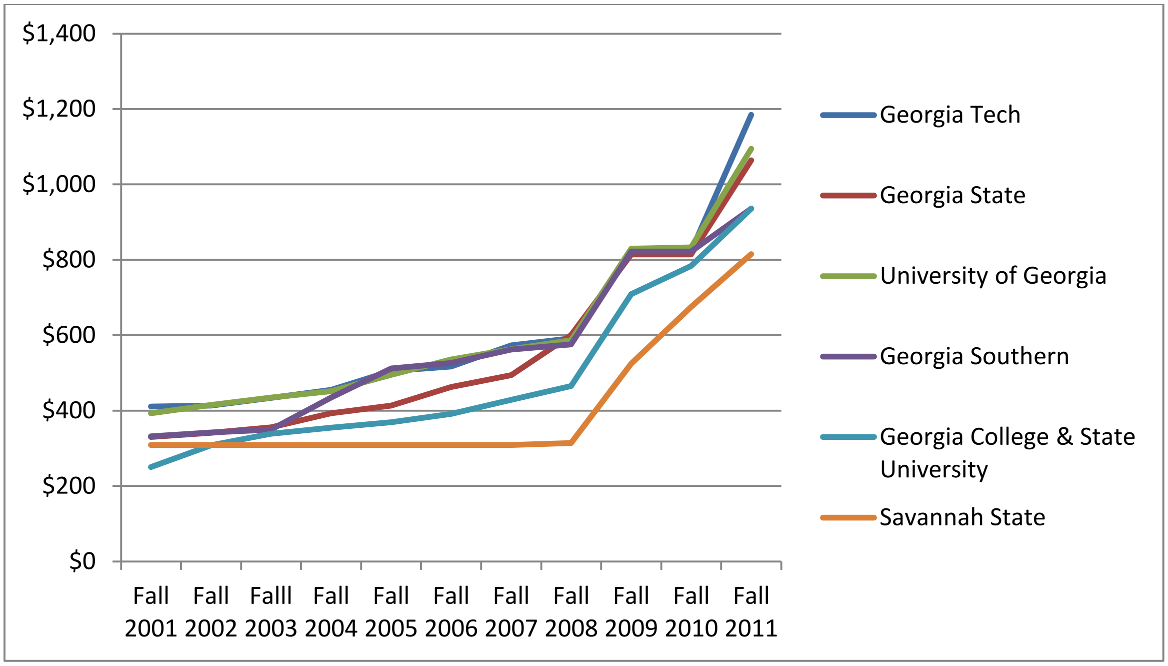

Figure 1. Mandatory student fee rates at six sample USG institutions.

Note. Fee data from USG BOR Mandatory Student Fee Rates Per Semester, FY02-FY12

It is impossible to study the price of education in Georgia without considering the HOPE scholarship. Competition among the states for top students, potential brain drain, the improvement of secondary education, and workforce development have all led to the development of state merit aid scholarship programs in many states (Doyle, 2006; Cohen-Vogel, Ingle, Albee, & Spence, 2008; Titus, 2009). The merit-based HOPE Scholarship, funded by the Georgia Lottery, was created by Governor Zell Miller in 1992 and became a landmark of the University System of Georgia. The state fiscal crisis has affected the HOPE Scholarship and program changes were made in 2011 to reduce the overall disbursements as lottery revenues declined. The new HOPE Scholarship does not pay for mandatory student fees and creates an environment where USG institutions could potentially continue to increase fee rates in order to generate additional revenue. HOPE has disbursed $6.1 billion in awards to Georgia students between 1993 and 2011 (Georgia Student Finance Commission, 2011) and in the fall of 2009, 39.56% of USG students received the HOPE scholarship (USG BOR, Number and Percentage of HOPE Scholarship Recipients by Student Level).

According to the last decade of research (Gray & Hanson, 2003; Lowry, 2001a; Lowry, 2001b; McLendon et. al, 2009; Tandberg, 2010), the political characteristics of a state, including the social context, legislatures, governors, constitutions, state lobbyists and political interest groups, and statewide governance structure, have an impact on how the state funds higher education. The stakeholders in public higher education are expanding and funding decisions are including more influence from state legislatures, boards of trustees, constituents, lobbyists, and the governor's office. Public institutions are forced to navigate a growing political environment in order to lobby for state appropriations and the ability to increase their tuition and fees. According to Weisbrod, Ballou, and Asch (2008), "Legislators appear to act as watchdogs over the tuition charged by these schools while giving them largely free reign over the additional fees they add on" (p. 79). Although studies have examined the role of state governance and policy in state appropriation funding to institutions, very few address the role of state politics in mandatory student fee use.

At the institutional level, administrators are finding it increasingly challenging to keep their programs operational during times of financial constraint. The decline in state appropriations drives competition for funds amongst all arms of the institution, including the academic core, campus infrastructure, and other campus support functions. This issue is especially salient to student affairs programs that house many of the mandatory student fee or auxiliary entities on campus. According to the research (Cage, 1992; Levy, 1995; Trow, 1995; Rames, 2000), as state budgets decrease, there is increasing pressure on student affairs programs, historically seen as support roles and non-essential to the academic mission, to cut their programs or move to mandatory or user fees for funding. Mandatory student fees are now funding entire student service and support programs at institutions, many of which are eligible for state funding (Rames, 2000; Barr, 2002, BOR Policy Manual 7.2.1.5; Glater, 2007).

The Georgia Constitution edicts "the government, control, and management of the University System of Georgia and all of the institutions in said system shall be vested in the Board of Regents of the University System of Georgia" (GA const. art. VIII, §4). The USG Board of Regents has the power to establish tuition and fee prices for the USG institutions. Tuition rates are determined at the USG BOR while the mandatory student fee package is initiated at the institutional level, where a student-based committee provides advice and counsel to the campus president, whom formally submits the fee package to the BOR for approval. The involvement of the institutional committee and institutional president add an aspect of shared governance to mandatory student fees in the system. At the institutional level, mandatory student fees are being used in expanding ways, and it is expected that institutional officials want as much autonomy over their fees as possible, while still considering the perspective of their students and parents who pay the price of higher education. The state system has constituents, other state agencies, and the Governor's office to consider, as well as the needs of the individual institutions, their administration, and students. With the growing importance of mandatory student fees at the institutional level, and the shared governance between the system and the institutions, this study is interested in the differing perspectives that help drive mandatory student fee policy. In order to fully understand the roles of fees in the system I must investigate the perspective of both the institution and the state governing board.

This study is guided by the following question: What is the perspective of senior level officials in both the institution and the state governing body on the role of mandatory student fees in the University System of Georgia? To answer this question, I investigated the perspective at the University System of Georgia Board of Regents as well as at an USG institution. In this study I review the literature informing the use and governance of mandatory student fees, examine current mandatory student fee rates, policies, and procedures in the University System of Georgia, and also interview senior executive staff members of the University System of Georgia and one sample USG institution.

This study aims to illuminate an important topic that is underrepresented in the literature. Mandatory student fee rates are frequently included with tuition in data sets and are not often considered as a separate part of college price. Mandatory student fees affect the price of higher education, making this issue important to current and prospective college students and their families. There are existing empirical studies of student perception of mandatory student fees at individual institutions but not a robust research base on the utilization of mandatory student fees or how they are governed or administered in institutions and state systems. As illustrated in the literature, there are multiple political factors that influence institutional funding in a state (Gray & Hanson, 2003; Lowry, 2001a; Lowry, 2001b; McLendon et. al, 2009; Tandberg, 2010). Current studies focus on state appropriations but do not consider the impact of state political characteristics on the utilization of mandatory student fees as a funding source. In order to investigate my research question, an important question that needs to be asked is: What are the influences on the determination of mandatory student fee policy and rates at the state system level?

It is not just the price of mandatory student fees that is significant but also their expanded use across the higher education enterprise. Campuses are now assessing multiple fees rather than a single student activity or student services fee, and utilizing those fees for public/private construction ventures, professional staff salaries, and other unfunded initiatives that are creeping closer to the academic mission. In addition to the standard activity, technology, recreation, and health fees in the University System of Georgia, in fiscal year 2012 there are also fees labeled as international, wellness, green, access card, success center, student center-library, and records fees (USG BOR, Mandatory Student Fee Rates Per Semester Fiscal Year 2012). Also missing from the literature is a study of the institutional use of mandatory student fees. To understand the perspective of the institution in this study, another important question is: How are higher education administrators utilizing mandatory student fees as they fight to both protect and grow their programs? This study will inform, and therefore improve, higher education practice at multiple levels, as mandatory student fees are an essential issue for campus administrators and members of state legislatures whom are charged with funding and fiscally managing our institutions. Within this shared governance, I am interested in discovering the perspective of senior level officials in both the institution and the state governing body on the role of mandatory student fees in the University System of Georgia.

CHAPTER 2

LITERATURE REVIEW

Introduction

This study examines mandatory student fees in the University System of Georgia (USG) and investigates the perspective of both the state system and an individual institution. The literature on the governance, administration, and institutional use of mandatory student fees is limited in scope. In order to investigate the perspective of senior level officials in both the institution and the state governing body on the role of mandatory student fees in the University System of Georgia, I reviewed the literature that informs the issue of mandatory student fees at the state system and institutional level, including the impact of the current fiscal crisis, state policy, and state governance on higher education state appropriations. I also reviewed the existing literature on mandatory student fees, including institutional use of student fees, empirical studies of the student perception of fees at individual institutions, and the current trends and issues in mandatory student fees.

Higher Education Finance

The expanded use and increasing size of mandatory student fees is inextricably linked with the current financial crisis and the state funding of institutions. The 2010 Association of American State Colleges and Universities (AASCU) report listed a quarter-trillion-dollar collective deficit in state budgets from 2008-2010, and the states' fiscal crises as the top state policy issue of 2010. State revenues are down and state appropriations to higher education are in decline. In Georgia, state appropriations to the University System decreased by 5.5% from fiscal year 2009 to fiscal year 2010, even with the infusion of $92.6M of federal stimulus funds in the FY2010 budget (USG BOR, Fiscal Years and Percentages). These decreases have continued with state appropriations down 10.4% in FY2011 and 10.7% in FY2012 (USG BOR, Fiscal Years and Percentages). Higher education is competing for state dollars with other important societal needs such as prisons, public assistance, and local government aid according to Zumeta (2010), Titus (2009) and the National Center for Public Policy and Higher Education (NCPPHE) (2005). Public goods are competing with necessary goods as overall tax revenues continue to decline and state politics grow more volatile (Zumeta, 2010; Titus, 2009). With decreased state appropriations and the goal of expanded access at both the federal and state level, as specified in the Board of Regents 1997 strategic plan (Board of Regents FY2009 Annual Report), campuses will look to other forms of revenue such as increased mandatory student fees.

According to Zumeta (2010), state voters do not feel it is their obligation to fund growing enrollments; the rising costs can always be passed on to the student in the form of increased tuition and fees. Data from the National Association of State Budget Officers, illustrates that state spending on higher education as a percent of total state spending has been decreasing over the last 20 years, according to Tandberg (2010). The state appropriation to the USG only accounts for 9.6% of the total state general funds in fiscal year 2012, the lowest percentage since fiscal year 1964 (USG BOR, Fiscal Years and Percentages). Higher education has not benefitted from increased total state spending, as Medicaid has, for the reasons stated previously (Tandberg, 2010), although the decisions to trade off higher education spending with specific programs vary from state to state. Zumeta's study (2010) finds that public four-year institution tuition increases have averaged 5% over inflation in the last decade. According to Titus (2009), tuition at four-year institutions increases with a delayed response to a decline in state appropriations, which could imply that tuition increases are likely to continue. At the same time, today's students are considering cost and following the investment in human capital model, choosing the education with the highest return, preparing themselves for careers and specific salary expectations (Webbink & Hartog, 2004).

To meet these fiscal challenges, institutions are pursuing new, non-governmental sources of revenue across the campus (McLendon et. al, 2009; Slaughter & Rhoades, 2004). According to Arnott (2008), institutions are using "other fees" as a revenue generating activity while state appropriations decline. Using the theoretical framework of academic capitalism (Slaughter & Rhoades, 2004), Arnott's (2008) monograph identified a policy gap between tuition and fees and an increasing role of fees in the gap between sticker price and actual price. Arnott's (2008) definition of other fees is broader than the definition of mandatory student fees used in this study, and includes additional departmental and program fees for executive or professional schools. Arnott's (2008) paper focuses on market-like activities at the departmental level, where academic schools may be unable to raise tuition but are able to charge additional program fees to generate revenue. This idea parallels one of my primary hypotheses, that senior administrative officials are using mandatory student fees to generate additional funding for student services and programs as state appropriations plummet and tuition increases become politically impossible.

According to Clotfelter (1999), as overall higher education expenditures continue to increase, it invites more public criticism and congressional inquiry, adding more stakeholders to an already cumbersome mix. State legislatures are becoming more directly involved in mandatory student fees in some instances, viewing fee reserves as an alternate revenue stream to tuition increases and raised taxes. In early 2010, the states of Virginia, Wisconsin, and Washington all proposed plans to use their state institutions' mandatory student fee reserves to help make up their budget shortfall. The Washington House of Representatives proposed a bill to replace tax increases with cuts to mandatory student fee funded state capital projects (Griffey, 2010). Governor Tim Kaine included a provision in his FY11 Virginia state budget that would allow the state to take up to 5% of the mandatory student fee reserves, as well as the interest collected on reserve budgets. This plan would collect a total of $18.8 million dollars during 2010/11, and an additional $5.4 million in interest, with $7.2 million in interest accumulated each year after (Moxley, 2010). In Wisconsin's fiscal year 2011, the state government swept $23 million in mandatory student fees from state institutions and used the majority for student financial aid (Ziff, 2010). Campus administration and the Student Government Association president agreed that the anticipated result would be higher mandatory student fees to make up the operational shortage in Wisconsin (Ziff, 2010). Students and higher education professionals in all three states expressed concern in their local media.

State Governance & Policy

There is growing literature that considers the role of state policy and governance structure in state higher education funding. According to the last decade of research (Gray & Hanson, 2003; Lowry, 2001a; Lowry, 2001b; McLendon et. al, 2009; Tandberg, 2010), the state political characteristics of Georgia, including the social context, legislatures, governors, constitutions, state lobbyists and political interest groups, and statewide governance structure, have an impact on how the state funds higher education. Considering the move toward new revenue streams to make up for lower state appropriations, this research could also have a potential impact on decisions related to the assessment of mandatory student fees. McLendon, Hearn, and Mokher's (2009) study provides a longitudinal analysis of the factors that drive the commitment of state support of post secondary education. In their review of the literature, the authors aggregated five core explanations for the variation in state expenditures for higher education: (1) political system characteristics, (2) economic conditions of states (3) state demography, (4) certain policy conditions, (5) post secondary governance arrangements.

Gray and Hanson (2003) considered political culture and the social context of both public opinion and public policy in *Politics in the American States*, as well as the professionalism and power of the legislature and governor in each state. Using the framework summarized by Gray and Hanson (2003), Georgia is a traditionalist state with a low policy and liberal public opinion. Although the governor ranks very high in institutional powers, Georgia ranks low on legislative professionalism and below average on gubernatorial personal powers. McLendon et. al's (2009) study found that states with higher gubernatorial power fund higher education at lower levels in order to check legislative spending. Both McLendon, et. al (2009) and Tandberg (2010) found that legislative professionalism positively affects appropriations. McLendon, et. al's study (2009) was the first study to consider the state adoption of term limits, which had a positive correlation with higher education appropriations.

McLendon et. al (2009), Tandberg (2010), Lowry (2001b) and Weisbrod et. al (2008) all agree that state political lobbies and political interest groups have become more important to higher education in recent years. McLendon et al. found that appropriations rise by $.05 per $1000 of personal income for each registered higher education lobbyist. According to Lowry, state government funding varies depending on the relative size of various interest groups in each state as well as the ability of public universities to present a unified front when dealing with state government. Lowry (2001b) also found that the price of attending college depends in part on whether the relevant decision makers are government officials or university administrators. McLendon et. al (2009) found no evidence that ideological propensity of a state's citizenry affects state appropriations; contrary to Tandberg's (2010) study that concluded a more liberal public will fund higher education more positively.

Constitutionally, the authority for higher education is left to the states in the 10th amendment as it is not explicitly the authority of the federal government; however, the role of the state constitution in higher education varies. The authority of some state institutions and governance bodies are established in their state constitutions. California's constitution establishes the University of California as "entirely dependent of all political or sectarian influence" (Title IX, Section 9) and the Constitution of North Carolina states the General Assembly should provide the University of North Carolina to the people of the State free of expense (Title IX, Section 9). These constitutional specificities leave less ambiguity in authority for the state higher education body but can also limit the authority of the system in some ways, such as the inability of the University of North Carolina to raise tuition or other fees to recover budget shortfalls with consent of their Board.

