

WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION

FILED

MAY 16 10 31 AM '95

Form #6

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

**NOTICE OF FINAL FILING AND ADOPTION OF A LEGISLATIVE RULE AUTHORIZED
BY THE WEST VIRGINIA LEGISLATURE.**

AGENCY: University System of WV Board of Trustees TITLE NUMBER: 128

AMENDMENT TO AN EXISTING RULE: YES , NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____

TITLE OF RULE BEING AMENDED: _____

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: Series 5

TITLE OF RULE BEING PROPOSED: Resource Allocation Policy

THE ABOVE RULE HAS BEEN AUTHORIZED BY THE WEST VIRGINIA LEGISLATURE.

AUTHORIZATION IS CITED IN (house or senate bill number) Senate Bill 185

SECTION 18B-17-2(h), PASSED ON March 8, 1995

THIS RULE IS FILED WITH THE SECRETARY OF STATE. THIS RULE BECOMES EFFECTIVE ON
THE FOLLOWING DATE: May 16, 1995

Pamela G. Steelhammer

AUTHORIZED SIGNATURE

KEN HECHLER
Secretary of State

MARY P. RATLIFF
Deputy Secretary of State

A. RENEE COE
Deputy Secretary of State

CATHERINE FREROTTE
Executive Assistant

Telephone: (304) 558-6000
Corporations: (304) 558-8000



WILLIAM H. HARRINGTON
Chief of Staff

JUDY COOPER
Director, Administrative Law

DONALD R. WILKES
Director, Corporations

(Plus all the volunteer
help we can get)

FAX: (304) 558-0900

STATE OF WEST VIRGINIA

SECRETARY OF STATE

Building 1, Suite 157-K
1900 Kanawha Blvd., East
Charleston, WV 25305-0770

March 21, 1995

Pamela G. Steelhammer
Trustees, University System of WV
1018 Kanawha Blvd. East
Suite 1100
Charleston, WV 25301

SB 185 authorizing, Title 128, Series 5, Resource Allocation Policy, passed the Legislature on March 8, 1995. The Governor signed the senate bill on March 17, 1995.

You have sixty (60) days after the Governor signed SB 185, to final file the legislative rule with the Secretary of State's office. To final file your legislative rule, fill in the blanks on the enclosed form #6, the "Final Filing" form and file the form with our office with a promulgation history of the rule. Authorization for your legislative rule is cited in SB 185 section 18B-17-2(h). The agency may set the effective date of the legislative rule up to ninety (90) days from the date the legislative rule is final filed with the Secretary of State's office. Please have an authorized signature on the bottom line.

*****IMPORTANT: YOUR AGENCY MUST SUBMIT A CLEAN COPY OF THE LEGISLATIVE RULE ON DISK, WITH ALL UNDERLINING, STRIKE-THROUGHS AND HEADERS/FOOTERS TAKEN OUT, TO OUR OFFICE WHEN FINAL FILING THE RULE. THE DISK MUST BE ON A WORD PERFECT (5.1 OR 5.2 VERSION) OR WORD PERFECT COMPATIBLE COMPUTER SYSTEM 3 1/2" DOUBLE DENSITY DISK. STATE ON THE DISK THE FORMAT THE RULE IS IN AND THE TITLE IT IS FILED UNDER. THIS WILL ENABLE US TO ENTER YOUR RULES ON THE LEGISLATIVE DATA BASE. REMEMBER THE TEXT OF THE COMPUTER FILED RULE MUST BE IDENTICAL - WORD FOR WORD, COMMA FOR COMMA, WITH ALL UNDERLINING, STRIKE-THROUGHS AND HEADERS/FOOTERS TAKEN OUT, AS THE HARD COPY AUTHORIZED BY THE LEGISLATURE.**

After the final rule is entered into the legislative data base, the rule will be sent to the agency for review and proofing. Following confirmation or corrections, as the case may be, the Secretary of State shall submit to the agency a final version of the rule for their records.

If you have any questions or need any assistance, please do not hesitate to call our office.

