State Higher Education Executive Officers

State Tuition, Fees, and Financial Assistance Policies for Public Colleges and Universities, 2005-06

Angela Boatman
Hans L'Orange

November 2006

State Higher Education Executive Officers (SHEEO) is a nonprofit, nationwide association of the chief executive officers serving statewide coordinating and governing boards for postsecondary education. The mission of SHEEO is to assist its members and the states in developing and sustaining excellent systems of higher education. SHEEO pursues its mission by: organizing regular professional development meetings for its members and their senior staff; maintaining regular systems of communication among the professional staffs of member agencies; serving as a liaison between the states and the federal government; studying higher education policy issues and state activities and publishing reports to inform the field; and implementing projects to enhance the capacity of the states and SHEEO agencies to improve higher education.

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Foreword

With the cost of higher education increasingly subject to public scrutiny, it is critical that state policymakers consider the impact of any and all changes in tuition, fees, and student financial aid on access to and completion of college. This report, 2005-2006 Triennial Survey Of State Tuition, Fee, & Financial Assistance Policies For Public Colleges And Universities examines the philosophies, policies, and procedures that drive decision making regarding public college and university tuition, fees, and student financial aid programs, as well as general issues related to higher education affordability.

Our intent is not to provide actual tuition costs in this report but to focus on the policies that establish those tuition, fee, and aid amounts. Typical tuition amounts are available from a variety of other sources including the Washington Higher Education Coordinating Board, the College Board and the National Center for Education Statistics IPEDS data.

This report is the sixth in a series of updates by SHEEO on this topic. The initial report, which provided a foundation for all subsequent work, Survey on Tuition Policy, Costs, and Student Aid, was produced by John Wittstruck in 1988. The 1993 update by Charles S. Lenth, The Tuition Dilemma-State Policies and Practices in Pricing Public Higher Education, has been widely cited in public policy circles and in scholarly publications. Melodie E. Christal later produced State Tuition and Fee Policies: 1996-97, which included updates on what were then new initiatives in higher education-student technology fees, and state prepaid tuition and college savings plans. The data from that survey was updated by SHEEO in a 1999 unpublished report. The 2002-03 version by Christopher Rasmussen addressed the ongoing issues of tuition and fee polices and also included expanded information on the various goals and objectives of state-level student financial assistance policies and a report of the impact of state legislative term limits on higher education policy. This 2005-06 version by Angela Boatman updates that information and provides the most current analysis of the policies both undertaken and anticipated for tuition, student fees, and financial aid.

The current report evolved from the participation of many individuals over the past two decades. The survey itself has evolved but continues to address consistent questions. The most recent version evolved from the instrument developed by Alene Bycer Russell (formerly of SHEEO) in conjunction with Cheryl D. Blanco from the Western Interstate Commission on Higher Education (WICHE) and subsequently modified by Christopher Rasmussen and Angela Boatman. Input into survey revisions was provided by SHEEO staff and by various representatives of state higher education agencies. Dianne K. Peterson provided assistance with data collection and production, while Hans L'Orange offered critical feedback during the design process and in reviewing and editing the final report. Finally, Susan Winter provided invaluable help in publication design and in placing the report and associated data tables on the SHEEO website.

We welcome your comments on this report and encourage you to browse its associated website at www.sheeo.org/finance/tuitsurv-home.htm.

Paul E. Lingenfelter
President
State Higher Education Executive Officers
Boulder, Colorado

Tuition Philosophy

Nine states (Alabama, Delaware, Michigan, New Jersey, New Mexico, North Dakota, Ohio, Pennsylvania, and Washington) indicated that no single, formal tuition philosophy exists at the state level. Five other states (Illinois, Minnesota, New Mexico, Pennsylvania, and Tennessee) reported philosophies that vary by sector. Twenty-two other state agencies reported that tuition policy is overwhelmingly guided by the budgetary needs of the various institutions within the state.

Half of all higher education agencies categorized their tuition philosophy as expressly supporting specific levels of tuition for undergraduate students.

