

**WEST VIRGINIA  
SECRETARY OF STATE  
JOE MANCHIN, III  
ADMINISTRATIVE LAW DIVISION**

Form #2

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2002 APR 24 P 3:37

OFFICE WEST VIRGINIA  
SECRETARY OF STATE

**NOTICE OF A COMMENT PERIOD ON A PROPOSED RULE**

AGENCY: Higher Education Policy Commission TITLE NUMBER: 133

RULE TYPE: Legislative CITE AUTHORITY: § 18B-10-1

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 RULE BEING PROPOSED: Series 32

TITLE OF RULE BEING PROPOSED: Tuition and Fee Policy

IN LIEU OF A PUBLIC HEARING, A COMMENT PERIOD HAS BEEN ESTABLISHED DURING WHICH ANY INTERESTED PERSON MAY SEND COMMENTS CONCERNING THESE PROPOSED RULES. THIS COMMENT PERIOD WILL END ON August 22, 2002 AT 10:00 AM ONLY WRITTEN COMMENTS WILL BE ACCEPTED AND ARE TO BE MAILED TO THE FOLLOWING ADDRESS:

Office of the Chancellor  
Higher Education Policy Commission

1018 Kanawha Blvd. East

Charleston, WV 25301

THE ISSUES TO BE HEARD SHALL BE LIMITED TO THIS PROPOSED RULE.

J. Michael Muller / jsm  
Authorized Signature

ATTACH A **BRIEF** SUMMARY OF YOUR PROPOSAL

SCANNED

**TITLE 133  
LEGISLATIVE RULE  
WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION**

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**SERIES 32  
TUITION AND FEE POLICY**

OFFICE WEST VIRGINIA  
SECRETARY OF STATE

**SECTION 1. GENERAL**

- 1.1 Scope – Rule regarding tuition and fees in the state system of higher education
- 1.2 Authority - *West Virginia Code* § 18B-10-1
- 1.3 Filing Date -
- 1.4 Effective Date –

**SECTION 2. PURPOSE**

- 2.1 Build a general agreement on the cost-sharing responsibility of students and their parents, the state of West Virginia, and the individual institutions for the cost of educational programs and services.
- 2.2 Establish a predictable and reliable revenue base for the instructional programs and services of the colleges and universities.
- 2.3 Provide incentives for increased access to higher education in West Virginia, especially to the two-year colleges and components.
- 2.4 Simplify communication about tuition and fees and financial transactions between institutions and the state.
- 2.5 Provide incentives for institutions to become more efficient and economical in the delivery of instructional programs to keep costs to students as reasonable as possible.
- 2.6 Establish a clear delineation between the role of the institutional board of governors and the responsibilities of the HEPC, the Governor and the legislature regarding institutional budgets and funding policies. State policies should reference aggregate revenues and spending authority with boards determining specific fees and rates.
- 2.7 Allow campuses to establish fees in excess of the policy determined tuition charges but require that such fees be approved explicitly in the

budget process and to distinguish between ongoing fees and one-time tuition increases.

- 2.8 Campuses shall have separate fees for auxiliary enterprise operations, such as recreation centers, and fees related to capital project debt service.
- 2.9 Changes will be phased over a six-year period, beginning with the fiscal year 2004, to allow for market sensitive implementation.

### **SECTION 3. DEFINITIONS**

- 3.1 **Tuition** is defined as tuition and other fees which fund instructional programs, and includes:
  - 3.1.1 **Required Instructional Fees** – Tuition and fees required of all students to support educational and general instructional costs.
  - 3.1.2 **E&G User Fees** – Optional fees for educational and general expenditures charged only to specific students using the service.
- 3.2 **Auxiliary Fees** are not included in the definition of Tuition and include:
  - 3.2.1 **Required Auxiliary Fees** – Fees required of all students to support auxiliary enterprises.
  - 3.2.2 **Auxiliary User Fees** – Optional fees for auxiliary services charged only to students using the service.
- 3.3 **Capital Fees** are not included in the definition of Tuition and include:
  - 3.3.1 **System Capital Fees** – Fees required of all students to support debt service of system-wide bond issuances
  - 3.3.2 **Institution Capital Fees** – Fees required of all students to support debt service, capital projects, and campus renewal for the individual institution's educational and general facilities.
  - 3.3.3 **Auxiliary Capital Fees** – Fees required of all students to support debt service, capital projects, and campus renewal for the individual institution's auxiliary facilities.
- 3.4 **Institutional Instructional Cost** is defined as the total of the following categories of unrestricted current fund expenditures determined on a consistent basis with the audited financial statements:
  - 3.4.1 Instruction