Thank You
Administrative Law Division

UNIVERSITY SYSTEM OF WEST VIRGINIA BOARD OF TRUSTEES

1018 KANAWHA BOULEVARD, EAST
SUITE 700
CHARLESTON, WEST VIRGINIA 25301 - 2827

TELEPHONE (304) 558-2736
FAX (304) 558-3264

John R. Hoblitzell
Chairman

Charles W. Manning
Chancellor

May 16, 1995

The Honorable Ken Hechler
Secretary of State
Capitol Building
Charleston, West Virginia 25305

Dear Secretary Hechler:

On behalf of the University System of Board of Trustees I am forwarding a notice of final filing and adoption of a legislative rule authorized by the West Virginia Legislature for the following legislative rule:

Title 128, Series 5: Resource Allocation Policy

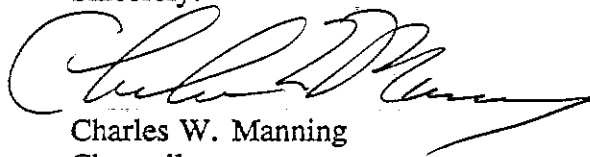
The promulgation history is listed below:

Approved by the University System Board of Trustees December 3, 1993.
Rule filed by Secretary of Education and the Arts for public comment December 16, 1993.
Public comment period over January 16, 1994.
Filed with Secretary of State as an Emergency Rule December 16, 1993.
Notice of agency approval of a proposed rule and filing with the Legislative Oversight Commission on Education Accountability January 27, 1994.
Notice of approval by the Legislative Oversight Commission on Education Accountability filed with Secretary of State September 11, 1994.
Passed by the Legislature March 8, 1995.
Signed by the Governor March 17, 1995

Marshall University
University of West Virginia College of Graduate Studies
West Virginia School of Osteopathic Medicine
West Virginia University
Potomac State College of West Virginia University
West Virginia University at Parkersburg

Thank you for your cooperation and assistance.

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles W. Manning".

Charles W. Manning
Chancellor

c: Secretary of Education and the Arts

Marshall University
University of West Virginia College of Graduate Studies
West Virginia School of Osteopathic Medicine
West Virginia University
Potomac State College of West Virginia University
West Virginia University at Parkersburg

**TITLE 128
LEGISLATIVE RULE
UNIVERSITY SYSTEM OF WEST VIRGINIA
BOARD OF TRUSTEES
SERIES 5**

TITLE: RESOURCE ALLOCATION POLICY

SECTION 1: GENERAL

1.1 Scope - It is the policy of the Board of Trustees of the University System of West Virginia to allocate all funds available to the board in such a manner as to ensure overall funding equity among the institutions within the system as compared with similar institutions within the SREB. To affect this policy, the following statements represent Board policies for individual funds available to the Board. Those health sciences funds appropriated as a separate line item in the state budget are not affected by these funding policies. However, the Board of Trustees will develop and implement a Resource Allocation Policy for the Health Sciences units within this academic year for the allocation of new state funds.

1.2 Authority - West Virginia Code 18B-5-2(b)

1.3 Filing Date - May 16, 1995

1.4 Effective Date - May 16, 1995

SECTION 2: ALLOCATION OF STATE APPROPRIATIONS AND STATE-RELATED OPERATING FUNDS

The Board of Trustees uses the resource allocation model as the basis for determining the appropriate division of resources between the two higher education systems in West Virginia. After more than a year of study of funding equity issues, the Board is in agreement that state-appropriated resources are generally equitably distributed, particularly in the case of Marshall University and West Virginia University. The Board finds that these studies also support the understanding of our institutions that nonresident students pay at least the cost of their instruction at each institution as that cost

is defined in the West Virginia higher education Report Card. The Board further finds that the enrollment of nonresident students in its institutions is positive for West Virginia and its institutions of higher education both academically and financially.

The Board of Trustees will withhold up to three percent of the current state funding of the institutions and will reallocate the funds based on enrollment changes, SREB peer group comparisons, and other factors as Board Initiatives, major program revisions, and equity considerations. New state funds allocated to the Board of Trustees by the Legislature for the new fiscal year will be allocated based on legislative intent for the use of the funds and will become a part of the base funding for the next fiscal year.

SECTION 3: STUDENT FEES TRANSFERRED TO THE BOARD

The policy establishes the criteria for the allocation and reallocation of student fees transferred to the Board of Trustees. The major goal of this section is to correct inequities caused by differences in fee assessments, to recognize the level of resources each institution contributes to the pool, and to create pools of resources to address special initiatives of the Board of Trustees.