Table 1: Overall Tuition Philosophy

Tuition should be as low as possible (16)	Tuition should be moderate (8)	Tuition should be high (2)
Arizona Colorado Delaware (for state residents) Idaho Maine Massachusetts Montana New Hampshire (2 years) New York North Carolina Pennsylvania Rhode Island South Dakota Tennessee Vermont Wyoming	Connecticut Florida Iowa Louisiana Nevada New Mexico Oregon Wisconsin	Minnesota Pennsylvania

Respondents provided additional detail to further explain their state's tuition policies and many states identified multiple rationales.

1. **<u>Tuition should be set at a reasonable rate to provide access.</u>**
   Community colleges were seen by most agencies as the lowest cost option for higher education. In California and Missouri, fees/ tuition at community colleges' are kept low to provide access to all residents, especially to low-income, underrepresented populations. Utah has enacted a low tuition policy to compensate for a family's limited ability to contribute to the educational costs of multiple children. Overall, access to higher education has become an increasingly important issue for states in the past several years. The belief that low tuition will help to increase (or at least maintain) current levels of participation was shared by 18 states.

2. **<u>Tuition should be affordable.</u>**
   Four states expressed a common concern about student loan burden and the ability of families to afford a college education The 2005 legislature in New Mexico recently passed the "College Affordability Act" to directly investigate the impact that increasing tuition levels have on students' ability to afford college.

3. **<u>Tuition policy should promote a balance between student and state share of educational costs.</u>**
   Three states commented on the statewide philosophy of shared responsibility, where the student, the student's family, and the state all share in the cost of higher education.

4. **Tuition should allow for both accessibility and high quality education.**
   Three states hold the belief that the goal of tuition is to provide a quality education at the most affordable price. Tuition increases should be balanced to maintain quality while still supporting access and attainment.

5. **Tuition should be competitive with similar programs of other states.**
   Three states modify their tuition policies to be competitive with those in similar states. Nevada is one example of a state gradually moving from using the HEPI index to the WICHE median over the next several biennia.

6. **Tuition policy should be rational and predictable.**
   Legislation passed by the Illinois General Assembly in 2003 required public universities to set a tuition rate for each incoming class of students that will not change for four years. This "truth-in-tuition" legislation is intended to stabilize tuition increases and help families with personal financial planning. Other states are exploring a similar cohort-based tuition model.

7. **Tuition policy is driven by the market.**
   Only Michigan directly cited using the market as a primary tool to drive tuition policy

Effects of changing economic conditions

When asked if economic conditions over the last three years have led to any short-term actions or policies that are in conflict with the general tuition philosophies above, 19 states cited examples. The most common example involved tuition increases in the double digits in response to economic downturns and heavy budget cuts at the state level (Arizona, for example, experienced a 70% tuition increase since 2002-03 for all resident undergraduate students). Several states commented on the relationship between budgetary policy, politics and the setting of tuition levels. Within most states, tuition and the general fund are highly correlated; cuts to the general fund generally lead to rapidly increase tuition. The act of increasing tuition rates is often seen as necessary to provide adequate levels of financial support to higher education institutions. Particularly during times of economic recessions, states experienced a shift in philosophy from low tuition models to moderate levels. In multiple cases, the institutions are the ones requesting the tuition increases simply to keep up with increases in enrollment and decreases in state funding. In Missouri, tuition and surcharge increases were viewed as unprecedented, with tuition charges at some community colleges beginning to approach those at some public four-year institutions.