There are multiple models of state systems of higher education with varying levels of responsibility and authority, including governing boards, coordinating boards, and planning agencies (McGuinness, 2002, 2003; McLendon, 2003). According to McGuinness (2003), planning agencies, as seen in Pennsylvania and Michigan, are the weakest central structures allowing the most authority for individual or groups of institutions. Coordinating boards, such as in Tennessee, Alabama, South Carolina, and Texas, carry more authority, including statewide master planning, academic program review, budget development, formula funding, resource allocation, and assessment & accountability (McGuinness, 2003). The ability to set student tuition or fees is an important missing component of coordinating boards. Many other states, such as Kentucky, Virginia, Massachusetts, and Mississippi also have coordinating boards but they differ in their actual structure (McGuinness, 2003). Governing boards, such as in Minnesota, New Hampshire, North Carolina, and Wisconsin, have the most centralized authority, with the board's authority including appointment and evaluation of officials, resource allocation, setting tuition and fee policies, academic programs, faculty and personnel approval, accountability systems, advocate campuses to state, and coordinating responsibilities (McLendon, 2003).

The literature on the role of these state governance structures in state higher education funding contains mixed results. McLendon, et. al's (2009) study found no evidence that post secondary governance structure affects state appropriations despite Lowry's (2001b) study that states the existence of a governing board makes it harder for institutions to effectively lobby for net tuition and fees. According to Lowry (2001a), statewide coordinating boards are extensions of elected officials and the decisions made by governing boards tend towards the position preferred by administration and faculty. Lowry's study found that state spending on instruction, student services, and academic support is lower at institutions with statewide coordinating boards and higher at institutions with governing boards. Although these studies provide a helpful framework for considering the relationship between state governance structures and state higher education funding, they do not consider the impact of governance structure on mandatory student fees as an institutional funding source.

Meabon, Krehbiel, and Suddick (1996) examined how state coordinating and governing boards and legislatures have addressed student activity fees. Their survey, administered to State Higher Education Executive Office system heads in both 1980/1981 and 1990/1991 asked two questions: (1) Has the state agency enacted legislation that regulated the collection, allocation, or expenditure of student activity fees? and (2) Has the state agency enforced administrative regulations that covered the collection, allocation, or expenditure of student activity fees? The results of this study are of particular interest to this study, which will partially examine the state agencies role in both the establishment of mandatory student fee policies for USG institutions and also the enforcement of those policies. In their 1980/81 data set, 28% of institutions reported that the state had enacted legislation and enforced regulations that governed student activity fees, 18% reported that legislation only was enacted, and 34% reported that regulations were enforced. Of their respondents, 20% reported that neither had occurred. In 1990/91, the percentage of institutions that reported the state had enacted legislation and enforced regulations increased to 32% and 36% of respondents reported that the state had neither enacted legislation nor enforced policies. The percentage of respondents that reported legislation was enacted or regulations were enforced both decreased during the span between studies, perhaps showing an increase in flexibility for the institutions in their collection, allocation, and expenditure of student activity fees.

Institutional Use of Mandatory Student Fees

Mandatory student fees are now funding entire student service and support programs, many of which are eligible for state funding (Rames, 2000; Barr, 2002, BOR Policy Manual 7.2.1.5; Glater, 2007). Researchers and practitioners are studying the use of mandatory student fees to fund student affairs and services programs in times of economic constraint and also the role of senior student affairs officers in managing more complex budget systems. According to the research (Cage, 1992; Levy, 1995; Trow, 1995; Rames, 2000), as state budgets decrease, there is increasing pressure on student affairs programs, historically seen as support roles and non-essential to the academic mission, to cut their programs or move to mandatory or user fees. A fee charged to all students, usually each semester, is considered a mandatory student fee and the majority of the programs or services provided by the fee are free to students. A user fee is charged to students each time that they utilize a service or good and is often lower in price due to subsidization by mandatory student fees.

Although some studies (Cage, 1992; Levy, 1995; Trow, 1995) have detailed that student services are increasingly being limited or moved to user fees or mandatory student fees due to financial constraints, Rames (2000) found that student services were cut back or eliminated in times of constraint, not moved to a fee based budget model. Scott and Bischoff (2000) determined that a common budget strategy was to develop students’ services into user fee based budgets but did not consider mandatory student fees as a strategy. This reflects a difference in philosophy at the institutional level. Institutional officials are faced with the decision of determining whether students would rather pay up front for their services or would they rather pay per utilization. The reality is that many institutions utilize a combination of these revenue mechanisms. A limitation of these studies is that they were all executed in the early to mid 1990's, and do not consider the more recent and dramatic economic downturn.

Senior student affairs officers, whom govern large fee budgets and public/private construction ventures, often do not have appropriate financial training (Ackerman, DiRamio, & Wilson, 1995; Stewart & Williams, 2010). Their budgets have become more complex, including revenues from auxiliaries, state appropriations, multiple fee budgets, as well as grants and corporate sponsorships in some cases. When considering the financial crisis in higher education, Chabator (1995) looked at the role of participative budgeting at institutions. His budget models can help provide a framework for how mandatory student fees are handled on many campuses, where there is desired collaboration between administration and students. Chabator's consultative model of budgeting includes an informative approach with two way communication, considering the views of the student government association when considering tuition or fee increases. In Chabator's (1995) ideal participative model, a Vice President of Finance would serve as a resource of factual knowledge about budgets and the constituents such as students, faculty, and staff members from across campus would participate in the creation of the actual institutional budget. These two budgeting models help connect the student fee committees outlined in the University System of Georgia Board of Regents policy manual with the research that states that senior student affairs officers need expanded training and assistance in managing and developing institutional budgets. The literature iterates the importance of student government representatives working in conjunction with campus administrators to impact governance on campus (Barr, 2002; Chabator, 1995; Golden & Schwartz, 1994) but does not consider the role of the state governance body.

<u>Student Perception Studies</u>

A number of empirical studies about students attitudes and opinions towards mandatory student fees exist from the University of Colorado-Boulder (Weichselbaum & McClelland, 1978), University of Washington (Fiedler, 1975), and the University of Minnesota (Matross, Seaburg, & Hahn, 1975; Matross, Mack, & Gersmehl, 1979). In the 1970's and 1980's, most campuses were using one fee split across areas rather than individual specific fees. The fee allocation process in Colorado, Minnesota, and Washington are all similar to the University System of Georgia, with a student lead committee or student government association forwarding fee requests and allocations to the Board of Regents for final approval. The surveys all aimed to collect similar information, student awareness of current fee rates and student opinions on the funding of specific programs aided by student fees.

At each institution, survey data reflects that students approve of the majority of fee funding going to the programs and services that they utilize the most (Weichselbaum & McClelland, 1978; Fiedler, 1975; Matross et. al, 1975; Matross et. al, 1979). These services differ on each campus but commonly include the student union or student center, recreation sports, and the recreation or fitness center. Interestingly, all four of the studies (Weichselbaum & McClelland, 1978; Fiedler, 1975; Matross et. al, 1975; Matross et. al,

1979) reported that the majority of students agree that they should fund programs they may never utilize with student fees, a key concept in student-approved mandatory fees and often a point of contention on campuses today. Although students in all surveys considered lowering the funding of some programs, they rarely responded that they would cut entire programs. Based on the reviewed literature (Cage, 1992; Levy, 1995; Trow, 1995), these student perceptions align with the decisions that the majority of SSAOs are making. The student respondents at the University of Minnesota replied that they would rather continue to fund all programs at the current rate, eventually losing some services due to inflation and growth, rather than significantly cut any one program (Matross et. al, 1975; Matross et. al, 1979). University of Colorado student respondents even responded favorably to raising the current fees to add a few new programs, although only 14% of respondents at the University of Washington favored raising fees (Weichselbaum & McClelland, 1978; Fiedler, 1975). In the first University of Minnesota survey in 1972/1973, the majority of the respondents favored raising fees for current programs and some potential new projects (Matross et. al, 1975).

At the University of Colorado, survey results showed that students clearly are unaware of how much they pay in fees (Weichselbaum & McClelland, 1978). When asked “How much do you pay in fees?” 33% answered “I don’t know” and over 50% of the remainder provided answers that were incorrect or impossible. Less than 30% of respondents could estimate their fees +/- $5 and the results for knowledge of tuition were similar. These results may speak to the disinterest in the overall price related to higher education of college students, rather than a specific ignorance of the price of mandatory student fees. The students responded that they do in fact care how their fees are spent, but disagreed that the fees are too high and should be cut back even if it meant a cutback in services. The majority of respondents chose mandatory student fees as the preferred program funder for everything but student groups, an area historically that is always funded with student fees, although most controversially in recent years.

These early studies contain results that inform many current issues in mandatory student fees. At the University of Minnesota, over 75% of the respondents were against the addition of a telecommunications fee, although over 40% would use some type of student telecommunication services (Matross et. al, 1975). This result clearly dates this study, as technology fees would take over in the 1990s and early 2000s. In their 1973 survey, the majority of students at the University of Minnesota were also against using fees for renovations or building projects (Matross et. al, 1975). At the University of Washington, respondents stated that student fees should support many campus programs, but spectator fees and university subsidies should fund intercollegiate athletics (Fiedler, 1975). A limitation to the University of Washington survey was that it was sent exclusively to international students, although the results closely mirrored the results of the other general student body surveys. In the results from their 1975 survey, Matross et. al (1979) found an increasing burden being placed on students at the University of Minnesota, with their student fee increased from $37 per quarter in 1975 to $63.25 in 1979/80. Another significant finding of the second survey was a desire by students to lower the funding of the student newspaper, the Minnesota Daily, due to a recent controversial religious parody.

David Meabon and his colleagues have conducted more recent research in the assessment, allocation, and expenditure of mandatory student activity fees on campus.

Their monograph, *Financing Campus Activities*, published by the National Association of Campus Activities, collects and reviews 15 years of data (1975/1976 to 1991/1992), including the results of four previous studies and two previous monographs (Meabon et. al, 1979; Meabon et. al, 1985). Meabon et. al's studies are rare in the mandatory student fee literature, in the fact that they discuss the role of the institution and state agencies in mandatory student fee allocation and expenditure. Many of the current issues in mandatory student fees are highlighted in their survey data, the rising price of fees, broadening use of fees for administrative and academic functions of the institution, and increasing amounts of fees going to facility debt service payments (Meabon, et. al, 1996). In *Financing Campus Activities*, Meabon, et. al (1996) observed that the financing of technology and library support costs with mandatory student fees is a dramatic departure from the past, getting closer to funding the academic mission of institutions with mandatory fees rather than state subsidies.

Meabon et. al's (1996) studies outline the trends in student activity fee price and use across the 15 year period as well as identifying some of the most common uses of student activity fees on campuses. As already discussed in the literature, the authority for establishing and appropriating mandatory student fees varies across the states. Meabon et. al's 1992 survey found the primary authority to establish student activity fee amounts with Institutional Officials (33.5%), a Local Board of Control, (28.4%), Students (23.7%), and the individual with the primary authority to appropriate fees was Students (56.6%) and Institutional Officials (34.3%). The data shows an increase in median student activity fee budget at institutions of 86% between 1976 and 1992, but Meabon et. al also found that the rate of increase falls below the Consumer Price Index during the same time. In the 1992 study, 36.1% of respondents reported a student activity fee increase over the previous year and 34.5% expected an increase the following year. The types of organizations and activities funded during the study stayed relatively consistent, with the noted exception of added cultural, public interest, and LGBTQ student organizations during the 1992 study. The construction or renovation of facilities or debt service retirement fees, most often used for a student union, were used at 30% of the institutions, but the price of those fees were increasing. In Meabon et. al's study, the expenditures that were not allowed by at least 40% of the institutions include political contributions, alcoholic beverages, legal fees for students, partisan political activities, student/staff attorney for students, religious contributions, and maintenance of facilities, x-rated movies, and payment of professional staff. This is of note as many student activity or student life offices use student activity fees to fund professional salaries.

Current Trends and Issues

There is a growing body of research on the legal implications of mandatory student fees, specifically discussing the allocation of mandatory student activity fees to public interest student organizations with controversial messages (Fiedler, 1975; Gibbs, 1992; Wiggin, 1994; Hendrickson & Gibbs, 1987; Lorence, 2003). The Foundation for Individual Rights in Education (FIRE) is an organization that aims to defend and sustain individual rights at America's colleges and universities (Lorence, 2003). They have become involved in many student issues, including the allocation and expenditure of mandatory student fees for controversial uses. Their Guide to Student Fees and Legal Equality on Campus (1999) includes a Brief History of Mandatory Student Fees, which focuses on the controversial use of student fees beginning during the Vietnam War.

"Where student fees traditionally had been used only to pay for noncontroversial services that most or all students could use, they now became a means of backing the ideological advocacy of what critics saw as special interest groups' (Lorence, 2003, p. 4).

In two recent court cases, Board of Regents of the University of Wisconsin v. Southworth (2000) and Amidon v. Student Association of State University of New York at Albany NYPIRG (2007), institutions were sued over the allocation of student fees to controversial interest groups. These two cases magnified the relationship between free speech and mandatory student fees and the US Supreme Court eventually upheld the philosophy that student fees must be allocated in a viewpoint neutral manner (Amidon v. Student Association, 2007; Board of Regents v. Southworth, 2000). Hendrickson and Gibbs (1987) article, The College, the Constitution, and the Consumer Student, provides an excellent overview of the legal cases surrounding mandatory student fees.

Other recent literature topics include the proliferation of technology, athletic, and facility fees. A 2004 article in the Chronicle of Higher Education by Welch Suggs discussed institutions from across the country that are turning to higher mandatory student fees to fund collegiate athletics that are not making enough money at the gates. This impact has certainly been seen in the University System of Georgia, with multiple institutions increasing athletic fees and adding high cost football programs in recent years. Technology and computer fees have been emerging since the mid 1990's personal computer revolution. In a recent article, Webster and Middleton (1999) examined the use of technology resource fees to fund library services. Although mandatory student fees normally utilize direct student input, technology fees are generally allocated for system wide infrastructure and rarely include direct student input (Webster & Middleton, 1999).

Webster and Middleton (1999) shared in Meabon et. al's (1996) concern that mandatory student fees are creeping closer to the academic mission.

Multiple campuses are competing in an arms race for facilities, which Toma (2008) attributes to the race for prestige and a better student body. According to Winston (1999), this arms race is spending resources on facilities that do not actually improve education or rankings. In Meabon et. al's (1996) study of student activity fees the construction or renovation of facilities or debt service retirement fees, most often used for a student union, were used at 30% of the institutions, and the price of those fees were increasing. At the University of Minnesota (Matross et. al, 1975), the majority of students were against using a mandatory student fee to fund a new construction or renovation project. Five years later, in the University of Minnesota's updated survey (Matross et. al, 1979), 49% of student respondents said they needed a new recreational facility and 63% said that mandatory student fees should be used for construction. Funding student life facilities with mandatory fees is now the norm in public higher education, and mandatory student fees are a significant revenue stream for the arms race.

Mark von Destinon's (1987) study analyzed the process of students funding the construction of a new recreation center at the University of Arizona and found a complex web of administrative political pressure, inactive student governance, and outside interest groups. Henry (2004) studied the role of student fees in constructing new student centers at both metropolitan and non metropolitan institutions. He found that funding facilities has become significantly more challenging as of late, with an increasing reliance on student fees and entrepreneurial foundations to fund student centers. Even with these challenges, more than two thirds of the institutions surveyed by Henry have a student center renovation forecasted for the near future (2004).

Value of the Study

Overall, the literature on mandatory student fees is very limited. There are some existing empirical studies on student fee perception at individual institutions (Fiedler, 1975; Matross et. al, 1975; Matross et. al, 1979; Meabon et. al, 1996; Weichselbaum & McClelland, 1978), which focus largely on a general student activity or student services fee, but the literature does not speak to the governance relationship between the institutions and the governing body. David Meabon and colleagues have more extensively studied student activity fee use and governance but they focus on only the student activity fee and have not updated their study since 1985. These studies are outdated and do not represent the current landscape of mandatory student fees, and focus on student perceptions of a single student services or student activity fee use at institutions.

Many of these studies do, however, contain findings that foreshadow the current trends and issues that mandatory student fees are facing today, such as rising athletic fees and the increased use of student fees for building and construction projects. As multiple sources have discussed (Webster & Middleton, 1999; Meabon et. al, 1996; Rames, 2000; Barr, 2002, BOR Policy Manual 7.2.1.5; Glater, 2007), mandatory student fees are now funding programs that directly relate to the academic mission, programs that are also eligible for state funding. With the rapidly changing rates and use of student fees across the country, a more current study is needed that addresses the increased role that fees are playing at institutions, and their expansion across the higher education enterprise.

It is my conjecture that state systems are allowing institutions to dramatically increase mandatory student fees during a state financial crisis. Rather than using politically unpopular tuition increases, the state system is allowing institutions to generate new revenues through mandatory student fees. In Georgia, this issue is especially salient as increases in mandatory student fees are paid by students on the HOPE scholarship. Until 2011, HOPE covered 100% of tuition for students but only a small portion of their mandatory student fees. This dramatic increase in mandatory student fees still affects the price of higher education for students but does not appear to be vetted through the same process as tuition increases. This study seeks to determine how officials in the state system view the role of mandatory student fees, study their policies and procedures, and also determine if those officials in the individual institutions share the same perception.