### 3.4.2 Student Services

3.4.3 The portion of indirect expenditures allocated to Instruction and Student Services from the following categories:

#### 3.4.3.1 Academic Support

#### 3.4.3.2 General Institutional Support

#### 3.4.3.3 Operations and Maintenance of Plant

The current fund expenditures in these categories should be reported net of recoveries and direct charges for services provided for auxiliaries, grants, contracts, foundations, and other related organizations.

- 3.5 **Normative Instructional Cost** is defined as the assignment of a standardized cost of instruction by the Policy Commission to each institution based upon studies of peer groups and other national averages.

## SECTION 4. PRINCIPLES

- 4.1 Access to post-secondary training and education is a priority for West Virginia. A differential pricing policy for community colleges has been used effectively in many states to encourage broad participation, especially by adults and part-time students. The combination of lower costs for community college courses and a lesser share of educational costs being assigned to students and parents should provide an adequate incentive for increasing enrollment in community colleges. Low tuition will not be sufficient. Adequate financial aid, especially for part-time students will be necessary if West Virginia is to meet its access goals.
- 4.2 Undergraduate and graduate students should not be asked to pay tuition for any portion of the cost of community education (non-credit courses), first professional health programs, graduate medical education, public service offerings, research centers and projects, or auxiliary enterprise operations. The costs, both direct and indirect, of these programs, services and activities should be separately identified and funding policies established for application on an institution specific basis.

## SECTION 5. COST SHARING FOR INSTRUCTIONAL PROGRAMS

- 5.1 A cost sharing agreement is to be established between students and their parents, the State of West Virginia, and the individual institutions to support the cost of providing educational programs and services.
- 5.2 The cost to be borne by non-medical school students and their parents shall be as follows:

- 5.2.1 Resident tuition for community college students at all locations should offset approximately 25% of the cost of instruction at the institution.
- 5.2.2 Resident tuition for other students should offset approximately 35% of the cost of instruction at the institution.
- 5.2.3 Non-resident tuition for all students should cover 100% of the cost of instruction at the institution.
- 5.3 An institution may generate tuition revenue in excess of the targeted percentage of the cost of instruction if specifically approved by the institutions board of governors and the annual budget process. This revenue in the form of planned excess fees may be used for financial aid or other campus specific purposes.
- 5.4 An institution may generate tuition revenue below the targeted percentage of the cost of instruction if specifically approved by the institutions board of governors and the annual budget process. However, there is no obligation to the State to offset this reduction of revenues through the State's general fund revenues.
- 5.5 Upon further study, the Commission may elect to base the cost-sharing agreement upon Normative Instructional Costs rather than Institutional Instructional Costs.

## **SECTION 6. ESTABLISHING RATES FOR TUITION AND OTHER FEES**

- 6.1 Tuition rates and fees should be set by the individual governing boards to generate the approximate level of revenues called for under the cost-sharing agreement. Variations will likely occur in these individual rates between types of instructional programs as well as graduate versus undergraduate rates.
  - 6.1.1 The individual governing boards may request exceptions to the cost-sharing policy from the Commission to provide for reciprocal tuition agreements with other states. Upon approval, calculations under the cost-sharing agreement will allow these non-resident students to be classified as residents in the evaluation of compliance with the cost-sharing policy.
  - 6.1.2 The individual governing boards may establish Metro rates for residents of bordering states. However, calculations under the cost-sharing agreement will continue to treat these students as non-residents in the evaluation of compliance with the cost-sharing

policy.