The establishment of formal commissions on tuition policy is one way states have responded to changing economic circumstances. Twenty-three states have established study groups over the past three fiscal years. Most often the legislature and/or governor was responsible for establishing committees/task forces to review general issues of higher education. In Ohio and Tennessee, studies were commissioned to look at tuition policy, which resulted in the formation of a more formal committee to study these issues. Most of these studies examined the impact of undergraduate student enrollment growth, need-based financial aid programs, state appropriations, and estimated maintenance, operational, technology and other fixed costs. Other examples include:

- The Arizona Board of Regents established a Tuition Workgroup in June 2005 to review the policy framework related to tuition rates and the tuition setting process.
- The Chairman of the Florida State Board of Education joined with the Chairwoman of the Florida Board of Governors to form the Florida Postsecondary Education Access Task Force.
- Indiana established the Taskforce on College Affordability.
- The Missouri Department of Higher Education State Aid Program Task Force was formed to address state aid needs in Missouri and will discuss affordability issues.
- The Washington Comprehensive Education Study Steering Committee was created in 2005 and includes an Advisory Committee on Higher Education.

Tuition-setting authority

Generally, tuition philosophy is formalized through three primary channels: the state constitution (4 states), state statute (8 states), or board rule/policy (15 states). Twenty-four states reported no formalization to their tuition philosophy at all.

The roles of various individuals or entities in establishing tuition rates and/or tuition policies vary widely by state.

- The Governor has full legal authority in two states and an informal/consultative role in 28.
- The Legislature has full legal authority in 10 states and an informal/consultative role in 24.
- The statewide coordinating/governing agency for multiple systems has full legal authority in 11 states and an informal/ consultative role in 14.
- The coordinating/governing board(s) for individual systems has full legal authority in 29 states and an informal/ consultative role in seven.
- The local district governing board(s) has full legal authority in 15 states and an informal/ consultative role in six.
- Individual institutions have full legal authority in 15 states and an informal/consultative role in 21.

In most every case it appears that multiple considerations play a role in the decision-making process. In Louisiana, student body representatives also have an informal role in setting tuition. In Michigan tuition is determined using variables such as market demand, state support, and enrollment data. In several states (New Jersey, New Mexico, and New York) the institutions set tuition rates, yet the Governor and/or Legislature has the ability to limit tuition increases through caps or other political measures.

Table 2: Primary Authority for Establishing Tuition

Legislature (5)	Statewide coordinating/agency for multiple systems (13)	Coordinating/ governing board(s) for individual systems (23)	Local district governing board(s) (3)	Individual institutions (14)
California	Colorado	Alaska	Illinois	Alabama
Florida	Hawaii	Arizona	Pennsylvania	Arkansas
Louisiana	Idaho	Connecticut	Texas	Delaware
Texas	Iowa	Florida		Florida
Washington	Kansas	Georgia		Illinois
	Kentucky	Illinois		Indiana
	Louisiana	Louisiana		Michigan
	Massachusetts	Maine		New Jersey
	Montana	Minnesota		New Mexico
	Nevada	Mississippi		Ohio
	North Dakota	Missouri		South Carolina
	Oklahoma	Nebraska		Virginia
	Utah	New Hampshire		West Virginia
		New York		Wyoming
		Oregon		
		Pennsylvania		
		Rhode Island		
		South Dakota		
		Tennessee		
		Texas		
		Vermont		
		West Virginia		
		Wisconsin		

In cases where individual institutions have primary authority to establish tuition, the nature of this authority falls into a range:

Table 3: Individual Institutions as Primary Authority

Individual institutions set tuition rates within very strict guidelines or parameters established by local or state level entities. (2)	Individual institutions set tuition rates within moderate or limited guidelines established by local or state-level entities(13)	Individual institutions set tuition rates with no external restrictions. (5)
California-not for the regular system-wide student fees Florida	Alabama Arkansas Colorado Indiana Maryland Missouri New Jersey New Mexico North Dakota Ohio South Carolina Virginia West Virginia	Delaware Illinois Michigan Pennsylvania Wyoming

The results were mixed when it came to changes in the degree of centralization with regard to tuition setting levels. Half of the states responding to this question felt that tuition setting authority had been decentralized, while close to half felt it had become more centralized. Several states reported that the effects of these changes in centralization are not yet known.