Various studies have examined the relationship of state systems and the funding of institutions through state appropriations, with mixed results. One particular study, done by Meabon et. al (1996), also considered the difference in types of governing boards and their impact on the student activity fee. However, no studies have examined a state governing board and their perception of mandatory student fees as a piece of the entire institutional operating budget. Since the Board of Regents governs all University System of Georgia institutions, examining the perspectives of these individuals and policies that result should provide a unique perspective on the role of mandatory student fees in the larger frame of funding state higher education.

CHAPTER 3

BACKGROUND OF THE CASE STUDY

Introduction

This chapter reviews existing data that provides the contextual background to my study, including the governance structure of the University System Board of Regents (USG BOR), the role of the USG BOR in establishing mandatory student fee policies, procedures, and rates, and existing fee data provided by the USG. The direction of this study was significantly affected by the environmental conditions of the University System of Georgia from 2008-2011. This chapter also includes an overview of the political climate and changes that influenced the state system and mandatory student fees as well as a timeline of key dates relevant to the research.

University System of Georgia Board of Regents

The University System of Georgia Board of Regents is a consolidated governing board created in 1931 as a unified body to govern public postsecondary education in Georgia. The State of Georgia Constitution in 1943 formally stated "the government, control, and management of the University System of Georgia and all of the institutions in said system shall be vested in the Board of Regents of the University System of Georgia" (GA const. art. VIII, §4). The BOR provides central authority over 35 colleges and universities: four research universities, two regional universities, 13 state universities, eight state colleges, and eight two-year colleges. In Georgia, the Board of Regents has the power to set tuition and fees, hire institutional presidents, allocate state appropriations, and approve academic programs for USG institutions; providing the most centralized authority of the various statewide higher education governance structures according to McLendon's research (2003). The BOR is also highly politicized in Georgia, as all members are political appointees of the governor. The BOR is the primary actor in establishing tuition prices for the USG institutions, although the state budget of Georgia, the governor, and the legislature, drive the need for increased revenues for higher education. Using the framework summarized by Gray and Hanson (2003), Georgia is a traditionalist state with a low policy and liberal public opinion. Although the governor ranks very high in institutional powers, Georgia ranks low on legislative professionalism and below average on gubernatorial personal powers.

Consistent with the national trends listed in the 2010 Association of American State Colleges and Universities (AASCU) report, recent declining state revenues and budget shortages have had a dramatic financial impact on institutional budgets in Georgia (USG BOR, FY2009 Annual Report). In the 2007 University System of Georgia Board of Regents Strategic Plan, the USG's strategic goals included initiatives to both (1) create enrollment capacity to meet the needs of 100,000 additional students by 2020 and (2) maintain affordability so that money is not a barrier to participation in the benefits of higher education (Board of Regents FY2009 Annual Report). The very same State of Georgia Fiscal Year Annual Report (2009) contains references to the Great Depression on the first page and outlines fiscal year 2010 budget cuts totaling $275 million. In Georgia, budget shortfalls are being partially recovered by passing additional fees onto students, consistent with recent literature by Weisbrod et. al (2008).

Although the USG Board of Regents has ultimate approval over mandatory student fees, there are other actors involved in the establishment and allocation of mandatory student fees, including institutional staff, faculty members, and students. From a policy perspective, much of the governance of mandatory student fees is relegated to the secondary actors at the institutional level through the use of fee committees. Institutions are required by the BOR to establish a committee, comprised of at least 50% students appointed by the institution's student government association, that will provide advice and counsel to the institution president when submitting potential increases to mandatory student fees, proposing new mandatory student fees, and when budgeting and administering all mandatory student fee funds (BOR Policy Manual, 7.3.2.1). The president of an institution then forwards the fee package to the BOR, whom has the final approval in determining fee rates. The USG BOR policy allows for significant institutional discretion when developing their mandatory student fee committees and provides an opportunity to utilize Chabator's (1995) ideal participative budget model.

The BOR manual presents a definition of the proper use of mandatory student fees, stating that they "shall be used exclusively to support the institution's mission to enrich the educational, institutional, and cultural experience of students" (BOR Minutes, January 2010). In the University System of Georgia, "Mandatory student fees are defined as fees that are paid by all students as required by the Board of Regents or as required by the institution subject to approval by the Board of Regents" (Board of Regents Policy Manual 7.3.2.1). The policy manual lists potential fees as intercollegiate athletic fees, student health service fees, transportation or parking fees, student activity fees, technology fees, and facility fees. This list is not exhaustive however, the BOR only recently having added the facility fee to this list in January 2010 (BOR Minutes, January 2010). In May of 2009, the BOR approved a one-year moratorium on other fee increases, with the exception of fees in support of public/private venture facility projects and in extraordinary circumstances with clearly demonstrated student support at the institution (BOR Minutes, June 2009). This moratorium put a temporary hold on a series of increases in mandatory student fees at USG institutions.

Special Institutional Fee

All mandatory student fee policy is developed at the USG BOR level, although input is sometimes requested of institutions. The only exception to this policy is in "special circumstances when a general purpose fee is instituted system-wide by the Board of Regents" (BOR Minutes, June 2009). This amendment was made during fiscal year 2009, after the BOR mandated a "special fee to sustain excellence in the classroom;" $100 at the research universities and six state universities, $75 at the remaining state universities, and $50 at the state and two-year colleges (BOR, 2009). This fee was not reviewed and approved by the institutional committees and was not driven from the institutional level. The figure below contains the process of mandatory student fee package submission and approval in the University System of Georgia, both for traditional mandatory student fees as well as with the BOR mandated special institutional fee (SIF).

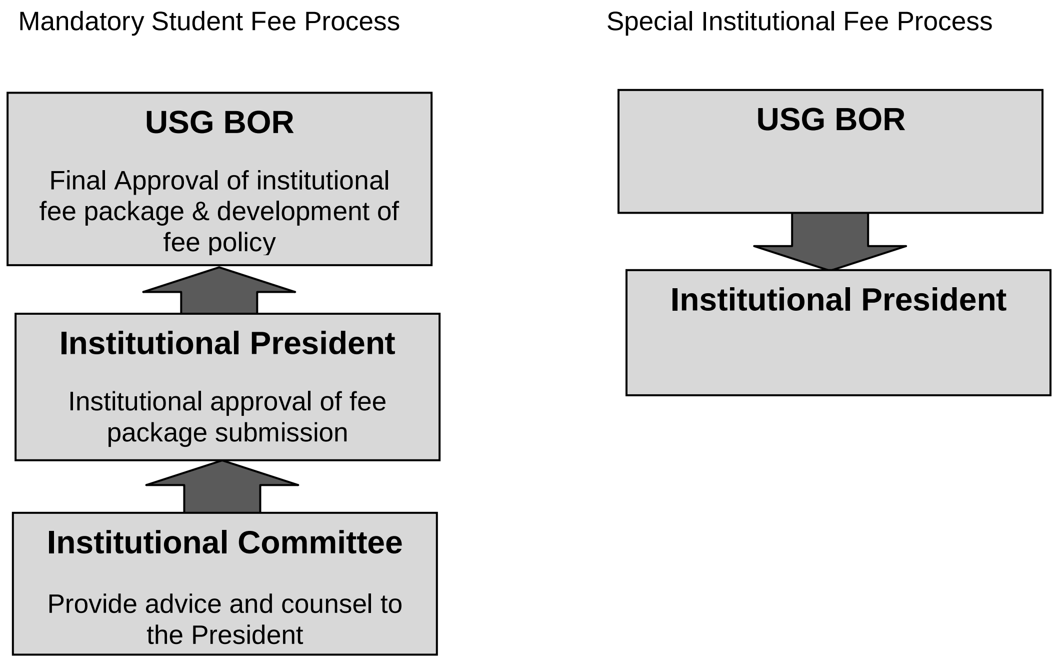

Figure 2. Mandatory student fee processes. This figure graphically depicts the approval process for mandatory student fee packages and policies per the University System of Georgia Board of Regents Policy Manual as well as the fee approval process for the BOR mandated Special Institutional Fee (SIF).

The SIF has been a source of debate in the state and is the primary source of recent mandatory student fee increases in the USG. In the figure below, SIF rates are shown as an average per semester rate per USG institution. The reader must take into consideration that this amount is an average of 35 diverse institutional profiles, including two-year Waycross College with a special institutional fee of $190 and Georgia Institute of Technology at the top of the range at $540 per semester.

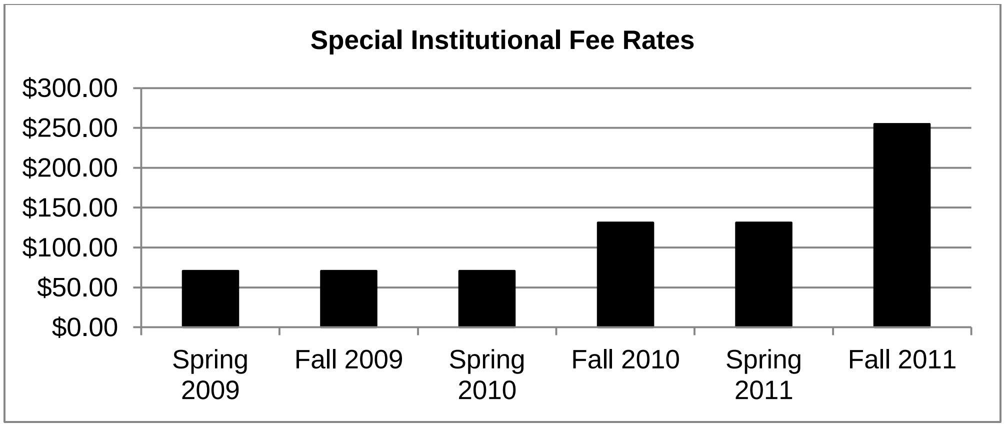

Figure 3. Special Institutional Fee rates, average per semester, per institution.

Note. Fee data from USG BOR Mandatory Student Fee Rates Per Semester, FY10-FY12

<u>State Performance Audit of Mandatory Student Fees</u>

BOR policy provides little specific direction for campuses in the allocation of their mandatory student fees other than the policy manual text referenced above. A recent audit of mandatory student fees, requested by the Georgia Senate Appropriations Committee, aimed to review all policies, procedures, and internal controls related to mandatory student fees in USG institutions. Their findings highlighted ambiguities in BOR policy and procedure guidelines. The Department of Audits and Accounts (2010) significant findings were that [BOR student fee policies]:

(1) allow significant discretion on the part of each USG institution regarding the use of student fee revenues;”

(2) provide little assurance that fees are used in a manner that benefits the entire student body to the greatest extent possible; and

(3) BOR and individual institutions need to improve their management controls over mandatory student fees to ensure greater transparency and accountability (p. i).

The audit found multiple, specific instances of fees being instituted without formal review by a student committee nor submission to the BOR for final approval; mandatory student fees being approved by a student fee committee for one purpose and then being used by institutions for another entirely different purpose; and general misuse of some fees for inappropriate expenditures. The blame for these failures was placed on institutions, for circumventing student fee committees and BOR approval, and on the BOR itself, for not having adequate internal control mechanisms to correctly review and monitor these fee abuses. The audit specifically outlined the following ways in which the BOR could be clearer in regards to mandatory student fee policies and procedures:

(1) Whether mandatory student fees should be used for professional salaries, training, travel,

(2) Whether mandatory student fees should be used for student scholarships,

(3) Involvement of the fee advisory committee (which included student representatives) in amending student activity fee budgets,

(4) Whether costs associated with construction or improvement of facilities, and for with mandatory student fees, should be borne by students who will likely graduate before the facility is ready to use, and

(5) Whether fees should be continued and used for another purpose after their original purpose for being established has been fulfilled (e.g. facilities whose debt service has been retired). (p. 11)

The BOR officially responded to the audit recommendations, challenging findings based on factual data or philosophical differences and agreeing to tighten some controls and submit potential policy changes through the BOR's approvals.

The audit findings were not formally published until May 2010 but many of the glaring issues from the audit were shared with campuses informally as early as the summer and fall of 2009. The first policy changes in reaction to the audit findings were made during the January 2010 Board of Regents meeting, when the BOR amended the policy manual to specify a minimum of four students and the expectation that "institutions and student government associations should make a concerted effort to include broad representation among the students appointed to the committee" (BOR Minutes, January 2010). They also attempted to clarify the purpose of mandatory student fees, by including a clause that states mandatory student fees "shall be used exclusively to support the institution's mission to enrich the educational, institutional, and cultural experience of students" (BOR Minutes, January 2010).

Current Trends and Issues

As the state budget crisis continued in 2009 and 2010, Chancellor Errol Davis announced a plan to meet Governor Purdue's budget projections, including extreme cuts and high tuition increases across the USG. Driven by a $1.1 billion shortage in the Georgia budget, Governor Purdue threatened a budget slash of $385 million to the USG, and institutions and the public scoffed at controversial 77% tuition increases proposed by the Chancellor in the press (Diamond & Gould, 2010; Diamond, 2010). Although $1,000 in additional student fees were also mentioned in one Atlanta Journal-Constitution article (Diamond & Gould, 2010), the majority of the public's focus was on the potential tuition hike. USG mandatory student fee revenues in fiscal year 2009 total $239.2 million, up from approximately $185.2 million just two years before (Georgia Department of Audits and Accounts, 2010).

The decline in state revenues and increased enrollments forced the structure of the HOPE scholarship to be reconsidered under new Governor Nathan Deal. As of fiscal year 2011, the HOPE scholarship paid 100% of tuition costs for all qualifying students as well as the fiscal year 2004 mandatory student fee rates at their attending institution. At its inception in 2003, HOPE covered 100% of tuition as well as provided a $100 book stipend for qualifying students but changes over the years were necessary to sustain and protect the program for the future. The political debate in Georgia over HOPE included conversations about income caps for parents, the grandfathering in of current HOPE students, and the debate of need and merit based aid at the state level.

The most recent changes, a result of House Bill 326, established two levels of HOPE funding with corresponding different GPA requirements and awards. The regular HOPE award, for students entering with a 3.0 GPA and above, will fund partial tuition depending on the generated lottery revenues. In FY12, the scholarship funds 90% of tuition but not fund a book stipend or the previous partial stipend for mandatory student fees. A Zell Miller scholarship, for students at a 3.7 GPA and above, covers 100% of tuition but not books or fees.

When reviewing the approved fee structures for USG institutions in the last decade there were significant changes in the fees of institutions in transition, including the College of Coastal Georgia, Georgia Highlands College, Bainbridge College, Dalton State, and Gainesville State (Appendix A). An assumption can be made that there has been a large increase in student services and facilities on these campuses due to their transition in student populations, therefore affecting their mandatory student fee rates. Another large percentage impact in mandatory student fees is the BOR mandated special institutional fee.

The increasing number and cost of facility based fees was the most significant trend found in the USG. In FY 2012, there are 34 individual fees specifically labeled for parking decks, student centers, recreation facilities, or other facility uses**.** This number does not take into account some other potential fees that may be used to support facilities but are not listed as such in the name. Some of these fees are used for staffing and programming expenses of the facilities and others are serving as debt service payments for public private ventures. This is a dramatic increase from six in the fiscal year 2001 budget and nine in the fiscal year 2006 budget. A portion of this increase is caused by labeling, as the BOR has recently moved towards more specific labels and descriptions of fees, but some of these fee increases can also be attributed to the overwhelming drive for prestige by institutions and the heightening arms race in campus facilities, which is further leading to the increasing costs of higher education (Toma, 2008). At the beginning of FY2012, the USG has over $3.8 billion in outstanding bond issues for public private ventures in the system (USG BOR, USG Public Private Ventures, 8/2/11). Some of these facilities are residence life complexes that are funded through student rent, but many are student centers, parking decks, health or wellness centers, and athletic complexes that fund their debt service payments and basic operations through mandatory student fees.

Adding to the public debate over mandatory student fee rates in the USG, on Sunday, July 24th, 2011, the Atlanta Journal Constriction began a six part series examining the use of tax dollars by the University System of Georgia, titled AJC Investigation, Watching Your Tax Dollars. The series focused on the rising costs of higher education in the USG, claiming that although the country is in a Great Recession the USG is "on a comparative spending spree" (Salzar & Diamond, 2011). The series discussed many higher education hot button topics, including the expansion of academic and athletic programs, facilities arms race, increases in faculty and administration salaries, and enrollment growth and alleged over development of the system.

The series also focused on rising prices for students in the USG, culminating in an article entitled *A back-door tuition increase?* on July 31 (Salzer, 2011). This final article in the series alleged that fees are increasing faster than tuition in the USG and criticized the system for raising fees dramatically in the last few years. The article did not explain the role of the USG BOR in establishing mandatory student fees although they did briefly mention that student committees approve of the fee requests at the institutional level. Much of the focus of the article was the special institutional fee, which circumvented the institutional committee process, and the prediction that the fee would not sunset in June 2012 as previously stated by the Chancellor. This criticism from the AJC was nothing new to the University System of Georgia but the USG Media and Publications coordinated responses at the system level, including editorials from both Chairman of the Board of Regents Benjamin Tarbutton, III and Chancellor Hank Huckaby and individual responses from the institutions specifically mentioned in series articles.