3.1 Tuition and Registration Fees

From tuition and registration collected, the Board shall make required bond payments, provide for Board expenses associated with capital projects, set aside sufficient funds to provide for the specific needs of individual institutions such as the West Virginia Graduate College (based on Board of Trustees Action of July 1993) and the West Virginia College of Osteopathic Medicine (\$550,000 for 1994-95 and not less thereafter) and, then, distribute those funds remaining in this account (residual capital funds) back to the institutions on a prorated basis as collected with one exception: those institutions whose building renewal and special capital needs have been addressed by special board appropriations shall not participate in the distribution of the residual funds if special appropriations have exceeded its contribution. Institutions may come to the Board of Trustees requesting special appropriations for extraordinary opportunities that cannot be addressed through their annual appropriations.

The Board shall collect tuition and registration fees sufficient to cover the above requirements and to meet bond covenants. The Board shall collect these funds from the institutions based on an equalization of the amount paid by students across the campuses. The level for in-state students will be significantly lower than for out-of-state students. For 1994-95, the total level of contribution will be \$10,268,000 and the Board of Trustees will set the amount annually. The contribution by campus will be as follows for 1994-95.

Institution	%	Institution	%
Marshall University	21.38	West Virginia University	76.33
West Virginia Graduate College	All tuition and registration	Potomac State College	1.04
West Virginia School of Osteopathic Medicine	All tuition and registration	West Virginia University-Parkersburg	1.25

The West Virginia Graduate College and the West Virginia School of Osteopathic Medicine are expected to contribute to the capital improvement fund at least at their 1992-93 levels of \$391,227 and \$214,050 respectively. By statute, the following institutions or units are exempted from contributing tuition dollars to this pool. The institutions or units are WVU at Parkersburg (18B-10-1a), Potomac State College of WVU (18B-10-1a), and the Health Sciences unit of West Virginia University (18-11-4d).

3.2 HERF

The Board of Trustees will collect a percentage of all institutional HERF revenues not to exceed statutory limits. The Board of

Trustees will equalize undergraduate resident HERF fees against which the Board will apply its percentage at West Virginia University at Parkersburg and Potomac State College of West Virginia University and at a higher, but equal, amount for all other institutions. The Board of Trustees will equalize undergraduate non-resident HERF fees against which the Board will apply its percentage at West Virginia University at Parkersburg and Potomac State College of West Virginia University and at a higher, but equal, amount for all other institutions. All HERF revenues not transferred to the Board of Trustees will be retained by the institution to meet operating costs. For 1994-95, the amount to be collected is \$2,550,000 and the percentage required from each institution is identified below for the 1994-95 year. The Board of Trustees will annually set the amount.

Institution	%	Institution	%
Marshall University	20.48	West Virginia University	72.23
West Virginia Graduate College	2.02	Potomac State College	2.04
West Virginia School of Osteopathic Medicine	.85	West Virginia University - Parkersburg	2.38

3.3 All Other Student Fees

All other student fees remain with the campuses.

SECTION 4: WEST VIRGINIA NETWORK FOR EDUCATIONAL TELECOMPUTING

Funding for the West Virginia Network for Educational Telecomputing (WVNET) is provided by a direct appropriation to cover central administration and communications costs, and by direct usage charges from the University System Board of Trustees and the State College System Board of Directors' institutions. The Computer Policy Board,

which is comprised of representatives from the Board of Directors and the Board of Trustees, has determined those costs that should be funded through direct appropriations and those costs that should be funded through monthly charges to the institutions based on usage. As a basic operating principle, the WVNET operating budget will be based on agreed-upon cost centers as recommended by the Computer Policy Board, which will be reviewed annually in the new budget. The usage rate for each cost center should be set according to the following formula: cost divided by usage. Rates should be adjusted regularly to account for changes in costs or usage, but new rates must be reviewed by the Computer Policy Board before implementation.

All services will be cost driven, with a cost allocation system that allows for the charging of customers who use those services. The only exceptions are those costs that are funded through the direct appropriations. Should the direct appropriation not cover all costs in the relevant cost center, the shortfall will be funded by the Board of Trustees using HERF funds transferred from the institutions or through reduction in operations.

128-5

Senate Bill No. 185

(By Senator Jackson)

[Introduced January 26, 1995;
referred to the Committee on Education.]

A BILL to amend and reenact sections two and three, article seventeen, chapter eighteen-b of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to legislative rules; authorizing specific regulations relating to higher education, including resource allocation policy; and authorizing proprietary, correspondence, business, occupational and trade schools.