More decentralized

Whatever centralization existed in some states is being diminished. Since 2003, public universities in Florida have been given greater flexibility in setting tuition rates for resident graduate students and all levels of out-of-state students. The same is true in Texas, where university boards have been given the authority to increase designated tuition to whatever levels are needed to address institutional needs and to balance reductions in state appropriations. For community colleges in Arizona, tuition setting has become decentralized following the elimination of the Community College Board. This elimination has allowed tuition setting to now lie with the individual local district boards. Virginia has recently begun a major restructuring of their system of higher education, leading to considerable decentralization across all areas of governance, including payroll and capital outlay projects.

More centralized

An equal number of states have seen increased centralization over the past several years. The Kentucky Council on Postsecondary Education has recently taken a more central role in setting tuition rates and in Montana the Board of Regents has become more actively engaged in setting the operating budgets for the 2006-07 biennial. The New Mexico Commission on Higher Education (formerly a semi-independent agency) was recreated as the New Mexico Higher Education Department with an appointed cabinet secretary and an advisory board.

Tuition policy changes in the past three years:

1. **Changes in who can charge tuition/ how tuition dollars are used (8 states)**
In Florida, discussions are underway as to who actually controls tuition at the state universities: the Legislature or the Florida Board of Governors. A 2003 state law in Washington allows institutions to set tuition for all students except resident undergraduates (this authority remains with the legislature). The law will remain in effect for six years, at the end which all tuition setting authority will return to the legislature. Institutions in Virginia have also been given the opportunity to set their own tuition and fees (as long as they meet minimum state designated standards). In addition, Virginia institutions will be able to keep all earnings on tuition revenues, which currently go to the state general fund.

2. **Changes in tuition rates (8 states)**
Both Alaska and Utah have increased the length of time a student must verify physical presence in the state to gain residency, effectively generating more tuition revenue from out of state students for a slightly lengthened period of time. In South Dakota, undergraduate children of alumni are now allowed to pay 150% of the in-state tuition rate. And in Arizona each university is now allowed to set its own resident undergraduate tuition rates, based in part on each universities' mission. In April 2005, the Indiana General Assembly passed a statute that requires public postsecondary institutions to set tuition and mandatory fees two years at a time.

3. **Changes in tuition caps (2 states)**
In Ohio caps were re-imposed in FY 2004-05 at 9.9% per year, with 3.0% of the increase permitted only for need-based aid or for technology improvements for undergraduates. Caps for FY 2006-07 will be 6.0%, with no set aside percentage going to need-based aid or technology improvements.

4. **Changes in funding structure**
In 2005-06, the State of Colorado has begun funding stipends to students, as opposed to providing funds directly to institutions.

Potential tuition policy changes in the coming years

There continues to be debate over the appropriate levels of tuition and the effectiveness of statewide financial aid systems. Potential changes under consideration range from increasing what nonresident students would have to pay (Alabama) to the elimination of the Senior Citizen Tuition Waiver (Alaska). Minnesota considered developing an alternative revenue model for its MnSCU system and Massachusetts proposed a tuition policy change that would enable institutions to retain all tuition revenues. In a similar vein, a controversial proposal was discussed in North Carolina to allow the state's two flagship universities, the University of North Carolina at Chapel Hill and North Carolina State University, to set their own tuition rates. The Board of Regents in both Montana and New Mexico have discussed assessing all students an increase in tuition to pool funds for a "needs-based" program.

Changes in legislative structure

Ten states reported changes in state legislatures as having an influence on tuition policies and tuition philosophy over the past three years. These changes most commonly took the form of term limits and changes in legislative leadership. Due to term limits, several states lost key legislators whose experience included an understanding of the funding and needs of the their state's higher education system. Both Texas and Virginia saw deregulation in tuition setting due to changes in legislative leadership. In the mid-to-late 1990s, California saw a shift to a more "relativist" view of student charges after many long-established legislators termed out. Indiana, New Mexico, and Wisconsin did not see any changes regarding tuition policy, although they did see changes in legislative leadership. This may be due to a relatively bi-partisan approach in these states regarding tuition policies and philosophies.