Table 2. Key Dates Timeline.

January 2009	Special Institutional Fee first assessed by the BOR
May 2009	BOR approved a one-year moratorium (FY10) on other fee increases, with the exception of fees in support of public/private venture facility projects and in extraordinary circumstances with clearly demonstrated student support at the institution
June 2009	BOR policy amended to include "special circumstances when a general purpose fee is instituted system-wide by the Board of Regents”
January 2010	BOR Policy changes regarding mandatory student fee committee composition and process, Special Institutional Fee first increased, rate doubled at all institutions
May 2010	Georgia State Performance Audit of Mandatory Student Fees released
January 2011	Nathan Deal sworn-in as Georgia’s 82^{nd} governor
March 2011	House Bill 326 passes, includes HOPE Scholarship changes
April 2011	Board of Regents approves 3% tuition increase for fall 2011 semester (will not affect Guaranteed Tuition students)
July 2011	New USG Chancellor Hank Huckaby and BOR Chairmen Benjamin J. Tarbutton III, HOPE Changes Take Effect
October 2011	Governor Deal names Higher Education Funding Commission aimed at examining “how the funding formulas for the University System and Technical College System should be changed in order to improve higher education outcomes in the state."

CHAPTER 4

RESEARCH METHODS

Research Strategies

To examine the role of mandatory student fees in the University System of Georgia (USG), I chose a qualitative design, which is best suited for attempting to understand complex social phenomena from the perspective of the participants (Yin, 2009). In Georgia, mandatory student fees are governed by the University System Board of Regents (USG BOR) with significant input from higher education institutions. My study aimed to discover the perspective from both of these important stakeholders on the role of mandatory student fees. I utilized a qualitative case study approach, which Merriam (2009) characterizes as including "the search for meaning and understanding, the researcher as the primary instrument of data collection and analysis, an inductive investigative strategy, and the end product being richly descriptive" (p. 39). A qualitative case study allowed me to investigate and compare the perspective of individuals within a specific institution as well as at the University System of Georgia. I chose to study the University System of Georgia because of my interest in state governing boards and the relationship between the USG and the individual system institutions. As an employee of a USG institution, I am familiar with the governing structure and impact the system has on mandatory student fee rates at institutions.

I used a combination of existing data and qualitative interviews in my study. I first did a thorough review of existing literature which helped identify both the historical and current context for my study. A summary of that research is found in Chapter 2 and helped inform and shape the remainder of my study. After completing my review of the literature, I reviewed existing data related to mandatory student fees at the University System of Georgia. The findings of this research are found in chapter 3. This review included USG and BOR policy and procedural manuals, Board of Regents meeting minutes; speeches and public comments; system publications; the 2010 Georgia Department of Audits and Account Mandatory Student Fee Performance Audit; and quantitative data related to institutional fee rates, state and institutional budgets. I also closely followed the Atlanta Journal-Constitution (AJC) during my research, which serves as the most circulated newspaper in Georgia and provides extensive coverage of state politics and higher education news. I collected corresponding data related to the public perception of the state system, higher education budgets, and other topics related to mandatory student fees from the AJC. The introductory investigation of the literature and existing data fueled the qualitative portion of my study, which largely focused on differing perspectives on the governance and utilization of mandatory student fees in the University System of Georgia.

Sample Selection Criteria

Based on my review of the literature and existing organizational information about the University System Board of Regents, I employed purposeful sampling to first determine the subjects whom will provide the most information rich data (Merriam, 2009). All interview subjects were invited to participate via an email invitation (Appendix A) with follow up phone calls when necessary. I identified target interviews at the University System, including the Chancellor, Executive Vice Chancellor and Chief

Operating Officer, Assistant Vice Chancellor of Student Affairs, and Associate Vice Chancellor of Internal Risk & Audit. These individuals are involved in the budgeting or audit of mandatory student fees and also represent the primary areas that are heavily funded by student fees on USG campuses. The initial interview participants also identified other officials that could provide additional data, through snowball sampling I identified the Senior Vice Chancellor of External Affairs as another necessary subject involved in executive decisions surrounding mandatory student fees (Marshall & Rossman, 2010; Merriam, 2009). I completed five interviews before reaching saturation, identifying that additional interviews would no longer generate new data (Lincoln & Guba, 1985; Corbin & Strauss, 2008). All subjects signed an informed consent form prior to interviewing (Appendix B) and their names are kept confidential in my study, only identified as USG Participant A, B, C, D, or E.

I chose a large, comprehensive, regional university as my sample institution that is utilizing mandatory student fees in many ways that are characteristic of the rest of the system. This university assesses the traditional activity, health, and athletic fees but also assesses a facility fee to fund a public private venture. Much like many colleges and universities in the USG, this university is aspirational and working to gain prestige, both regionally and nationally (Toma, 2008). Sample University, as it is referred to throughout the study, is growing in enrollment and research and strategically looking to make the leap from a comprehensive university to a top tier research university in the coming decades. According to Toma (2008), part of their strategy is to build up campus infrastructure, largely funded by mandatory student fees. Sample University was also named specifically in the 2010 Performance Audit of Mandatory Student Fees for perceived violations of Board of Regents policy and provides a rich body of data to study.

I used the same purposeful sampling methods when identifying target interviews at Sample University (Merriam, 2009). Based on a review of existing institutional data, I identified their Vice President of Student Affairs, Vice President of Business and Finance and Chief Financial Officer, and Vice President of Informational Technology and Chief Information Officer as initial target participants. Snowball sampling helped me to identify the Director of Campus Recreation and Associate Vice President of Governmental Relations as key participants (Marshall & Rossman, 2010; Merriam, 2009). Confidentiality is also used when discussing the participants at Sample University and informed consent forms were signed by all participants (Appendix C). Due to the 2010 audit by the Senate Appropriations Committee and increased public scrutiny, mandatory student fee use is currently a divisive topic in the USG and confidentiality enabled respondents to answer questions freely. I completed five interviews at the institutional level with Vice Presidents and senior executive staff who work with the mandatory student fee committees and assist in preparing the increased and new fee requests for submission to the Board. My participant pool collectively oversee all of the major mandatory student fees on their campus, including student activity, recreation, athletics, health services, transportation/parking, and a recreation facility fee.

Data Collection

As stated previously, I first collected existing data from Board of Regents policy manuals, audits, meeting minutes, fee definitions, fee rates, and other publications. This information is all readily available from the USG and part of the open record. The majority of the current information was found on the USG BOR website or provided by interview participants. The existing data was used to provide context for my qualitative data and also to triangulate the interview data I received from respondents. Data triangulation is important in case study design in order to both confirm interview results and to identify additional themes that might not be obvious from only interview transcripts (Yin, 2009). These documents were necessary to corroborate the participants understanding of BOR and USG policy as well as to provide additional comparisons of appropriate mandatory student fee use by policy makers, established policies, and institutions.

I conducted interviews using semi-structured open ended questions with follow up probes. All interviews were digitally recorded, using two separate recording devices for the purposes of backup, and transcribed. I completed interviews in the months of June, July, and August 2011. This time frame challenged my access to institutional leaders, however, because many staff members were on vacation during the summer. I was able to complete three interviews on campus in participant offices and two interviews via telephone. During my research, it was announced that the current Chancellor of the USG would be retiring and there was significant leadership turnover at the state system office. My timeframe also included the empowerment of a new Governor, and therefore new Regents and Chairmen of the Board of Regents. This provided another challenge to access and I attempted to identify the Regents and USG staff members that had a historical and contextual perspective on student fees and whose comments would be most valuable to my study.

With officials at the USG and Sample University, I began with a standard set of questions (Appendices D & E) developed through my review of existing data and the discovery of theories and concepts during my review of the literature. Participant questions all supported my primary research question: What is the perspective of senior level officials in both the institution and the state governing body on the role of mandatory student fees in the University System of Georgia? Other questions included:

(1) As the financial crisis continues to have an affect on the states, how are institutions utilizing mandatory student fees to help close the gap?

(2) How are higher education administrators utilizing mandatory student fees as they fight to both protect and grow their programs?

(3) What is the role of the USG BOR in establishing the institutional mandatory student fee rates?

(4) Are USG institutions using mandatory student fees to help offset declining state appropriations?

(5) Are mandatory student fees necessary for USG institutions to grow and gain prestige?

Data Analysis

I utilized an inductive approach to analyze my data, which is characterized by the generation of categories, themes, and patterns from the data (Merriam, 2009). This inductive approach began with the themes and understandings developed through my review of the literature and continued with my review of existing data on the University System of Georgia Board of Regents. My review of the literature identified several concepts crucial to the investigation of mandatory student fees in the USG, including the current state fiscal crisis, academic capitalism, the campus arms race, institutional drive for prestige, and the impact of state governance structures and politics on higher education funding. Once transcribed, I reviewed all qualitative data and coded the system and institutional interviews by initial themes. This coding assisted me in developing a rich and contextual data set from interviews that helped me investigate the USG BOR and institutional perspective in my study (Merriam, 2009). Once the initial themes were developed, I studied the results further and was able to utilize axial coding in order to group conceptually similar codes together into broader categories (Corbin & Strauss, 1998). Through this process I continued to triangulate my findings using existing USG and institutional data.

Rather than determining the validity, reliability, and objectivity of quantitative data, qualitative designs take steps to ensure the credibility, transferability, dependability, and confirmability of their studies (Lincoln & Guba, 1985; Creswell & Miller, 2000; Toma, 2005). I utilized data triangulation in this study, using the wealth of existing data to help confirm the qualitative data generated through interviews. Data triangulation, along with a thorough audit trail and a rich data set helped establish the credibility of my study, according to Lincoln et.al (1985), Merriam (2009); and Marshall and Rossman (2011). The notion of transferability dictates that my study be useful in another institution, that it could provide new knowledge in another situation. This is sometimes a challenge in qualitative designs where studies are often very specific to their sample. Systems of governance for higher education vary across the states but I believe that my study provides a good framework for other state governing boards where there is shared governance (either explicit or implicit) of an issue such as mandatory student fees.

Although my sample institution is not representative of all USG institutions, it should provide a useful case study of the relationship between the state and institutional perspective.

The notion of dependability in qualitative research can be protected by providing an audit trail (Merriam, 2009; Yin, 2003). In order to ensure the dependability of my study I produced a comprehensive audit trail, including all digital recording files, transcripts, notes, memos, documents, and all process notes on methodological decisions and trustworthiness. This audit trail is such that another researcher could view my materials and clearly see how I reached my conclusions. A thorough audit trail also helped establish credibility and confirmability of my data. A qualitative study will always be inherently subjective due to the involvement of human subjects and researcher biases, but the researcher must be aware of their biases and attempt to be as neutral as possible in order to help with confirmability (Toma, 2006). Data triangulation and a thorough literature review will also serve to support the confirmability of my study.

Role of the Researcher

As an employee of a University System of Georgia institution I am an insider of this study. Even more so, I work in a student fee funded office and position and am the advisor of a campus-wide mandatory student fee committee. It is for these reasons that I have decided to study mandatory student fees at the system level and examine the perspective of both the system and an individual USG institution. At my institution, and at others in the USG, there has been increased emphasis placed on mandatory student fees as a necessary revenue stream, especially during a time when state appropriations are in sharp decline and institutions are struggling to handle unprecedented growth. I was careful to not choose my own institution or an institution that I have an established relationship.

This does not mean that I do not admit my own personal biases in this area. I have worked in student fee funded areas of higher education for over ten years and am currently in the unique position to experience the role of mandatory student fees in building a brand new USG four- year public institution. Mandatory student fee rates are increasing at an alarmingly high rate in the USG and their uses have morphed from the funding of extracurricular social and recreational activities for students to the repayment of massive bond packages, staff salaries, and the direct support of the educational core. My interest in the USG is not in how one institution is using their fees but in how the University System of Georgia and institutions may differ in their perspective of the role of mandatory student fees. By clearly identifying my personal bias I was able to protect against further bias during data collection and ensure my interview subjects of a rigorous commitment to proper qualitative research methods (Marshall & Rossman, 2010).

Limitations of the Study

This study aimed to better understand the perceptions of senior officials in a state system as well as senior officials at an individual institution within that system on the utilization of mandatory student fees. There are some limitations to the sample participants in my study. I was able to interview vice presidents and other senior administrators at the institutional level but unable to secure an interview with the president whose perspective would have added to my data. However, the role of the president was well reflected in the responses of other senior leadership participants.

Sample University is not representative of all USG schools but it provided a useful case study of the relationship between the state and institutional perspective.

The timeline of my study presented another sample challenge. While conducting my interviews, there was significant turnover at the USG BOR. The interview participants in my study primarily include staff members of the USG who had been at the system office for multiple years and provided a historic perspective on student fees in the system. I was unable to secure interviews with the recently departed Chancellor or Vice Chancellor of Fiscal Affairs, but was able to interview the new Chancellor that started their post on July 1, 2011.

The timeline of my study also included a new Governor and changes at the BOR level and the new Chairmen of the Board of Regents was the only member of the BOR to respond to my request for participation. I received a letter from the Secretary to the BOR stating that he would not have the time to participate in my study, suggesting that I work with the staff (USG) of the BOR for information. I did not receive any correspondence back from the other regents that I contacted. Although the perspective of the regents as the voting members of the state governing board is important to my study, I was able to discuss the role of the regents with the USG staff and had thorough representation of senior leadership at the USG.

CHAPTER 5

FINDINGS

Introduction

This study was guided by one broad research question: What is the perspective of senior level officials in both the institution and the state governing body on the role of mandatory student fees in the University System of Georgia? Following my review of the literature and existing data collection, I developed some overarching questions to help further focus my study. These are included below:

(1) How is the current financial crisis affecting mandatory student fees in the USG?

(2) How are the institutions utilizing fees in this climate?

(3) What is the role of state governance and politics in the mandatory student fee process?

(4) What are the current trends and issues related to mandatory student fees in the USG?

The politically-charged time frame of my study was shaped by the continuation of the state's fiscal crisis, a 2010 Georgia Department of Audits and Account Mandatory Student Fee Performance Audit, significant changes in the HOPE scholarship, shifting political power throughout the entire state system, and increased criticism from the Atlanta Journal-Constitution related to higher education costs and spending in the

University System. A timeline explaining these key dates can be found in table 2.The qualitative findings of this study are organized by categories and themes below.

Access & Affordability

Participants from both the USG and Sample University voiced concern about the current state of access and affordability in the University System of Georgia (USG). The perspective of the system officials focused on the impact of access and affordability on the financial well being of the USG while the institutional officials focused on the impact of mandatory student fees on student college choice. The last USG strategic plan, completed in 2007, focused on affordability, access and growth in the system. Unprecedented enrollment growth, combined with the fiscal crisis and decreased state support, has placed a financial burden on the USG. Although this growth has provided more student tuition and fee dollars for institutional budgets, it also exacerbates other budgets as state appropriations to the system decline. USG participant C explained the unique nature of enrollment increases in higher education during a recession and how it has affected growth and access in the system:

> Part of our industry's issue is that when the economy goes south, our enrollment goes north. I think any backlash that we get is every time that we talk about the fact that we need to target who is going to be able to enroll. Not because we want to limit enrollment, we just physically and financially cannot afford to [continue to grow enrollment].

Effects of Mandatory Student Fee Rates on Access, Affordability, and College Choice

According to USG participant A, "The Board is always trying to balance affordability with academic quality. And, that is a constant, constant, delicate balance.

Each April, the Board is trying to find that balance when it sets tuition and fee policy." From the perspective of participant A, the USG made a commitment to not have enrollment caps, and that "very critical and important" policy decision challenges the system to find ways to meet student needs. The delivery of a quality product to students even in times of financial crisis is the "trust factor" that the system must have with the state.

The rising cost of mandatory student fees was mentioned by all study participants, although this study found Sample Georgia University's fee increases to be very conservative when compared to the rest of the system, and even more conservative when compared to their peer group within the system. USG participant C discussed the need to utilize fees strategically to position the campus for future success, saying "We have to be very strategic and forward-looking, and so how can you best position—make the whole picture work, so that when you do come out of a recession, you're very much still in the game." Although according to USG participant E, strategic use of mandatory student fees will not likely include many new or increased fee rates in the system:

> It's [mandatory student fee rates] an issue that is getting increasing attention, as you may know, and it's one that we will give increased attention to this next spring. Typically we look at fees at the same time that we approve tuition increases. So my guess right now is that with fee increase requests from institutions for 2013, we'll have to be very, very careful. We probably have to be justified to a greater extent than we had to in the past.

Both the VPSA and the AVP of Sample University expressed serious concern over rising fee rates pricing students out of their institution, also discussing access, affordability, and enrollment growth. The VPSA said:

> Let's be honest, fees are starting to rival tuition, and that makes me very nervous, because I feel like we constantly are putting it on the backs of the students….The thing that worries me the most is you're going to begin to have the haves and the have-nots.