Be it enacted by the Legislature of West Virginia:

That sections two and three, article seventeen, chapter eighteen-b of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted to read as follows:

ARTICLE 17. LEGISLATIVE RULES.

§18B-17-2. Board of trustees.

1 (a) The legislative rules filed in the state register on the
2 third day of December, one thousand nine hundred
3 ninety-one, modified by the board of trustees to meet the
4 objections of the legislative oversight commission on
5 education accountability and refiled in the state register
6 on the twenty-first day of January, one thousand nine
7 hundred ninety-two, relating to the board of trustees
8 (report card), are authorized.

9 (b) The legislative rules filed in the state register on the
10 thirteenth day of July, one thousand nine hundred
11 ninety-one, relating to the board of trustees (equal
12 opportunity and affirmative action), are authorized.

13 (c) The legislative rules filed in the state register on the
14 eighth day of September, one thousand nine hundred
15 ninety-two, relating to the board of trustees (holidays),

16 are authorized.

17 (d) The legislative rules filed in the state register on the
18 third day of April, one thousand nine hundred ninety-
19 two, relating to the board of trustees (alcoholic bever-
20 ages on campuses), are authorized.

21 (e) The legislative rules filed in the state register on the
22 fifteenth day of November, one thousand nine hundred
23 ninety-three, relating to the board of trustees (accept-
24 ance of advanced placement credit), are authorized.

25 (f) The legislative rules filed in the state register on the
26 thirteenth day of December, one thousand nine hundred
27 ninety-three, modified by the board of trustees to meet
28 the objections of the legislative oversight commission on
29 education accountability and refiled in the state register
30 on the twenty-first day of January, one thousand nine
31 hundred ninety-four, relating to the board of trustees
32 (assessment, payment and refund of fees), are authorized.

33 (g) The legislative rules filed in the state register on the
34 first day of November, one thousand nine hundred
35 ninety-three, modified by the board of trustees to meet
36 the objections of the legislative oversight commission on

37 education accountability and refiled in the state register
38 on the twenty-first day of December, one thousand nine
39 hundred ninety-three, relating to the board of trustees
40 (personnel administration), are authorized.

41 (h) The legislative rules filed in the state register on the
42 twenty-seventh day of January, one thousand nine
43 hundred ninety-four, relating to the board of trustees
44 (resource allocation policy), are authorized.

§18B-17-3. Board of directors.

1 (a) The legislative rules filed in the state register on the
2 sixteenth day of December, one thousand nine hundred
3 ninety-one, modified by the board of directors to meet
4 the objections of the legislative oversight commission on
5 education accountability and refiled in the state register
6 on the twenty-first day of January, one thousand nine
7 hundred ninety-two, relating to the board of directors
8 (report card), are authorized.

9 (b) The legislative rules filed in the state register on the
10 twenty-seventh day of September, one thousand nine
11 hundred ninety-one, relating to the board of directors
12 (equal opportunity and affirmative action), are

13 authorized.

14 (c) The legislative rules filed in the state register on the
15 fourth day of December, one thousand nine hundred
16 ninety-one, relating to the board of directors (holiday
17 policy), are authorized.

18 (d) The legislative rules filed in the state register on the
19 nineteenth day of March, one thousand nine hundred
20 ninety-two, as modified and refiled in the state register
21 on the tenth day of July, one thousand nine hundred
22 ninety-two, relating to the board of directors (pre-
23 sidential appointments, responsibilities and evaluations),
24 are authorized.

25 (e) The legislative rules filed in the state register on the
26 twentieth day of September, one thousand nine hundred
27 ninety-three, relating to the board of directors
28 (acceptance of advanced placement credit), are auth-
29 orized.

30 (f) The legislative rules filed in the state register on the
31 tenth day of December, one thousand nine hundred
32 ninety-three, relating to the board of directors (resource
33 allocation policy), are authorized.

34 (g) The legislative rules filed in the state register on the
35 eighth day of December, one thousand nine hundred
36 ninety-three, modified by the board of directors to meet
37 the objections of the legislative oversight commission on
38 education accountability and refiled in the state register
39 on the eleventh day of January, one thousand nine
40 hundred ninety-four, relating to the board of directors
41 (assessment, payment and refund of fees), are authorized.