Incentives designed to minimize tuition increases

Pressure to keep tuition affordable/ maintain access

While many states have no specific polices designed to keep tuition affordable, their governing and coordinating boards monitor campuses that may become too aggressive in tuition setting. These include:

- Connecticut
- Florida- The incentive is more direct here. The state's merit program (the Bright Futures Scholarship awards), are tied to tuition so that every tuition increase results in an increase in the cost of this program to the legislature. Strong support for the Bright Futures Scholarship awards continues to help keep tuition low.
- Hawaii
- Mississippi
- Montana
- New Hampshire 2-years
- New York
- North Dakota
- Utah
- Wisconsin

Pressure from students

This is most often felt at the institutional/ system wide level from student organizations and parents in the following states:

- California
- Nevada
- Vermont
- Washington

Pressures from the legislature

Several respondents noted it is never wise to seriously upset the General Assembly and/or Governor. Large increases in tuition can jeopardize the following year's appropriations. Additionally, the authority to increase tuition in the future may be restricted if increases are viewed as excessive. In general, the larger the share of state support for higher education, the greater the incentive to minimize tuition increases. The following states noted this pressure:

- Arizona
- California
- Indiana
- Georgia
- Louisiana
- New Jersey- For the 4-year public colleges and universities, language in the appropriations act provides for a reduction in state appropriations if tuition increases exceed specified amounts.

- Pennsylvania
- Virginia
- Texas

Tuition revenue appropriation policies

Thirty-five states reported tuition revenues are controlled and retained by individual institutions or campuses. Eight states reported tuition revenues are deposited into separate, institutionally designated state tuition accounts from which all funds must be appropriated prior to expenditure. Only California and Texas reported tuition is appropriated and is a direct offset of the state general revenue appropriation and South Dakota and Connecticut reported tuition revenues are retained at the state level but under the direct control of a state governing or coordinating board. In Rhode Island tuition revenues are appropriated along with general revenues, but are not necessarily a direct offset to general revenue appropriations.

Tuition Setting

The process of tuition setting varies considerably across the 50 states. A list of factors used to set public resident undergraduate tuition rates was provided to each state. On a scale of 0 to 4 (0 = no influence; 1 = minimal influence; 2 = moderate influence; 3 = significant influence; 4= controlling influence) the following factors were found to exert the most influence in decision-making about tuition levels.

Table 4: Factors Used in Tuition Setting

Average Rating	Factor Used to Set Public Resident Undergraduate Tuition	Most Influential Factor	One of Top 3 Factors
2.94	State general fund appropriations	36	47
2.18	Prior year's tuition	2	16
2.06	Institutional mission	1	16
2.02	Tuition charged by peer institutions	1	19
1.92	Public/ media concern about the cost of attending higher education	0	7
1.82	Other student fees or charges	0	3
1.78	Cost of instruction (see accompanying table below)	0	10
1.78	Availability of/appropriations for financial aid	0	4
1.31	Tuition policies of comparison states	0	2
1.23	State philosophy about the appropriate share of tuition costs to be borne by students vs. the state	0	1
1.22	Formal or informal analyses or beliefs about the relative mix of individual and public benefits of higher education	0	1
1.14	Consumer Price Index (CPI)	1	2
1.04	Higher Education Price Index (HEPI)	2	4
1.0	State per capita personal or disposable income	1	2
1.0	State workforce needs	0	1
0.9	A policy cap on the percentage or dollar increase for tuition	4	9
0.6	SHEEO Higher Education Cost Adjustment (HECA)	1	1
0.3	Other inflation indices	0	1

Table 5: Tuition as a Percentage of the Cost of Instruction

State	Tuition is approx ___% of the cost of instruction
Missouri	94
Ohio	55
New Hampshire	50+
South Carolina, South Dakota, Wisconsin	50
Montana	43
Oklahoma	37
Utah	35
Illinois, Virginia	33.3
Nebraska	28
New Mexico	20