The AVP discussed mandatory student fees as market-like activities, consistent with Arnott's research (2008) and the theoretical framework of academic capitalism (Slaughter & Rhoades, 2004), predicting a potential drop in enrollment if the fees are increased too severely, but the VPSA and other campus leaders do not foresee decreases in fee rates. The VPSA explained the fear that increased fees may affect college choice, saying "I hate to use this word, but it's almost a privilege tax. And if a student wants to have the traditional college experience, I think that you're going to have to pay for it. And if you can't, you're going to have to choose somewhere else to go."

A New Model for Funding Access and Affordability

Part of the motivation behind the special institutional fee (SIF) was to support the access priority of the USG. According to USG participant D:

> That [special institutional fee] was the only way that the Board felt at the time that they could provide the institutions the resources so they would not either have to compromise academic quality, which nobody wants, or start to cap enrollment, which nobody wants to tell students that, "You cannot come."

Participant A stated that the recent decline in state appropriations is more severe than the USG has seen in the past, and the USG must work towards a funding formula that will be successful in this "new reality." "If you go back and look at '75 and '76—there was a downturn. In '80, there was a downturn. In '92, there was a downturn, but what was so interesting about those three examples is they were followed by peaks," explained participant A. As evidenced by the table below, the state appropriation to the USG has declined rapidly since 2009 (USG Fiscal Years and Percentages, 2011).

Table 3. Recent decline of state appropriations to the University System of Georgia.

Fiscal Year	**University System State Appropriation**	**% Increase Over Prior Year**	**System % of Total State General funds**
2010	$2,172,971,990***	-5.5%	11.7%
2011	$1,946,248,132	-10.4%	10.9%
2012	$1,738,084,865	-10.7%	9.6%

Note. FY2011 includes $92.6M of federal stimulus funds. Data from University System of Georgia Fiscal Years and Percentages (August 8, 2011).

This "new reality" in the state of Georgia is what's driving the need to change the funding formula. Moving forward, the new leadership of the University System is addressing the financial effects of the strategic priorities of access, affordability, and growth in the system. Their new strategic plan will focus on efficiency and quality, not enrollment growth, and include a different incentive system, as described by USG participant E: "Up to this point the funding formula was based primarily on growth due to enrollment. So the incentive is to grow. Now we're going to add the other component, the incentive is going to be the effective teaching of students.” A change in the formula funding mechanism for the USG is a major shift, a shift that will likely affect all sources of revenue at the institutional and system level. The USG is developing plans to better support the system financially, but new or increased mandatory student fees do not seem to be part of the strategy according to USG senior officials. This is a change in course for the USG, who previously utilized fees in a way that supported Weisbrod, et. al’s research (2008).

Tuition and Fees in the Fiscal Crisis

Earlier in this study, I conjectured that the USG is allowing institutions to dramatically increase mandatory student fees during a state financial crisis, choosing student fees as a revenue generating mechanism rather than politically unpopular tuition increases, a claim grounded in Weisbrod et. al’s (2008) research. In order to investigate the validity of this conjecture, I asked participants about the increased rate and use of fees in the system, the different perceptions of tuition and fees in the system, and whether fees were being used in place of E&G funds in the University System.

Participants from both the USG and Sample University spoke of the rising price of higher education in Georgia. Mandatory student fees are becoming an increasing percentage of the increase in price and study participants were asked what affect the state fiscal crisis and decline in state appropriations had on the USG. According to USG participant E, the USG is facing “a growing concern throughout the country, both in the public and legislative bodies about the total cost of higher education and the rapid rate at which tuition has increased over the last decade.” Participant A stated, “So, yes, tuition is higher today than it was three or four years ago, and fees are more than they were. But, that's the package that we've got to fund the University System." Participant B explained the current situation of tuition and fee rates converging in the university system, as already evidenced in a review of the existing data:

> The way I would describe it is you've got parallel tracks—you've got state funding and you've got tuition and fees, those are the big two… But then you get forces that come along, and they can make those tracks get closer and, interesting enough here lately in the last few years, they can even start crossing over. So, they're not always fixed.

Different Perceptions of Tuition and Fees

When discussing the decline in state appropriations, USG participant E stated that in order to make up the budget gaps, "the only place you've got to go is tuition." Although tuition is one source for additional revenue, my review of the literature showed that institutions are also utilizing new, non-governmental sources for additional funding (McLendon et. al, 2009; Slaughter & Rhoades, 2004), including mandatory student fees (Weisbrod et. al, 2008). I asked officials at the USG and Sample University to discuss the differences in perception of tuition and fees from the system, institution, and public. USG participant D explained his perspective on how the USG views tuition and fees, saying, "They're viewed as related at the Board level. The Board looks at the whole cost of education to a student or his or her family, and they are seeing them intertwined. They have served, of course, sometimes different purposes." Another USG participant answered the question from the perspective of a parent and student: "I've been a parent of a college student and what is it going to cost me? What's the check?...I've been a college student myself, and what is it I need to pay for?" Participant C agreed, explaining that parents and students are only interested in the bottom line of how much it's going to cost, specifically how much its going to cost more than it did last year. Participant B had a different perspective, stating, "I think they [the public] react more to tuition increases because they're publicized more and it's easier to get your arms around them."

Contrary to senior officials at the USG, respondents from Sample University focused on the understanding of other stakeholders more so than the public perception. According to the CIO, the public may know the difference between tuition and fees but other stakeholders, such as the legislature and other state agencies, do not understand the unique role of mandatory student fees. The CIO stated, "My overriding statement is most legislators and most auditors have no idea of how fees are used and have and have a hard time separating fees from tuition. So, there's a lack of understanding there."

Mandatory Student Fees, Tuition, and the HOPE Scholarship

Although participants at the USG and Sample University largely perceived tuition and fees as intertwined parts of one price, from a policy perspective the USG clearly views student fees and tuition differently. When discussing the HOPE Scholarship and Georgia Guaranteed Tuition (fixed for four) programs with USG participants, this study found that the different revenue effects of tuition and fees were strategically considered by the USG to produce the most revenue. HOPE is an extremely popular program in Georgia and the political debate surrounding the necessary changes to the program involved widespread participation from the public according to USG participant A. Participant A noted the political capital given to the arguments brought forth by students who have the HOPE Scholarship:

> Part of the discussion that makes it a fascinating discussion of public policy is HOPE—what HOPE covered and what HOPE did not cover. And while I wish all of our students were on HOPE, in reality 30 percent of our students are. Yet, the questions asked by those 30 percent, and the response to those 30 percent have tended, in recent years, to drive a significant portion of the entire policy.

Until fiscal year 2012, 100% of tuition was covered by HOPE and tuition increases would not have had an impact on revenue for the 30-40% of USG students that were awarded the scholarship. The HOPE Scholarship did not cover any mandatory student fees that had been instituted since 2004, however, and recent increases in fees would generate additional income for USG colleges and universities. The figure below outlines the increases in fees since fiscal year 2005.

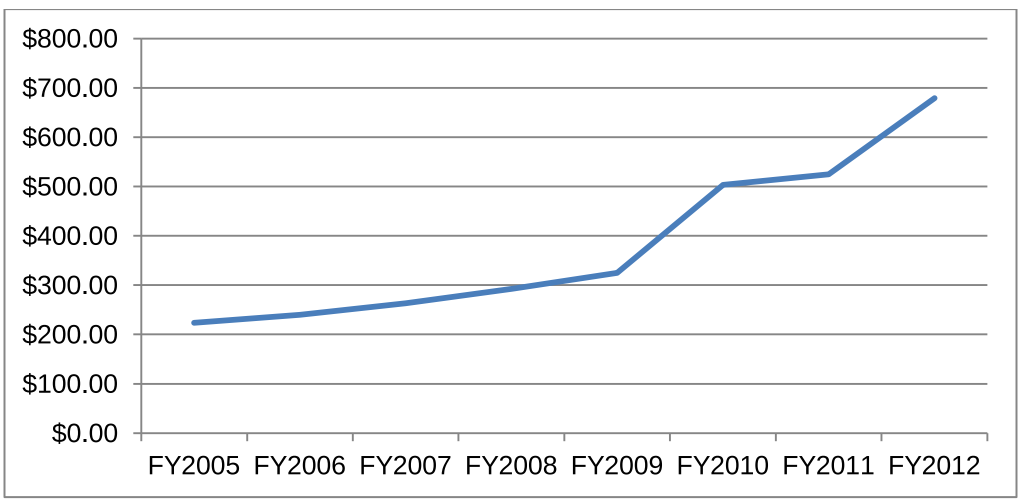

Figure 4. Average Mandatory Student Fees at a USG Institution Per Semester.

Note. Data from USG BOR Mandatory Student Fee Rates Per Semester, FY05-FY12

When asked if the changes in HOPE affect how the USG views mandatory student fees, USG participant E replied that since tuition increases will now directly affect the HOPE award, the consideration of student fee increases and their impact on the HOPE students will definitely be a factor in discussions at the BOR level. As participant D noted, the issue of HOPE is inextricably linked to tuition and fee increases, and will need further study as the policy changes take effect this year:

> The Board of Regents only had a three percent tuition increase, which is a very small tuition increase. And, certainly, in setting that tuition increase, the Board looked at what the effect on HOPE would be of fee and tuition increases, all the permutations and combinations to see what was best for students and families and what was best for the brand-new HOPE program which was adopted. And the Board went with a very small tuition increase and a slightly larger fee increase.

One USG participant feared that the decrease in HOPE would negatively affect enrollments in fall 2011. In a state that has experienced consistent growth; a decrease in enrollments caused by HOPE changes would directly affect mandatory student fee budgets. The USG is left answering questions about how much public higher education is going to cost, even for the best and brightest Georgia students.

Mandatory Student Fees Replacing E&G Funds

Consistent with the literature (Rames, 2000; Barr, 2002; Glater, 2007), as state appropriations continue to decline and budgets retract, participants at Sample University discussed using mandatory student fees to help close the gap and replace E&G funds in their areas. According to Sample University participants, the utilization of mandatory student fees has become essential for professionals to protect and grow their programs, especially with the lack of other funds available for co-curricular areas. This study did not find any evidence of Sample University cutting back their student services or moving to user fees, as stated in other studies (Cage, 1992; Levy, 1995; Trow, 1995; Rames, 2000; Scott & Bischoff, 2000). The CFO emphasized the importance of mandatory student fees in tough budget cycles, saying, "We will live within what means we possibly can. But growth in our success is certainly the nature of things, plus the fact that we do have the fees that we can rely on, and they make all the difference in the world, frankly."

At Sample University, mandatory student fees are being used to replace E&G funds in technology, student activity, and recreation fee areas. The CIO discussed the change in the role of technology on campus and how it has affected mandatory student fee budgets, which are now providing a "direct replacement to what other institutions are probably using their E&G[funds]." The CIO elaborated by saying, "Over a period of time...the concept of how the technology fee is used has been broadened from paying for computers and networks to paying for things like information bandwidth and licenses for software outside of the academic area." The VPSA said, "We can't get E&G money to grow or build. That's not where private money is going to be raised—it's going to go to scholarships." The CIO discussed a recent increase in the technology fee and its necessity for "pursuing this university with the kind of enthusiasm that we have and the breadth and depth of technology that we've used to support that." Rather than increasing the activity fee significantly, the VPSA is using student fees creatively to help fund staff positions when there are no E&G funds available, utilizing graduate assistants funded through student fees.

The Director of Recreation (Director) at Sample University supports 64 academic courses in the student fee funded recreation center and also utilizes E&G dollars to fund basic utility and facility costs. Already having moved some operational costs from E&G funds to student activity fees in the past 10 years, the loss of this last portion of E&G funding would have negative effects on staffing, recreation programming and academic classes. If the facility lost the remaining E&G funding, they would be forced to charge for student use of the facility or cease support of the academic courses. In the words of the Director, it wouldn't be possible to "just shut off the lights" when academic courses are using the facility. The Director also noted the philosophical decision to keep the recreation center free for students, not moving towards user fees as found in research from Cage (1992), Levy (1995), Trow (1995), and Scott and Bischoff (2000).

The decline in state appropriations also affects the educational core of the institution and the VPSA at Sample University struggles with colleagues in academic affairs over the use of mandatory student fees to help fund their initiatives. According to the CFO and VPSA, as the fiscal crisis continues there is a campus-wide battle for all sources of revenue and mandatory students fees are beginning to creep closer to the academic mission. According to the VPSA:

> We're getting a little bit better about it but, again, when tight budgets come along, they [Academic Affairs] don't care where they get their money. And, unfortunately, it's just like if you're in business and finance, and you get money for repairs and renovation—faculty want to know, "Why can't that be for raises?"

According to the VPSA, faculty members are constantly requesting student activity fees for major-specific programming outside of the classroom. This difficult position places her between the desires of the students, who pay the fee, and faculty members who are looking for a new way to fund academic core functions.

Special Institutional Fee

Although I discovered multiple examples of mandatory student fees being utilized to replace E&G funds at Sample University, the most significant finding in this area is the USG BOR mandated special institutional fee (SIF). According to USG and Sample University respondents, declining state appropriations in Georgia are being partially recovered through a system-wide mandatory special institutional fee. The special institutional fee funds the "general operations of the college or university" and helps "soften the impact of the declining state support," according to USG Participant E. Participant D said that the fee was instituted as a part of an ongoing budget reduction plan, requested of the Chancellor and BOR by Governor Sonny Perdue during the summer of 2008. According to USG Participants A and D, as state revenues continued to decline, institutions were asked to consider 2%, 4%, 6%, 8%, and possibly higher budget reductions. The institutional fee was developed as a financial tool as revenues continued to decline and the USG realized that budget reductions would need to reach 10% at the institutional level. The diagram below was provided by the USG BOR to describe the portion of budget shortage recovered by the special institutional fee.

Figure 5. USG Strategy: Preserve excellence in the classroom. 8% reduction plan for FY 2010 Amended (University System of Georgia Board of Regents, 2009, November 17).

Although the special institutional fee was not developed at the institutional level and was mandated by the BOR, one USG official explained that campus presidents were involved in ongoing discussions about the merits of a fee versus additional budget cuts. Participant D specifically explained the reasoning behind the unprecedented BOR mandated fee:

> This is a fee that was system-wide. It was issued from the Board of Regents, not from the institutions. And, because all institutions were facing the same constraints and were being affected by the recession, the Board felt, in this case, a system-wide solution was needed, and an institutional approach was not going to be good enough.

The CFO of Sample University explained that the special institutional fee is developed into their general budget, directly supplanting tuition or state appropriations. The CIO described the special institutional fee as "another politically correct way of saying tuition." The CIO concurred with the CFO's description of the fee utilization on campus, saying:

> It was a political move and we lump them into the general fund and use them in like we would use tuition revenue or E&G funding. And so, they've become more of the support for the baseline needs of the university, whether that's in terms of salaries, or utilities or other operational costs.

The CIO also felt that the motivation behind the fee was to prevent large scale terminations of faculty and staff members, which the system office wanted to avoid at all costs. Another Sample University respondent explained a possible negative effect of the special institutional fee, hindering the institutions ability to increase their other mandatory student fees, potentially taking away from other places that needed revenue.

According to those interviewed, this system-wide solution was strategically developed to generate the maximum amount of revenue, and decision makers carefully considered the impact of Georgia's Fixed for Four tuition program. This program was instituted in 2004 and allowed for fixed tuition for entering students of USG institutions. USG participants A, B, and D all discussed the greater revenue impact of a fee rather than a tuition increase. According to participant D, if the Fixed for Four program was left intact, a tuition increase would only reach about 30% of the USG enrollments and not generate enough revenue. According to participant A, "The Board felt very strongly about honoring its commitments to students, and it would not raise the tuition on those students who were under fixed-for-four, because it felt like it had a moral commitment to those students." Participant A explained:

> One of the reasons that the fee option was attractive was it could be applied to all students—all 310,000 students in the University System as opposed to just a small minority of students having to bear the burden for raising all of the revenue necessary when you couldn't apply the increase to the other students.

The short-lived Guaranteed Tuition program was abolished by the state in 2009 but the special institutional fee, which was strategically developed due to the constraints on tuition of those students, remains with USG institutions today. As one official explained, "Then, we found ourselves in a similar position again, and the fee was increased the next year. And it's been increased a couple of times." Participants A, D, and C all stressed the importance of the special institutional fee and stated that its elimination next year will be up for discussion. According to participant E:

> It quite frankly was not intended to be a permanent source of funding; it was going to sunset next year. And that's one of the things that the board will be looking at very carefully. It will be a challenge to eliminate it, to allow the sunset to go into effect because it generates about $210 million annually for our institutions. But, I would not be surprised to see it begin scale down over time.

The CIO and CFO at Sample University also predicted the institutional fee to remain after the prescribed sunset deadline. Considering the future of the fee, one USG official stated a possible move away from the use of a fee to make up the appropriations, and rather a shift back to tuition increases:

> I would think that, over the long term, we would move away from that model and move to, tuition is tuition is tuition. And as the last cohort of fixed-for-four kind

> of comes off here, any argument for a different approach based on that would go away.