42 (h) The legislative rules filed in the state register on the
43 first day of November, one thousand nine hundred
44 ninety-three, modified by the board of directors to meet
45 the objections of the legislative oversight commission on
46 education accountability and refiled in the state register
47 on the twenty-first day of December, one thousand nine
48 hundred ninety-three, relating to the board of directors
49 (personnel administration), are authorized.

50 (i) The legislative rules filed in the state register on the
51 twenty-seventh day of October, one thousand nine
52 hundred ninety-four, modified by the board of directors
53 to meet the objections of the legislative oversight
54 commission on education accountability and refiled in

55 the state register on the nineteenth day of December, one
56 thousand nine hundred ninety-four, relating to the board
57 of directors (proprietary, correspondence, business, oc-
58 cupational and trade schools), are authorized.

(NOTE: The purpose of this bill is to authorize legislative rules related to resource allocation policy for higher education and proprietary, correspondence, business, occupational and trade schools.)

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95R473H

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H. B. 2245

(By Delegate Prezioso)

(Introduced January 25, 1995; referred to the
Committee on Education then the Judiciary.)

10 A BILL to amend and reenact sections two and three, article
11 seventeen, chapter eighteen-b of the code of West Virginia,
12 one thousand nine hundred thirty-one, as amended, relating
13 to legislative rules; authorizing specific regulations
14 relating to higher education, including resource allocation
15 policy; and authorizing proprietary, correspondence,
16 business, occupational and trade schools.

17 *Be it enacted by the Legislature of West Virginia:*

18 That sections two and three, article seventeen, chapter
19 eighteen-b of the code of West Virginia, one thousand nine
20 hundred thirty-one, as amended, be amended and reenacted to read
21 as follows:

22 **ARTICLE 17. LEGISLATIVE RULES.**

23 **§18B-17-2. Board of trustees.**

24 (a) The legislative rules filed in the state register on the
25 third day of December, one thousand nine hundred ninety-one,
26 modified by the board of trustees to meet the objections of the

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1 legislative oversight commission on education accountability and
2 refiled in the state register on the twenty-first day of January,
3 one thousand nine hundred ninety-two, relating to the board of
4 trustees (report card), are authorized.

5 (b) The legislative rules filed in the state register on the
6 thirteenth day of July, one thousand nine hundred ninety-one,
7 relating to the board of trustees (equal opportunity and
8 affirmative action), are authorized.

9 (c) The legislative rules filed in the state register on the
10 eighth day of September, one thousand nine hundred ninety-two,
11 relating to the board of trustees (holidays), are authorized.

12 (d) The legislative rules filed in the state register on the
13 third day of April, one thousand nine hundred ninety-two,
14 relating to the board of trustees (alcoholic beverages on
15 campuses), are authorized.

16 (e) The legislative rules filed in the state register on the
17 fifteenth day of November, one thousand nine hundred
18 ninety-three, relating to the board of trustees (acceptance of
19 advanced placement credit), are authorized.

20 (f) The legislative rules filed in the state register on the
21 thirteenth day of December, one thousand nine hundred
22 ninety-three, modified by the board of trustees to meet the
23 objections of the legislative oversight commission on education
24 accountability and refiled in the state register on the

1 twenty-first day of January, one thousand nine hundred
2 ninety-four, relating to the board of trustees (assessment,
3 payment and refund of fees), are authorized.

4 (g) The legislative rules filed in the state register on the
5 first day of November, one thousand nine hundred ninety-three,
6 modified by the board of trustees to meet the objections of the
7 legislative oversight commission on education accountability and
8 refiled in the state register on the twenty-first day of
9 December, one thousand nine hundred ninety-three, relating to the
10 board of trustees (personnel administration), are authorized.

11 (h) The legislative rules filed in the state register on the
12 twenty-seventh day of January, one thousand nine hundred
13 ninety-four, relating to the board of trustees (resource
14 allocation policy) are authorized.

15 §18B-17-3. Board of directors.

16 (a) The legislative rules filed in the state register on the
17 sixteenth day of December, one thousand nine hundred ninety-one,
18 modified by the board of directors to meet the objections of the
19 legislative oversight commission on education accountability and
20 refiled in the state register on the twenty-first day of January,
21 one thousand nine hundred ninety-two, relating to the board of
22 directors (report card), are authorized.

23 (b) The legislative rules filed in the state register on the
24 twenty-seventh day of September, one thousand nine hundred

1 ninety-one, relating to the board of directors (equal opportunity
2 and affirmative action), are authorized.