- 6.2 Auxiliary fees should be set by the institution's governing board at a level to offset the fully allocated cost of providing the auxiliary services in total, as well as to develop and maintain adequate reserves for the operations of the auxiliary services.
- 6.3 Capital Fees should be set by the institution's governing board at a level to offset the allocated debt service assigned to the institution from the Commission as well as to meet institution specific needs for specific capital projects and campus renewal.
- 6.4 Tuition rates for medical schools will not be based upon an instructional cost basis, but rather should set minimum target levels equal to the median rate of public medical schools nationwide.

## **SECTION 7. POLICY REVIEW AND MONITORING**

- 7.1 Annually as part of the development of the annual budget for Higher Education for submission to the Governor, each institution will complete the appropriate budget worksheets as developed by the Policy Commission staff. The worksheets will illustrate the prior year's compliance with this policy, and will project the levels of all revenues and expenditures for the upcoming fiscal year.
- 7.2 The Commission will annually review the compliance of the institutions with this policy based upon both actual and projected revenues and expenditures.
- 7.3 The Commission will annually review tuition rates at each institution to determine if tuition rates developed under this policy become out of proportion to competitive factors or to the state residents' ability to pay. If so, an individual institution may request an exception to the cost-sharing policy which may be approved by the Policy Commission.

## **SECTION 8 - ASSESSMENT, PAYMENT AND REFUND OF FEES**

### **8.1 Assessment of Fees**

#### **8.1.1 General Assessments and Prorations**

- 8.1.1.1 Undergraduate students enrolled for twelve or more credit hours and graduate students enrolled for nine or more hours pay the maximum charges in each basic fee category.

- 8.1.1.2 Undergraduate students taking fewer than twelve credit hours in a regular term shall have their fees reduced pro rata based upon one-twelfth of the full-time rate per credit hour, and graduate students taking fewer than nine credit hours in a regular term shall have their fees reduced pro rata based upon one-ninth of the full-time rate per credit hour.
- 8.1.1.3 Fees for students enrolled in summer terms or other nontraditional time periods shall be prorated based upon the number of credit hours for which the student enrolls in accordance with the provisions of Section 8.1.1.2 of this rule.
- 8.1.1.4 All regular and special fees charged by colleges shall be identified separately and published so as to be readily available to all students.
- 8.1.1.5 Fees shall be established and charged for all noncredit community service courses in an amount to insure that the offering is self-supporting, including indirect cost.

#### 8.1.2 Special Assessment Program

- 8.1.2.1 The Higher Education Policy Commission may allow one or more institutions to establish alternative fee payment options based on semester hours taken.

### 8.2 Payment of Fees

#### 8.2.1 Installment Payment Plans

- 8.2.1.1 Student fee deferred payment plans will be offered for fall and spring terms, and may be offered by the institution itself or through an external servicing agreement.
- 8.2.1.2 All available financial aid for the term must be credited to the student's account prior to determining the amount available for deferral.
- 8.2.1.3 Internal Installment Payment Plan
  - 8.2.1.3.1 After all financial aid is applied to the student's account; sixty percent (60%) of the balance of student fees must be paid prior to the start of classes.

8.2.1.3.2 The remaining balance must be paid prior to the end of the sixth week of classes.

8.2.1.3.3 Room and board and other non-course related charges may be divided into installments as determined by the institution.

#### 8.2.1.4 External Installment Payment Plan

8.2.1.4.1 Upon approval by the individual governing boards, institutions will be allowed to enter into arrangements with third parties to provide other installment payment options for all charges imposed by the institution.

### 8.2.2 Credit Cards

8.2.2.1 Use of credit cards for payment of student fees is authorized at Higher Education Policy Commission institutions under the statewide contract initiated by the State Board of Investments or under an alternate program approved by the Higher Education Policy Commission.

8.2.2.2 To the extent allowed by law or policy of the credit card company, each institution is authorized to impose a surcharge on credit card payments equal to any amount that may be imposed by the credit card company as a vendor discount or service fee.