<u>State Governance and Politics</u>

According to the research (Gray & Hanson, 2003; Lowery, 2001a; Lowery, 2001b; McLendon et. al, 2009; Tandberg, 2010), the state political characteristics of Georgia, including the social context, legislatures, governors, constitutions, state lobbyists and political interest groups, and statewide governance structure, have an impact on how the state funds higher education. In this study I aimed to discover whether these characteristics impacted mandatory student fees in the University System of Georgia. I found that the statewide governance structure, complex political stakeholders, and lobbyists greatly affect the mandatory student fee process in the USG from the perspective of senior officials at both the USG and at Sample University.

Statewide Governance Structure

The University System of Georgia includes 35 unique institutions, which USG participant D pointed out affects the role of mandatory student fees on each campus:

> Mandatory student fees have different roles at different institutions. The System is not a one-size-fits-all system. That is, we have 35 institutions—everything from Waycross College with 1,000 students, which is a two-year college in rural Georgia, to the University of Georgia with 35,000 students, giving out Ph.D.s and law degrees and pharmacy degrees and the rest. So, one thing that mandatory student fees do is that they establish the degree to which different institutions want to participate in certain functions.

As discussed by both the CIO and VPSA at Sample University, the system provides multiple options for campus environments, from higher cost traditional residential experiences to smaller 2 year and 4 year state colleges. The university system should allow for mobility for students if the cost, including mandatory student fees, of the traditional college experience becomes too much for a student. The USG institutional profile is also considered by the CIO and cabinet at Sample University when considering fee rates, utilizing other system institutions as benchmarks.

According to USG participant C, the USG also provides a network of colleagues with whom to collaborate, sharing mandatory student fee best practices. In the words of participant C, “that is truly the advantage of being part of the System.” Being a member of a state system was also credited with being a challenge by one official at Sample University, especially when considering the enforcement of policies and procedures at the system or state level: “We get painted with the same broad brush across the whole university, and it’s not fair for one thing. But it is what it is, and that’s kind of the political environment that’s here,” said the CIO of Sample University.

The categorization of the institution by the USG is an important factor because it helps drive the level of funding from the state level, especially when concerned with the special institutional fee. An institutions special institutional fee rate is based on their categorization by the USG as a research university, regional university, state university, state college, or 2 year college. As stated before, Sample University is aspirational, and in the belief of all institutional participants, their profile more closely resembles the institutions categorized above them rather than their current peer group. While operating at a higher level, they are funded at a lower level via the special institutional fee.

Complex Political Influences

The BOR Policy Manual lists the Board of Regents as having ultimate oversight over mandatory student fee rates and policies in the University System of Georgia but it became evident in this study that there are a multitude of other political influences in the state that affect mandatory student fees, consistent with Cloftetter (1999). Various stakeholders were identified by interview participants, including the public, Regents, Governor, legislature, USG staff, institutional administration, and other state agencies. One senior USG official attributed this multitude of influences to the role of public debate, saying “When you’re a public system, all of this [higher education price, tuition and fee rates] needs to be debated.” According to USG participant E, the discussion of higher education with the public is crucial as the public pays tax dollars and elects legislative officials and the Governor, who has a role in appointing Regents. Participant E said, “We have to be sensitive to the general public climate. We have to be sensitive to what we can likely get supported in the legislative process and from the governor. We are a state agency and we have to take these things in to consideration.” There were similar comments from Sample University leaders, who focused on the need to educate the public, USG BOR, and the legislature about mandatory student fees since they all wield political influence over the process. The CIO spoke about the unique position of the institution, stuck between the government and its public constituents:

> We in higher education have not educated the public as appropriately as we probably should have. And therefore, we can’t have the hard conversation about tuition increases and what the role of government is in funding this. Particularly in a political climate, when the pendulum swings from one side to the other, [you

> have] a very conservative base that says, "Well, you know, people should take on their own education." That's simply put, perhaps, but the other side that says, 'Well, no, that's the responsibility of government—to bring the whole of the public up, to provide access and opportunity for education to everybody.' Well, we get caught in the middle of that.

The CIO of Sample University also discussed the role of politics in the system's oversight of mandatory student fees, saying, **"**[The USG is] there to mitigate how the political wind is blowing more than anything." In addition to being caught between the state and its constituents, the institution also finds itself caught between the needs and wants of their students and the governance of the state system. All Sample University respondents made a point of discussing the need to balance the political ideals of the USG with the desires of students when requesting new or increased fees. At Sample University there was a clear sensitivity to the role of the students in the process, supporting the research of Barr (2002), Chabator (1995), and Golden and Schwartz (1994). The political aspect of the process is also ever changing, as state legislative members, Governors, and Chancellors come and go. The Sample University VPSA spoke about the challenges of a changing political system and its impact on policies:

> The problem is when you have a governor or a legislative arm that starts putting pressure on them. We do utilize the Board of Regents. There is some flexibility there, but not a lot. With the former governor, he put a lot of pressure on . . . he didn't like quote "frivolous" things in his mind. So, as long as the Board of Regents upholds what the current policies are, you're in pretty good shape.

Although the Regents are charged with making final decisions on student fee rates and policy, they also have constituents as well as institutions that may reside within their constituencies. “The Regents—and particularly the Regents that may have some sense of representing or having particular institutions in their district—might pay more attention to it [institutional fee rates] than others,” said one USG participant. The Governor was also mentioned by USG participants as a major influence in the process. Not only does the Governor appoint members of the Board of Regents but they can also influence BOR decisions in other ways. USG participant B explained:

> The reality is, in this state in particular, the Governor has a lot of tools at his or her disposal. And the Governor appoints the Regents so certainly if the Governor came . . . there’s no formal sort of process, but if the Governor said, “You know, this really seems like a problem to me,” you’re not going to ignore that. You assume generally that the Governor’s best interest is the state at heart to begin with, so you kind of want to listen to what they have to say. And then, they’re the Governor, so you listen to them in that perspective as well, right?

The State Performance Audit of Mandatory Student Fees (2010) helped illustrate the role of state agencies and the legislature in the already crowded mix of mandatory student fee stakeholders. “The Department of Audits and Accounts is an agency of state government. It is kind of a dual-hatted . . . it’s a legislative branch agency really. The state auditor is elected by the General Assembly,” explained one USG official. Another USG official discussed the audit and other recent occurrences that have garnered more involvement from the legislature, saying “I think those changes with the HOPE, those changes with our policy, and the student fee audit probably have all contributed to more attention, probably more so from the legislature from a fee perspective.'

The public reaction to the special institutional fee was one area where both the USG and Sample University saw a piqued interest from the public related to mandatory student fees. University System of Georgia participant C felt that the system didn't engage students in the process of understanding the fee and therefore faced more criticism than necessary. Participant A saw the use of a different type of mandatory student fee as introducing a new financial tool to the public:

> I think when we introduced the concept of the special institutional fee; we gave some people another reason to say, "What is going on?" You know, that was a new activity. And especially when we did it again. So, it's definitely, I know it's out there on the radar screen, and I'm glad that the student advisory council members are paying more attention. I'm glad that parents are paying more attention. I think we will benefit from that in the long run, because the state had enjoyed such a period of unprecedented prosperity for a long time.

Lobbyists and Mandatory Student Fees

Research from McLendon et. al (2009), Tandberg (2010), Lowry (2001b) and Weisbrod et. al, (2008) illustrated that state political lobbies and political interest groups have become more important to higher education appropriations in recent years. In this study, there was a professional position at both the system and institutional level that fulfilled the role of state advocacy. Both positions frequently spoke of "telling the story" of public higher education, to the USG BOR, state legislature, Governor, and the public. The Associate Vice President for Governmental Relations (AVP) represents Sample

Georgia University at the state level and advocates for the institution and their strategic initiatives. Conversations between the AVP and legislature include issues such as HOPE reform, immigration policy, the special institutional fee, capital projects, and funding. According to the AVP, state ear marks have been a recent topic of conflict in the USG as formula funding has fallen far short of meeting institutional needs. The AVP explained:

> It's like lobbyists to be honest with you. People think the connotation is '*oh my gosh*,' but, in my opinion we've not done the best job in telling the story about how some of these 'earmarks' are helping advance causes like public health, cancer research, and those type of things.

The AVP advocates on behalf of Sample University directly to the state legislature but also works in concert with the USG Office of External Affairs, who coordinates state advocacy across the University System. According to USG participant A, the USG Office of External Affairs helps drive USG legislative and funding initiatives amongst the other agencies that are competing for state dollars and political agendas. Lowry's (2001b) study found that state government funding varies depending on the relative size of various interest groups in each state as well as the ability of public universities to present a unified front when dealing with state government. Participant A's comments were consistent with Lowry's findings when discussing the role of system-wide advocacy during the budget cycle:

> We do a better job in the University System when we have our act together. And when we have our act together, by that, I mean, when we know what our story is and when we're able to say to the governor or the governor's advisors, or when we're able to say to, for instance, the governor's Office of Planning and Budget,

> or when we're able to anticipate the reactions from legislators, or students, or the public, or the media.

Although there is a potential for conflict with lobbyists existing in the individual institutions as well as at the USG level, the USG Office of Fiscal Affairs works with the institutions to ensure that the singular story of the USG is shared with the legislature and public, and neither the AVP of Sample University nor USG participant A discussed any conflicts between the two levels of advocacy.

Mandatory Student Fee Policy Clarity

One of the original premises of this study was that institutions were not clear on USG BOR mandatory student fee policy, and this policy ambiguity lead to conflicts between institutions and the governing board. Through interviews with USG and Sample University participants, this research discovered differing perspectives on how clear mandatory student fee policy should be in the University System of Georgia. One USG official accurately summed up the debate:

> That is really where the struggle's been, do you want a rules-based system, do you want a Napoleonic code? Or do you want more of a common law [approach], 'Okay, here are a series of principles, and we kind of try to apply these to new facts.'

Policy Effects of the State Performance Audit of Mandatory Student Fees

The findings and recommendations from the State Performance Audit of Mandatory Student Fees (2010) emphasized the struggle of policy clarity at the system level. The Department of Audits and Accounts (2010) found that "BOR student fee policies allow significant discretion on the part of each USG institution regarding the use of student fee revenues," and that the "BOR and individual institutions need to improve their management controls over mandatory student fees to ensure greater transparency and accountability (p. i)."

Leaders at both the system office and at Sample University talked about the "gray area" of student fees, and the challenges of auditors understanding the different nature of fees and state dollars. Many of the audit findings were based on interpretations of USG BOR policy and participants from both the USG and Sample University took issue. USG participant B said, "When you start getting into the realm of judgment…..suggesting our policies are insufficient or what have you, then it's more a process of negotiation." Another senior USG official stated, "You know, I'm not opposed to an audit at all, because I think the purpose of an audit is to determine whether or not you're following your policies. But it is not up to an auditor to determine their interpretation of what your policy does or does not say."

At the institutional level, the overriding theme was that the policies are clear and appropriately loose as to leave discretion up to the professional staff at the institutions. The VPSA relishes the limited policies of the BOR in allowing institutional officials to utilize funds in the best interests of students, saying "You've got the Board of Regents who have limited policies—and I hope they keep them that way, so that we do the best interest of students." The CFO, when asked if they were clear on the USG BOR policies, commented that there wasn't a lot of ambiguity.

The CIO focused on the positive outcomes of the audit while summarizing the impact on system institutions, saying:

> There are some little sticking points in there and it's based on a bias of understanding how E&G or government money should be spent versus how fee money should be spent. And, again, it's another opportunity for more education, which I think was a benefit to everybody in that audit process.

Sample University was cited in the audit report and I asked participants whether the audit changed the way that the institutional leaders approached mandatory student fee issues. The CFO said, "As a result of that audit, I think we self-examined ourselves and made sure that we were compliant with the board policy that was out there." According to the VPSA, Sample University was" applauded that we were one of the cleanest in the state," but also focused on efforts to get better at documenting and justifying. The VPSA's area already employs the use of public perception to help drive student leader decision making:

> And I will tell my folks, "Okay, we're going to do this, but if this came out on the front page of the *Atlanta Journal-Constitution*, could you justify it?"...And so, we have cut out anything that I think is frivolous in any shape, form or fashion that I can't justify and is not in the best interest of students.

Policy Ambiguity and Accountability

There were clarifications made to policy by the USG BOR as a result of the audit but many of the decisions at the institutional level are still left to guidance and perceptions of individual USG officials. USG participant C worked with campus institutions and students to help draft the changes; "Because sometimes, unfortunately, we think we know what's happening on the campus, but their interpretation might be slightly different, so students are a good reality check." The policy gray areas are often where institutional questions develop and it is the role of the USG to answer them. USG participant B said, “We all do have some common agreements on some of those principles, and so senior level folks—they get that email or that phone call—they’re going to quickly apply those and be able to provide, hopefully, some good guidance.” Another challenge discovered in interviews was that institutional leaders seek answers from different officials at the USG, officials that may work in different areas and make different interpretations of the already loose policies. USG participant A explained: “At any given school, questions will come up as to some of the gray areas. Depending on the school, they’re going to ask different people. A fair number of schools will ask us via email or ask fiscal affairs or will ask us both.” In addition to the Office of Internal Audit & Risk and Fiscal Affairs, participant C identified the USG BOR Student Advisory Council as another outlet for policy clarification.

Another role of the USG BOR is to hold institutions accountable for violations of student fee policy. According to USG participant B, loose policies create an environment where campus officials can intentionally abuse the gray area:

> If you have a total lack of clarity over how you can spend the money, then a person who is committing intentional malfeasance will use that gray zone to say, ‘Well, I thought I was doing something right . . . I didn’t know I couldn’t buy my kid’s textbooks with student fees.’

Not all malfeasance is intentional however, and the VPSA at Sample University explained that it is easier for University staff to accidentally make mistakes if the policies remain loose, driving the need for increased education and training of staff members whom work with student fee budgets. The VPSA’s comments appeared particularly important as USG participant C explained the complex web of policies, procedures, and laws that institutions must follow when expending student fees, including: federal laws or regulations, state laws or regulations, Board of Regents Policy Manual (which is "not waiverable unless it says its waiverable"), the Business Procedures Manual, and campus policies and procedures. Another USG official discussed competitive disadvantages for campuses that take a more conservative approach to mandatory student fees:

> There's a competitive weakness in the sense that if there's a lot of confusion [about] how you can and cannot use fees, then you get schools in the situation where they would get a competitive advantage over another institution within the same System because they're kind of pushing the edge with the student fee and it allowed all of these great and cool and wonderful things, but they're probably actually not allowed to do them. And a school that's trying to follow the rules as they understand them is losing that ability, that competitive edge.

Public Private Ventures and the Arms Race

Through the review of the existing data and interviews with participants at the system and institutional level, it was clear that there has been a proliferation of mandatory student fees related to facilities in the USG, a primary source of the overall increase in fee rates. According to USG participant E, a policy decision by the Zell Miller administration in the mid 1990's lead to the proliferation of public private venture projects on USG campuses. Participant E explained:

> Given the scarce resources and general obligation debt of the state, we're [the state] no longer going to fund projects that had a revenue stream from bonds, for

> example housing, dining facilities, parking decks….So that spurred a lot of different approaches to building those kinds of facilities all over the system.

These public private ventures are partnerships between institutional foundations and the USG. The USG provides a land lease to the institution and their foundation sells bonds to fund construction and operation. Often those bonds are paid back by mandatory student fees, most frequently in student unions, student centers, or recreation centers.

Facility fees are a significant source of the overall increase in USG fees and according to USG and institutional respondents, there does not seem to be any strategy to decrease their use in the system. USG participants A and B both identified facility fees as a source for significant overall fee increases. Another senior level administrator quantified the impact that these projects have had in the capital budget at the system level, saying "When you look at our portfolio, $3.8 billion of facilities are being built by the public-private ventures, which means that we are using an identified revenue stream." Note that this number includes some PPV projects that are not funded through mandatory student fees, such as residence life complexes.

Students Driving Facility Proliferation

Facility fees were also a common topic in my interviews with Sample University leaders. On campus, administration pointed to today's college student as a driver for state of the art facilities. Sample University currently has a student fee funding their recreation center and the CFO acknowledged its importance in reaching strategic initiatives of the campus and the careful consideration of the student and system level response. The drive for new and improved facilities at Sample University supports research from Toma

(2008) and Brewer, Gates, and Goldman (2002), which identified campus aesthetics as a driver for prestige seeking institutions.

Sample University's AVP discussed the student market driving the increased residence halls and facilities, stating that students can get a "vanilla education at a much cheaper rate," but they are attending Sample University because they want more of the traditional collegiate experience. The VPSA discussed the changing American college student as a driver of increased fees and expanded services and facilities on their campus, explaining:

> I do think that's critically important because the college student of today has changed. And that is, yes, they want a solid academic program—there is no doubt about it—but by the time kids get to us nowadays, they also have been abroad already, they've had major introductions to plays and concerts…They want those things outside the class. And recreational fees in the last ten years have just exploded because we have a different type of student and they are very interested in things they can do outside the classroom.