3 (c) The legislative rules filed in the state register on the
4 fourth day of December, one thousand nine hundred ninety-one,
5 relating to the board of directors (holiday policy), are
6 authorized.

7 (d) The legislative rules filed in the state register on the
8 nineteenth day of March, one thousand nine hundred ninety-two, as
9 modified and refiled in the state register on the tenth day of
10 July, one thousand nine hundred ninety-two, relating to the board
11 of directors (presidential appointments, responsibilities and
12 evaluations), are authorized.

13 (e) The legislative rules filed in the state register on the
14 twentieth day of September, one thousand nine hundred
15 ninety-three, relating to the board of directors (acceptance of
16 advanced placement credit), are authorized.

17 (f) The legislative rules filed in the state register on the
18 tenth day of December, one thousand nine hundred ninety-three,
19 relating to the board of directors (resource allocation policy),
20 are authorized.

21 (g) The legislative rules filed in the state register on the
22 eighth day of December, one thousand nine hundred ninety-three,
23 modified by the board of directors to meet the objections of the
24 legislative oversight commission on education accountability and

1 refiled in the state register on the eleventh day of January,
2 one thousand nine hundred ninety-four, relating to the board of
3 directors (assessment, payment and refund of fees), are
4 authorized.

5 (h) The legislative rules filed in the state register on the
6 first day of November, one thousand nine hundred ninety-three,
7 modified by the board of directors to meet the objections of the
8 legislative oversight commission on education accountability and
9 refiled in the state register on the twenty-first day of
10 December, one thousand nine hundred ninety-three, relating to the
11 board of directors (personnel administration), are authorized.

12 (i) The legislative rules filed in the state register on the
13 twenty-seventh day of October, one thousand nine hundred
14 ninety-four, modified by the board of directors to meet the
15 objections of the legislative oversight commission on education
16 accountability and refiled in the state register on the
17 nineteenth day of December, one thousand nine hundred
18 ninety-four, relating to the board of directors (proprietary,
19 correspondence, business, occupational and trade schools) are
20 authorized.

NOTE: The purpose of this bill is to authorize legislative rules related to resource allocation policy for higher education and proprietary, correspondence, business, occupational and trade schools.

95R473H

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.

**TITLE 128
LEGISLATIVE RULE
UNIVERSITY SYSTEM OF WEST VIRGINIA
BOARD OF TRUSTEES**

**SERIES 5
RESOURCE ALLOCATION POLICY**

§128-5-1. General.

1.1. Scope. -- It is the policy of the Board of Trustees of the University System of West Virginia to allocate all funds available to the board in such a manner as to ensure overall funding equity among the institutions within the system as compared with similar institutions within the SREB. To affect this policy, the following statements represent Board policies for individual funds available to the Board. Those health sciences funds appropriated as a separate line item in the state budget are not affected by these funding policies. However, the Board of Trustees will develop and implement a Resource Allocation Policy for the Health Sciences units within this academic year for the allocation of new state funds.

1.2. Authority -- W. Va. Code §18B-5-2(b).

1.3. Filing Date -- May 16, 1995.

1.4. Effective Date -- May 16, 1995.

§128-5-2. Allocation of State Appropriations and State-Related Operating Funds.

2.1. The Board of Trustees uses the resource allocation model as the basis for determining the appropriate division of resources between the two higher education systems in West Virginia. After more than a year of study of funding equity issues, the Board is in agreement that state-appropriated resources are generally equitably distributed, particularly in the case of Marshall University and West Virginia University. The Board finds that these studies also support the understanding of our institutions that nonresident students pay at least the cost of their instruction at each institution as that cost is defined in the West Virginia higher education Report Card. The Board further finds that the enrollment of

nonresident students in its institutions is positive for West Virginia and its institutions of higher education both academically and financially.

The Board of Trustees will withhold up to three percent of the current state funding of the institutions and will reallocate the funds based on enrollment changes, SREB peer group comparisons, and other factors as Board Initiatives, major program revisions, and equity considerations. New state funds allocated to the Board of Trustees by the Legislature for the new fiscal year will be allocated based on legislative intent for the use of the funds and will become a part of the base funding for the next fiscal year.

§128-5-3. Student Fees Transferred to the Board.

The policy establishes the criteria for the allocation and reallocation of student fees transferred to the Board of Trustees. The major goal of this section is to correct inequities caused by differences in fee assessments, to recognize the level of resources each institution contributes to the pool, and to create pools of resources to address special initiatives of the Board of Trustees.