8.2.3 Deferral of Fees during a Legal Work Stoppage. Any student adversely, financially affected by a legal work stoppage that may be allowed, on a case-by-case basis, an additional six months to pay the fees for any academic term, in accordance with procedures established by the board.

### 8.3 Fee Waivers

8.3.1 Fee waivers policies and procedures may be established by the individual governing boards which will implement the permissible waivers as permitted under Article 10 of the State Code.

### 8.4 Refund of Fees

8.4.1 Refund of Regular Fees for Students

#### 8.4.1.1 Academic Year (Semester)

During the first and second weeks: 90% refund

During the third and fourth weeks: 70% refund

During the fifth and sixth weeks: 50% refund

Beginning with the seventh week: No refund

#### 8.4.1.2 Summer Terms and Nontraditional Periods

Refunds for summer sessions and nontraditional periods shall be established based upon the refund rate for the academic year and calculated using the following schedule.

During the first 13% of the term: 90% refund

From 14% to 25% of the term: 70% refund

From 26% to 38% of the term: 50% refund

After 38% of term is completed: No refund

Should the percentage calculation identify a partial day, the entire day should be included in the higher refund period.

8.4.2 Refunded fees must be returned in accordance with the requirements of the Higher Education Act whenever Title IV funds are involved.

#### 8.4.3 Refund of Room and Board.

8.4.3.1 Room: Refund, if any, shall be based on the housing contract signed by the student.

8.4.3.2 Board: Refund shall be prorated based upon the date of official withdrawal. All refunds are calculated from the first day of the formal registration period.

### **SECTION 9. POLICY IMPLEMENTATION**

9.1 The transition to the new cost-sharing agreement should be phased-in over a six-year period beginning with FY 2004.

9.2 The pace of the transitional phase-in period may be flexibly established by each institution, but must be totally implemented at the end of the six years.

9.3 The Commission can authorize variances from the implementation of the policy due to budget constraints or other special circumstances.

## **SUMMARY**

### **TITLE 133 LEGISLATIVE RULE WEST VIRGINIA HIGHER EDUCATION POLICY COMMISSION SERIES 32 TUITION AND FEE POLICY**

The proposed rule establishes definitions and guidelines for use by institutional Boards of Governors in setting student tuition and fees in the institutions of the state higher education system. The rule sets forth principles to guide the institutions in developing cost-sharing between the state and students and/or parents. It also covers methods of payment of fees, fee waivers, and refunds.

□  
APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: 133-32: Tuition and Fee Policy

Type of Rule:  Legislative     Interpretive     Procedural

Agency: Higher Education Policy Commission

Address: 1018 Kanawha Boulevard East  
Charleston, WV 25301

1. Effect of Proposed rule:

|                                  | ANNUAL FISCAL YEAR |          |         |      |            |
|----------------------------------|--------------------|----------|---------|------|------------|
|                                  | INCREASE           | DECREASE | CURRENT | NEXT | THEREAFTER |
| <b>ESTIMATED TOTAL COST</b>      | -0-                | -0-      | -0-     | -0-  | -0-        |
| <b>PERSONAL SERVICES</b>         |                    |          |         |      |            |
| <b>CURRENT EXPENSE</b>           |                    |          |         |      |            |
| <b>REPAIRS &amp; ALTERATIONS</b> |                    |          |         |      |            |
| <b>EQUIPMENT</b>                 |                    |          |         |      |            |
| <b>OTHER</b>                     |                    |          |         |      |            |

2. Explanation of Above Estimates:

There is no cost to implementation of this rule. It is procedural.

3. Objectives of These Rules:

Provides definitions and guidelines for setting tuition and fees for the institutions in the state system of higher education.

Rule Title: 133-32: Tuition and Fee Policy

4. Explanation of Overall Economic Impact of Proposed Rule:

A. Economic Impact on State Government:

None.

B. Economic Impact on Political Subdivisions; Specific Industries; Specific Groups of Citizens:

None

C. Economic Impact on Citizens/Public at Large.

None

Date: April 24, 2002

Signature of Agency Head or Authorized Representative:

J. Michael Mullen, jr.