The Director of Campus Recreation, who reports through Student Affairs, echoed the VPSA's comments about students driving the need for expansion of recreation programming and facilities. In addition to monitoring the current fee, the Director has been involved in the process of developing a fee structure over the years that funds both the facility and the operation and programming functions of the facility. The budget for this facility has become complicated over time, and it is funded through a combination of a recreation facility fee for a recent expansion, a recreation fee for programming and operations, an activity fees for some additional programming, and also some E&G funding for basic utilities and overhead costs.

Each respondent at Sample University spoke of the need for a new student union on campus but hesitated when discussing the right time to begin the initiative. The CFO explained the basic process of investigating a new facility fee on their campus:

> We're in discussions right now, for the student union and health center, to upgrade those facilities and fund it with a student fee. It begins at a pretty high level. The president's involved in those discussions, student government is involved, the vice president for student affairs is involved, I'm involved. You begin with some hypotheticals, "What do we think it's going to cost?" and "What level of fees are going to be required to fund?"

With a debt service commitment of 10, 20, or 30 years, PPV facility fees are an important decision for the student fee committees to consider. According to USG participant C, this is an opportunity to "take advantage of a learning opportunity, so students understand the big picture." Although the administration and students of Sample University recognize the need for a new union, the conservative and intentional administrative culture helps set the time for student decisions. According to the VPSA:

> Our students are pushing us big-time on a new Union because they want all the amenities that they think the big-time schools have….But they're going to have to vote themselves about a $100-plus to pay for it, and I'm not sure they're ready to do that right now.

State Performance Audit, Reserves, and PPV Facility Fees

Further complicating the issue of PPV facility fees were audit findings for Sample University from the 2010 State Performance Audit on Mandatory Student Fees centering on mandatory student fee reserves. The audit questioned "whether costs associated with construction or improvement of facilities, and for with mandatory student fees, should be borne by students who will likely graduate before the facility is ready to use," and also criticized institutions for maintaining multi-million dollar fee reserve accounts (2010). According to Sample University officials, fee reserves help institutions fund complex debt service payments, provide funds to help mitigate risk, and prevent the need to frequently raise existing fee rates. The CFO cited fee reserves as making the renovation of their recreation center and purchase of their new outdoor recreation complex possible, both initiatives which were driven by students. The CIO also relies on technology fee reserves to find larger strategic initiatives that cannot be absorbed in one budget cycle, saying "So we balance the political climate of the appearance of sandbagging money—or not needing it—with structured strategies for building up enough reserves to do something [strategic]."

The VPSA discussed the role of reserves in moving the institution forward, questioning the state auditors: "How do you build for the future? When I asked every single auditor that question, they couldn't answer it. I said, 'Well, tell me. Tell me how I can build for the future?'" The CIO, CFO, and VPSA all discussed the need of fee reserves to mitigate risk, whether it be national disasters affecting facilities or basic campus technological infrastructure or an unexpected enrollment decline that directly affects fee budgets. The proliferation of student fee funded PPV facilities adds to this risk and student fee reserves are necessary to help mitigate and prevent significant increases in facility fees over time.

Campus officials were also asked whether the audit recommendations changed anything at Sample University in regards to reserves. The CFO replied, “We haven’t changed anything. I guess I shouldn’t say that, but we’ve not made a conscious effort to spend it down. I mean, we’ve given our defense, and we continue to [maintain reserves].” The VPSA cited BOR policy in their response, saying “I can’t worry about when they criticize, especially that I am operating within the guidelines that are there, which makes sense. But otherwise, you know what you begin to do?” If the USG BOR begins to change policy in order to enforce a limit institutional fee reserves, it would have widespread negative affects at the campus level. According to the CFO, it would force Sample University to find money elsewhere to fund reserve priorities, which isn’t possible in the current climate: “There just isn’t a lot of slack in our budgets to, you know, build up reserve funds, if you will, rainy-day funds—which ironically is a concept that saved this state’s bacon during the last recession.” The VPSA fears frivolous shopping sprees at campuses in order to spend down fee reserves, wasting the money in direct contrast to BOR policy intent. The CIO was critical of the audit recommendations as well, saying “So, the irony doesn’t escape me that the legislators will save a rainy-day fund of millions, or perhaps now billions of dollars….that really saved the state significant cuts during the last several years, is such a foreign concept when it comes to higher education.”

CHAPTER 6

CONCLUSIONS

Summary

The continued decline of state appropriations to the University System of Georgia (USG) has collided with years of enrollment growth fueled by a strategic plan calling for access and affordability. This study investigated the role of mandatory student fees in this economic and political climate, guided by the research question: What is the perspective of senior level officials in both the institution and the state governing body on the role of mandatory student fees in the University System of Georgia? The primary findings of my study are:

- In the University System of Georgia, mandatory student fees are being utilized directly to offset the decline in state appropriations, both at the state system level and the institutional level.
- Mandatory student fee rates are increasing dramatically, most significantly from the proliferation of public private venture (PPV) facility fees and the USG Board of Regents mandated special institutional fee (SIF).
- Politics play a role in mandatory student fee decisions in the University System of Georgia, through the involvement of a complex web of stakeholders.

A summary of these findings is included below, along with implications of the study for both Sample University and the University System of Georgia, and areas for further inquiry.

In the University System of Georgia, mandatory student fees are being utilized directly to offset the decline in state appropriations, both at the state system level and the institutional level. Increasing enrollments at USG institutions are helping bolster mandatory student fee budgets while E&G funds used in the academic core of the college are ever tightening. At Sample University, fees are increasingly being utilized for activities that are in the academic mission, for example basic technology infrastructure, professional staff members, library learning materials, and student recreation facilities that house academic classes, consistent with the literature from Weisbrod et. al (2008). The literature also states that institutions are pursuing new, non-governmental sources of revenue across institutions in order to meet fiscal challenges (McLendon et. al, 2009; Arnott, 2008; Slaughter & Rhoades, 2004). At the institutional level, there is an internal battle for funds between academic affairs and student affairs that houses many of the more general activity and recreation fee budgets that are more easily co-opted.

In addition to the evidence of mandatory student fees being used in place of E&G funds at Sample University, the most significant finding of the study was the BOR-mandated special institutional fee (SIF). The SIF was designed as a financial tool to help generate a portion of the revenue lost from declining state appropriations to the University System. During interviews, institutional officials made a point to discuss the difference between the tuition process (from the BOR down) and the mandatory student fee process (Institution up to the BOR) in the system. The special institutional fee, originally touted as a "special fee to sustain excellence in the classroom (BOR, 2009)" is an instance of those two processes being flipped, as the fee was mandated by the BOR without input from the institutional fee committees or student leaders. Although study participants had mixed answers when asked whether the public perceived tuition and fees as separate parts of the price of higher education, it is clear that the USG views the two strategically different. Senior officials at the USG made a deliberate decision to generate the most income when devising a model to help balance the USG budget, so it was levied as a mandatory student fee rather than a tuition increase, which would not affect the nearly 30% of students in the system that were on the Fixed For Four guaranteed tuition program.

Mandatory student fee rates are increasing in the University System of Georgia at a faster pace than tuition rates. Based on the review of the literature and current trends, I expected to find a systematic increase of all fees at USG institutions, including new or increased fees to fund expanded health services offerings, large student activities programs, new athletic programs, or the rising costs operating campus facilities and transportation. Although those fees are increasing across the USG (see appendix A), the most significant source of the recent dramatic increases is the previously mentioned special institutional fee (see figure 3) and PPV facility fees. Mandatory student fees are funding student unions and centers, recreation centers, athletic stadia and complexes, and parking decks. Across the country, campuses are involved in a competitive arms race for facilities, which Toma (2008) and Brewer, et. al (2002) attributed to the race for prestige and a better student profile. The USG is no different, where these PPV's have become a part of how USG institutions operate, grow, and gain prestige. Students have come to expect these facilities, but as Winston (1999) found, this arms race is spending resources on facilities that do not actually improve education or rankings, in direct contrast to the new strategic direction of the USG. At Sample Georgia University, administration felt these facilities necessary to attract students, retain students and have an impact on their learning. While PPVs are proliferating across the system, a recommendation from the state auditors for institutions to eliminate large fee reserves budget is putting these facilities at risk. Institutional officials unanimously described the role of reserves in funding facility maintenance, operations, and future expansions, and allowing them to react to students changing needs. These reserves are vital to the operation of student life facilities on campus, especially as more and more facilities are being funded by mandatory student fees and not state dollars.

Overall mandatory student fee increases at Sample University have been conservative in comparison to other USG institutions, a fact that university officials attributed to the campus leadership being conscious of the overall rising price of higher education. The campus culture at Sample University is truly student centered, and the administration is sensitive to the fact that mandatory student fees contribute a significant portion of the price that their students pay. Education was widely cited by the institutional leaders as important in managing the perceptions of higher education price; education of parents, general public, and of the USG BOR and state legislature were all mentioned by respondents. A major fear of institutional leaders was that mandatory student fees are heavily affecting college choice and students will have to start choosing a school in the system based on the fee package that they want and can afford. With tuition increases controlled at the system level, one Sample University respondent asked if mandatory student fee rates are determining the haves and have nots in the USG?

The political characteristics of Georgia play an important role in mandatory student fee decisions in the University System of Georgia. A complex web of stakeholders was identified that influences mandatory student fee policy and rates in the University System of Georgia, including: institutional fee committees composed of students, staff, and faculty; the institutional cabinet and president; the USG staff; Board of Regents; legislature; Governor; and the public, including parents, constituents, and the media. This supports Clotfelter's (1999) research finding of multiple stakeholders in state governance systems as well as the body of research that examines the effect of state political characteristics on state funding of higher education (Gray & Hanson, 2003; Lowery, 2001a; Lowery, 2001b; McLendon et. al, 2009; Tandberg, 2010). This complex cast of stakeholders adds layers of politics that complicate the mandatory student fee process for the institutions as well as for the system office. In the words of the VPSA, "So, again….how many balls have I already juggled for you? You're juggling constantly. Just constantly juggling." The figure below shows the complex web of stakeholders that influences each level of the mandatory student fee approval process, as already presented in figure 1.

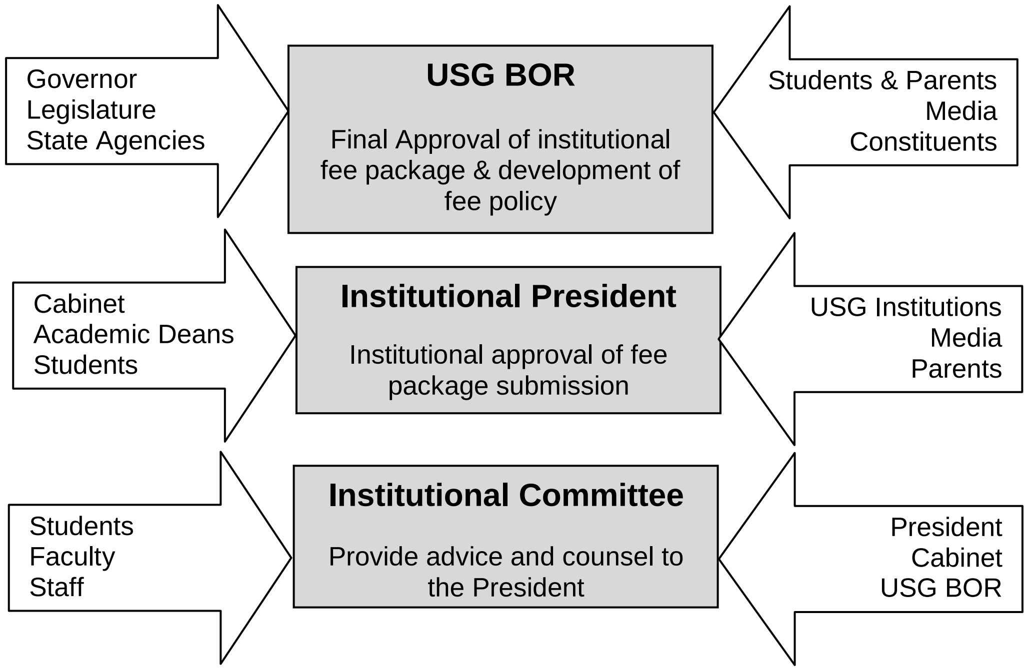

Figure 6. Mandatory student fee process and complex stakeholders.

During my study, the ramifications from an audit by the state department on fees, a transition in the Governor's office, and continued public criticism from the AJC all influenced USG respondents. A member of the USG staff described a complicated world of accountability which included three different levels of federal, state and USG law and policy along with the interpretations of already loose polices by multiple USG staff members. The State Performance Fee Audit of Mandatory Student Fees (2010) criticized the USG BOR for providing insufficient internal controls on institutional use of fees and for not holding institutions accountable for circumventing procedure. While the BOR was considering policy changes that further clarified the role of the institutional committee at the behest of the state audit department, they were also developing a new financial tool to generate revenue that circumvented the entire committee approval process and system.

Implications for Practice

In the Board of Regents Strategic Plan, developed in 2007, their strategic goals included the desire to both (1) create enrollment capacity to meet the needs of 100,000 additional students by 2020 and (2) maintain affordability so that money is not a barrier to participation in the benefits of higher education (BOR FY2009 Annual Report). From 2008-2011, the already heated political climate in Georgia has been fueled by the continued decline in state revenues, a state performance audit of mandatory student fees, landmark changes in HOPE scholarship, and a complete change in leadership at the Governor's office, Chancellors office, and Board of Regents. For both the institution and the system office, this political and financial environment has driven strategic decisions related to mandatory student fees. Fees have been used by both the institution and system to help alleviate declining state appropriations, and the perspectives in my study suggest that this practice will need to continue for the foreseeable future.

Implications for Sample University

Mandatory student fees are a strategic necessity at the institutional level. Based on the findings of this study, an institution needs to build a strong relationship with students and develop a culture at the leadership level which is sensitive to student needs and desires. Mandatory student fees can be utilized to develop their institutional profile within the USG but Sample University needs to ensure that it is a profile that is supported by their campus community along with all other stakeholders. The complex political layers of a state governing board often add confusion and frustration to the mandatory student fee process. Sample University must stay aware of these stakeholders in order to better navigate the political landscape, and continue to focus on public perception when making decisions related to their mandatory student fee package. According to institutional officials, the education of all process stakeholders is the key to success, and Sample University must continue to communicate the role of these fees in providing programs and services for the educational betterment of their students. In addition to education, Sample University must focus on the shared resources that that their membership in the USG may provide. Improved communication, system-wide training, and clear policy should be the hallmarks of a statewide system of higher education. Considering the results of this study, it does not appear that Sample University is receiving the support that they need. Sample University should be further utilizing the power of 35 institutions to strategically push for more unified support.

Implications for the University System of Georgia

Access, affordability, and enrollment growth has driven the USG over the last twenty years and the system has seen an extended period of prosperity. That prosperity has recently taken its toll and new strategies must be developed for the University System to survive the current budget climate. The previous USG administration's strategy allowed for institutions to significantly increase fees over the last decade (appendix A) until the situation became so dire that they mandated a system wide special institutional fee to help fill the gaps left behind by declining state appropriations.

In reaction to the recent audit findings and the increased pressure from state government, the public, and media, the USG will be more closely examining student fee packages in the upcoming budget cycle. The previous USG administration did not make widespread policy changes following the audit findings and participants from both the USG and Sample University favored the current gray areas in mandatory student fee policies. One USG official described room for improvement in the current approval process, saying, “I would say it is not as formal as it should be and from a maturity perspective, it’s probably . . . on a one-to-five scale with five being an optimized system and one or zero being, totally haphazard, you’re probably somewhere at a 2½ to a 3.” Another USG official sensed a shifting paradigm, moving away from the reliance on fees and back to a view of one price to the consumer:

> It’s easy to say things would just continue as they are, and we would keep doing what we’re doing with a little fine tuning here and there. But there’s certainly discussion out there that says, “We need to scrap the entire student fee system and move to flat tuition.”

Senior leadership at the USG is looking for a clear shift at the system level, and based on this study, a major shift in strategic plan for the system is necessary to achieve the goals of the USG. There appears to be support from other senior leaders, less than two months into new leadership:

> It’s paramount, in my opinion, that the University System—the chancellor, the Board of Regents—be able to look students that are starting their matriculation or students that are already in the University System to, in my phraseology, to look those people in the eye and say, “You’re going to get a quality . . . you’re going to have a quality experience.” You know, we’re not . . . we’re not compromising the quality of your experience.

All of the participants at the USG recognized the role of mandatory student fee rates in this quality experience, although participant E also predicted that student fees won’t be easily increased in this upcoming cycle. Although individual mandatory student fees may not continue to increase this year, opinions about the sun-setting of the special institutional fee are mixed, and some members of the USG staff predicted the fee will stay:

> Yeah, and it, quite frankly it was not intended to be a permanent source of funding; it was to sunset next year. And that's one of the things that the Board will be looking at very carefully. It will be a challenge to eliminate it, to allow the sunset to go in to effect because it generates about 210 million dollars annually for our institutions. But I would not be surprised to see that begin to scale down over time.