3.1. Tuition and Registration Fees. From tuition and registration collected, the Board shall make required bond payments, provide for Board expenses associated with capital projects, set aside sufficient funds to provide for the specific needs of individual institutions such as the West Virginia Graduate College (based on Board of Trustees Action of July 1993) and the West Virginia College of Osteopathic Medicine (\$550,000 for 1994-95 and not less thereafter) and, then, distribute those funds remaining in this account (residual capital funds) back to the institutions on a prorated basis as collected with one exception: those institutions whose building renewal and

special capital needs have been addressed by special board appropriations shall not participate in the distribution of the residual funds if special appropriations have exceeded its contribution. Institutions may come to the Board of Trustees requesting special appropriations for extraordinary opportunities that cannot be addressed through their annual appropriations.

The Board shall collect tuition and registration fees sufficient to cover the above requirements and to meet bond covenants. The Board shall collect these funds from the institutions based on an equalization of the amount paid by students across the campuses. The level for in-state students will be significantly lower than for out-of-state students. For 1994-95, the total level of contribution will be \$10,268,000 and the Board of Trustees will set the amount annually. The contribution by campus will be as follows for 1994-95. (SEE TABLE 1 (ONE) AT THE END OF THIS RULE)

The West Virginia Graduate College and the West Virginia School of Osteopathic Medicine are expected to contribute to the capital improvement fund at least at their 1992-93 levels of \$391,227 and \$214,050 respectively. By statute, the following institutions or units are exempted from contributing tuition dollars to this pool. The institutions or units are WVU at Parkersburg (18B-10-1a), Potomac State College of WVU (18B-10-1a), and the Health Sciences unit of West Virginia University (18-11-4d).

3.2. HERF. The Board of Trustees will collect a percentage of all institutional HERF revenues not to exceed statutory limits. The Board of Trustees will equalize undergraduate resident HERF fees against which the Board will apply its percentage at West Virginia University at Parkersburg and Potomac State College of West Virginia University and at a higher, but equal, amount for all other institutions. The Board of Trustees will equalize undergraduate non-resident HERF fees against which the Board will apply its percentage at West Virginia University at Parkersburg and Potomac State College of West Virginia University and at a higher, but equal, amount for all other institutions. All HERF revenues not transferred to the Board of Trustees will be retained by the institution to meet operating

costs. For 1994-95, the amount to be collected is \$2,550,000 and the percentage required from each institution is identified below for the 1994-95 year. The Board of Trustees will annually set the amount.

(SEE TABLE 2 (TWO) AT THE END OF THIS RULE)

3.3. All Other Student Fees. All other student fees remain with the campuses.

§128-5-4. West Virginia Network for Educational Telecomputing.

4.1. Funding for the West Virginia Network for Educational Telecomputing (WVNET) is provided by a direct appropriation to cover central administration and communications costs, and by direct usage charges from the University System Board of Trustees and the State College System Board of Directors' institutions. The Computer Policy Board, which is comprised of representatives from the Board of Directors and the Board of Trustees, has determined those costs that should be funded through direct appropriations and those costs that should be funded through monthly charges to the institutions based on usage. As a basic operating principle, the WVNET operating budget will be based on agreed-upon cost centers as recommended by the Computer Policy Board, which will be reviewed annually in the new budget. The usage rate for each cost center should be set according to the following formula: cost divided by usage. Rates should be adjusted regularly to account for changes in costs or usage, but new rates must be reviewed by the Computer Policy Board before implementation. All services will be cost driven, with a cost allocation system that allows for the charging of customers who use those services. The only exceptions are those costs that are funded through the direct appropriations. Should the direct appropriation not cover all costs in the relevant cost center, the shortfall will be funded by the Board of Trustees using HERF funds transferred from the institutions or through reduction in operations.

TABLE 1:

Institution	%	Institution	%
Marshall University	21.38	West Virginia University	76.33
West Virginia Graduate College	All tuition and registration	Potomac State College	1.04
West Virginia School of Osteopathic Medicine	All tuition and registration	West Virginia University - Parkersburg	1.25

TABLE 2:

Institution	%	Institution	%
Marshall University	20.48	West Virginia University	72.23
West Virginia Graduate College	2.02	Potomac State College	2.04
West Virginia School of Osteopathic Medicine	.85	West Virginia University - Parkersburg	2.38

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.