With the expanded use of student fees for salaries, technological infrastructure, library supplies, transportation, and PPV facilities, it is unlikely that the other traditional mandatory student fees have the opportunity to decrease or sunset themselves either. One senior leader at the USG mentioned the need for a *new reality* of higher education in today's economic climate. As evidenced by this study, new strategies in this new reality will include a continued role for mandatory student fees, most specifically the special institutional fee and other PPV facility fees, but fewer new and increased fees from the other traditional mandatory student fees (e.g. activity, athletic, health services). The strategy of the new USG leadership will begin with a re-envisioning of the funding formula and a change, a strategic plan to become better, not just bigger, and careful monitoring of the future impact of significant changes in the HOPE Scholarship. Moving forward, senior leadership from the USG did not widely mention tuition increases as a part of their strategy in the new reality.

Areas for Further Inquiry

Some major questions and issues remain following this study. First and foremost, a question that needs to be answered is: What will the USG budget look like in fiscal year 2013? Officials at the USG discussed many possible solutions when discussing their expected continued budget woes, including the special institutional fee, changes in policy, a revised funding formula, and even a move back towards tuition increases. Participants were also carefully monitoring fall enrollments, the impact of the new HOPE Scholarship, and the changing political climate.

The role of the governing board in the mandatory student fee process was an initial driver of my study and I would like to continue research on state governance systems, investigating case studies of similar relationships and perspectives. Does the existence of a coordinating board or other statewide governance body affect mandatory student fees? My study was limited by the participation of only USG staff members and not members of the Board of Regents, but their perspective would also be an interesting additional study in the future. The majority of the USG staff that I interviewed had a professional background in higher education. Although politics is still involved in their appointments, they are selected in a much different process than Regents. I would also like to investigate the perspective of the Regents on mandatory student fees, and how their backgrounds and experiences prepare them for the ultimate authority in Georgia state higher education.

The HOPE Scholarship has provided a situation where institutions could raise mandatory student fees (after FY 95) and increase revenue for the institutions. Now that students on HOPE have to pay mandatory student fees, in addition to partial tuition, it leads to a question: Will the new HOPE Scholarship structure allow the USG to continue approving increased fees to provide institutions the revenue that they cannot provide with state appropriations? Or will it shift the paradigm in the system back to tuition increases, and pass the increased price on to the state funded HOPE Scholarship? Using the positive externalities approach to state support of higher education, the direct and indirect benefits of higher education to a state drives the state's funding of higher education (Toutkoushian, 2009). As evidenced in this study, the USG has experienced declining support from the state and has increasingly passed on the added price to students via mandatory student fees rather than broad tuition increases. An important question for further study is: Does the USG consider the benefit to the citizens of the state when considering mandatory student fee increases, or has the USG's recent strategies established public higher education as a private good in Georgia that should be funded by the consumer and not the state?

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APPENDIX A: USG MANDATORY STUDENT FEE RATES FY02-FY12

	Fall 2001	Fall 2002	Fall 2003	Fall 2004	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011
Research Universities											
Georgia Tech	$411	$413	$434	$455	$505	$517	$573	$592	$818	$823	$1,185
Georgia State	$330	$341	$356	$393	$413	$463	$494	$600	$814	$814	$1,064
Georgia Health Sciences	$268	$283	$293	$293	$293	$323	$344	$356	$556	$556	$813
Georgia	$393	$415	$435	$452	$495	$536	$563	$587	$830	$833	$1,095
Regional & State Universities											
Georgia Southern	$332	$342	$350	$435	$512	$526	$562	$576	$822	$822	$936
Valdosta State	$297	$312	$324	$335	$420	$465	$630	$630	$855	$855	$955
Albany State	$272	$277	$281	$287	$292	$297	$301	$306	$556	$580	$700
Armstrong Atlantic	$191	$195	$195	$236	$243	$257	$278	$389	$539	$539	$666
Augusta State	$175	$187	$190	$235	$241	$253	$268	$273	$455	$455	$670
Clayton State	$195	$213	$229	$240	$262	$282	$357	$377	$567	$567	$702
Columbus State	$210	$228	$232	$243	$253	$314	$323	$337	$650	$650	$835
Fort Valley State	$268	$285	$285	$297	$303	$325	$345	$460	$644	$644	$814
Georgia College & State	$250	$308	$339	$355	$369	$391	$429	$465	$709	$784	$936
Georgia Southwestern	$283	$284	$286	$285	$299	$323	$339	$369	$529	$529	$647
Kennesaw State	$248	$253	$283	$288	$303	$353	$424	$474	$673	$673	$809

North Georgia College & State	$273	$283	$286	$291	$303	$351	$459	$474	$749	$749	$859
Savannah State	$309	$309	$309	$309	$309	$309	$309	$314	$525	$675	$815
Southern Polytechnic Stat	$221	$221	$221	$232	$276	$284	$315	$365	$598	$598	$698
West Georgia	$268	$274	$281	$292	$416	$450	$480	$560	$793	$793	$929
State Colleges											
Abraham Baldwin Agricultural	$206	$206	$219	$227	$242	$251	$251	$251	$401	$401	$501
Coastal Georgia	$106	$106	$106	$106	$106	$106	$106	$106	$233	$480	$630
Dalton State	$62	$62	$62	$62	$62	$79	$108	$153	$253	$253	$423
Gainesville State	$64	$69	$69	$72	$72	$110	$110	$145	$257	$277	$377
Georgia Gwinnett					$148	$230	$350	$350	$540	$560	$782
Gordon College	$70	$90	$90	$94	$100	$118	$140	$184	$290	$290	$398
Macon State	$79	$79	$79	$79	$94	$94	$94	$94	$194	$194	$434
Middle Georgia	$231	$231	$202	$212	$212	$212	$212	$212	$312	$312	$433
Two Year Colleges											
Atlanta Metropolitan	$85	$95	$100	$105	$115	$120	$145	$155	$265	$365	$465
Bainbridge	$62	$62	$62	$62	$62	$82	$100	$244	$344	$344	$444
Darton	$112	$117	$132	$136	$150	$155	$170	$277	$397	$397	$532
East Georgia	$48	$48	$63	$66	$66	$76	$86	$86	$261	$261	$418
Georgia Highlands	$117	$117	$92	$92	$99	$99	$99	$109	$217	$317	$467
Georgia Perimeter	$115	$122	$122	$128	$140	$242	$242	$242	$355	$355	$475
South Georgia	$118	$128	$128	$134	$139	$143	$147	$182	$370	$380	$515
Waycross	$77	$77	$77	$77	$77	$77	$77	$77	$237	$237	$352

APPENDIX B: EMAIL INVITATION TO STUDY PARTICIPANTS

Date

Dear :

I am a doctoral student in Higher Education Management at the Institute of Higher Education at The University of Georgia. I invite you to participate in a research study entitled Mandatory Student Fees in the University System of Georgia. The purpose of this study is to investigate the role of mandatory student fees in the higher education enterprise from the perspective of both the institution and the state governing body.

Your participation will involve an interview session of one hour to complete in addition to a potential follow up session of one-half hour. Your involvement in the study is voluntary, and you may choose not to participate or to stop at any time without penalty or loss of benefits to which you are otherwise entitled. The results of the research study may be published, but your name will not be used without your written consent. The findings from this project may provide information to professionals at the institution and state level and may serve to improve higher education policy and practice.

If you have any questions about this research project, please feel free to contact me by email at sterritt@uga.edu or by phone (850) 321-1503. My dissertation chair is Robert Toutkoushian, who can be reached at rtoutkou@uga.edu or (706) 542-0577. Questions or concerns about your rights as a research participant should be directed to The Chairperson, University of Georgia Institutional Review Board, 629 Boyd GSRC, Athens, Georgia 30602-7411; telephone (706) 542-3199; email address irb@uga.edu.

I am also attaching a consent form for your review and further information. Please indicate if you wish to be a part of this study on the attached consent form and return to me via email.

Thank you for your consideration! Please keep this letter for your records.

Sincerely,

Adam Sterritt, EdD Candidate
Institute of Higher Education
University of Georgia

APPENDIX C: INFORMED CONSENT FORM USG BOR

INFORMED CONSENT FORM

INTRODUCTION

I agree to take part in a research study titled Mandatory Student Fee Use in the University System of Georgia, which is being conducted by Adam Sterritt, Institute of Higher Education, University of Georgia, 850-321-1503 under the direction of Dr. Robert K. Toutkushian, Institute of Higher Education, University of Georgia, 706-542-3464. My participation is voluntary; I can refuse to participate or stop taking part at any time without giving any reason, and without penalty or loss of benefits to which I am otherwise entitled. I can ask to have information related to me, returned to me, removed from the research records, or destroyed.

PURPOSE OF THE STUDY

The purpose of this study is to examine the perspective of the officials in both the institution and the state governing body on the role of mandatory student fees in the University System of Georgia. Mandatory student fees, which began as a small fee used to fund extracurricular activities for students, are now an ever expanding and crucial portion of the higher education enterprise. Mandatory student fees affect the price of higher education, making this issue important to both potential college students and their parents. The researchers are interested in how institutional officials are utilizing mandatory student fees as they fight to both protect and grow their programs during times of financial constraint, and how state politics and the state governing board affect their use. This study will also use existing fee expenditure data, policies, and fee use definitions to provide additional context and help triangulate interview data.

BENEFITS

While there are no direct benefits to participating in this study, this study may serve to improve higher education practice at multiple levels, as mandatory student fees are an essential issue for campus administrators and members of state legislatures whom are charged with funding and fiscally managing our institutions.

PROCEDURES

If I volunteer to take part in this study, I will be asked to do the following things:

- Participate in one (1), hour long interview, which will be audio recorded to ensure accuracy.
- Potentially participate in one (1), half-hour long follow up interview to provide clarification.

DISCOMFORTS, STRESSES, RISKS

No discomforts, stresses, or risks are expected.

CONFIDENTIALITY

Individually-identifiable data collected during the study will be kept confidential and stored securely. Only the researchers will have access to individually-identifiable information. Identifiers will be replaced with codes, the recordings will be destroyed following transcription, and the master list linking me to my data will be destroyed after data collection and verification is complete. Publications and presentations will indicate that the University System of Georgia Board of Regents is being studied and quotes will be identified by my functional area within the organization. My name as a participant will remain confidential in this study. Subjects will be asked to review all quotes and provide permission for inclusion during the follow-up contact. No direct references will be made in oral or written reports that could link me to the study, however due to the small number of participants and their responsibilities at the organization; it is possible that my comments could be linked to me. Up to ten officials from my organization are expected to participate in this study.

FURTHER QUESTIONS

The researcher will answer any further questions about the research, now or during the course of the project, and can be reached by at sterritt@uga.edu or 850-321-1503.My dissertation chair is Robert Toutkoushian, who can be reached at rtoutkou@uga.edu or (706) 542-0577. Questions or concerns about your rights as a research participant should be directed to The Chairperson, University of Georgia Institutional Review Board, 629 Boyd GSRC, Athens, Georgia 30602-7411; telephone (706) 542-3199; email address irb@uga.edu.

FINAL AGREEMENT & CONSENT FORM COPY

I understand the procedures described above. My questions have been answered to my satisfaction, and I agree to participate in this study. I have been given a copy of this form.

Subject's signature:______________________________________Date: ___________

Investigator's signature: _____________________________________ Date: ____________

APPENDIX D: INFORMED CONSENT FORM INSTITUTION

INFORMED CONSENT FORM

INTRODUCTION

I agree to take part in a research study titled Mandatory Student Fee Use in the University System of Georgia, which is being conducted by Adam Sterritt, Institute of Higher Education, University of Georgia, 850-321-1503 under the direction of Dr. Robert K. Toutkushian, Institute of Higher Education, University of Georgia, 706-542-3464. My participation is voluntary; I can refuse to participate or stop taking part at any time without giving any reason, and without penalty or loss of benefits to which I am otherwise entitled. I can ask to have information related to me, returned to me, removed from the research records, or destroyed.

PURPOSE OF THE STUDY

The purpose of this study is to examine the perspective of the officials in both the institution and the state governing body on the role of mandatory student fees in the University System of Georgia. Mandatory Student Fees, which began as a small fee used to fund extracurricular activities for students, are now an ever expanding and crucial portion of the higher education enterprise. Mandatory student fees affect the price of higher education, making this issue important to both potential college students and their parents. The researchers are interested in how institutional officials are utilizing mandatory student fees as they fight to both protect and grow their programs during times of financial constraint, and how state politics and the state governing board affect their use. This study will also use existing fee expenditure data, policies, and fee use definitions to provide additional context and help triangulate interview data.

BENEFITS

While there are no direct benefits to participating in this study, this study may serve to improve higher education practice at multiple levels, as mandatory student fees are an essential issue for campus administrators and members of state legislatures whom are charged with funding and fiscally managing our institutions.

PROCEDURES

If I volunteer to take part in this study, I will be asked to do the following things:

- Participate in one (1), hour long interview, which will be audio recorded to ensure accuracy.
- Potentially participate in one (1), half-hour long follow up interview to provide clarification.

DISCOMFORTS, STRESSES, RISKS

It is possible that participants could feel uncomfortable discussing policies of their own institution or of the University System of Georgia Board of Regents. All measures have been taken to lessen this discomfort, including the use of confidentiality as detailed below.

CONFIDENTIALITY

Individually-identifiable data collected during the study will be kept confidential and stored securely. Only the researchers will have access to individually-identifiable information. Identifiers will be replaced with codes, the recordings will be destroyed following transcription, and the master list linking me to my data will be destroyed after data collection and verification is complete. The name of the university, along with my name as a participant in the study, will remain confidential in this study. Publications and presentations will indicate that the institution being studied is within the University System of Georgia and quotes will be identified by my functional area within the institution. I will be asked to review all quotes and provide permission for inclusion during the follow-up contact. No direct references will be made in oral or written reports that could link me to the study, however due to the small number of participants and their responsibilities at the university; it is possible that my comments could be linked to me. Up to ten officials from my institution are expected to participate in this study.

FURTHER QUESTIONS

The researcher will answer any further questions about the research, now or during the course of the project, and can be reached by at sterritt@uga.edu or 850-321-1503. My dissertation chair is Robert Toutkoushian, who can be reached at rtoutkou@uga.edu or (706) 542-0577. Questions or concerns about your rights as a research participant should be directed to The Chairperson, University of Georgia Institutional Review Board, 629 Boyd GSRC, Athens, Georgia 30602-7411; telephone (706) 542-3199; email address irb@uga.edu.

FINAL AGREEMENT & CONSENT FORM COPY

I understand the procedures described above. My questions have been answered to my satisfaction, and I agree to participate in this study. I have been given a copy of this form.

Subject's signature:_______________________________________ Date: ___________
Investigator's signature: __________________________________ Date: ____________

APPENDIX E: INTERVIEW INSTRUMENT USG BOR

Initial Questions for Board of Regents Officials

1. What is the role of the USG BOR in establishing the institutional mandatory student fee rates?
2. What are mandatory student fees used for at USG institutions?
3. Do you consider mandatory student fees as a necessary revenue source to fund the institutional mission?
4. Do you feel that USG institutions are using mandatory student fees to help offset declining state appropriations?
5. Are mandatory student fees necessary for USG institutions to grow and gain prestige?
6. What is the role of the institution in proposing, allocating, expending, and governing mandatory student fees?
7. How does the BOR monitor what fees are actually being used for at USG institutions?
8. What are the major influences on your decision making when considering new or increased mandatory student fee proposals from institutions?
9. When considering mandatory student fee proposals from institutions, do you consider the impact on college price and the HOPE scholarship?
10. Have you already experienced, or do you expect in the future, a backlash from students, parents, or colleagues in state government about increased fees?
11. Do you consider the establishment and governance of mandatory student fees to be a political issue?
12. Does your role as an elected or appointed official affect your perspective on mandatory student fees? If so, how?

APPENDIX F: INTERVIEW INSTRUMENT INSTITUTION

Initial Questions for Institutional Officials

1. What are the influences on your decisions to increase or add new mandatory student fees on your campus?
2. What is the role of the BOR in establishing and governing mandatory student fees?
3. How involved in the process of raising fees or assessing new fees is your President? Or Area Vice President?
4. Are fees replacing state appropriations in your department or area?
5. As an institution, do you see mandatory student fees as an alternate to raising tuition?
6. Are mandatory student fees necessary to protect or grow your program/department?
7. Do mandatory student fees help your institution meet strategic priorities?
8. Lobbyists and governmental affairs offices have become prominent on college campuses in order to lobby for state appropriations. Is your institution employing any of the same strategies to lobby for additional mandatory student fees?
9. What roles does state politics play in the establishment and administration of mandatory student fees?
10. Have you already experienced, or do you expect in the future, a backlash from students or parents about increased fees?