Curbs, caps, or freezes on tuition

Thirty-three states reported there had been no curb, cap or freeze placed on their tuition at any time in the past three fiscal years, while 18 states did see a limit imposed. The tuition caps ranged from 3% over the previous year in Oregon to 6% in Ohio and 10% in Idaho. These caps were most often mandated by state governing or coordinating boards or the Board of Trustees, and less frequently by the legislature. In North Carolina, for 2005-06, the Board did not consider any tuition increases for resident undergraduate students. States that saw caps or limits on tuition over the past three years included Colorado, Idaho, Illinois, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, New Jersey, North Carolina, Ohio, Oklahoma, Oregon, South Carolina, Texas, Utah, and West Virginia. The cap on tuition in Illinois is implicit and stems from a new cohort-based tuition model that does not allow tuition to change for an incoming class over a period of 4 years.

Attempts to reduce costs as an alternative to raising tuition

Thirty-two states reported some effort to reduce costs as a way of limiting increases on tuition rates. Due to recent economic circumstances, many states reported being well-practiced in the art of cost reduction. Oklahoma's response was a common one; in order to minimize tuition increases and still maintain a standard of excellence in Oklahoma, institutions reduced their operational budgets in every functional area to demonstrate their commitment to cost-effective operations. Although each state appears to have handled cost reductions in a different fashion, the overlapping efforts included:

- freezes on hiring new staff and/or replacing staff who leave (13 states)
- delays on deferred maintenance and other capital projects (12)
- elimination of programs (9)
- no salary increases for existing staff (6)
- consolidating health care & prescription plans (3)

- consolidating purchasing (2)
- personnel reductions (4)
- reorganization (4)
- other consolidation (3)
- expanding class sizes
- raising student fees
- shifting benefit costs to employees
- eliminating out-of-state travel
- postponing addition or expansion of degree programs
- reducing the number of course offerings available to students

Several states that did not have distinct policies did cite informal agreements at the institutional level.

Differential tuition

Differential tuition is used for resident undergraduate students at public colleges and universities for the following categories:

- Credit/Non-credit (36 states)
- Programmatic (varies by major or course) (28)
- On-site or classroom based instruction/Off-site or distance education (28)
- Lower division/Upper division (17)
- In-district/Out-of-district (two-year schools only)(16)
- Credit hours beyond a specific number (12)
- Other initiatives (10)
- Cohort-based tuition (5)

California is currently developing policies for students who accumulate more credit units than are needed to graduate. Potentially, these students will pay the full cost of instruction for any units they pursue after they have reached a certain threshold. In a related effort in Texas, universities are exploring a block rate tuition policy as an incentive to increase timely progression and degree completion.

Resident undergraduate tuition

Table 6: Resident Undergraduate Tuition Setting Policy Variation

	Statewide policy	Varies by sector	Varies by institution within sector
a. Tuition is set per credit hour regardless of how many credits the student is taking (27)	9	7	13
b. Tuition is set at a flat rate for full-time students. (39) (The number of credits for flat rate tuition ranges among states from 6 credits to 12 or more)	11	13	15
c. A per credit surcharge is imposed at or above a specific number of credit hours. (16)	2	5	9
d. No formal policy exists on resident undergraduate tuition setting. (17)	9	4	4

Nonresident undergraduate tuition

States use a variety of strategies to set tuition rates for nonresidents; seven states set nonresident tuition at a mandated percentage of the cost of undergraduate instruction. California, Massachusetts, Rhode Island, and West Virginia charge 100% of the cost of instruction. It is greater than 100% in Michigan. Pennsylvania and Utah did not specify the percentage they charge.

Nine states responded that nonresident tuition is indexed to the undergraduate resident tuition rate in their state. These percentages ranged from 350% in Utah and 267% in North Dakota to 254% in Alaska and 250% in Pennsylvania to 200% in Georgia and between150-100% in New Mexico, South Dakota, Missouri, and Vermont.

Fourteen states responded that no formal policy exists on nonresident undergraduate tuition setting.

Twenty-five states responded with other general comments about nonresident tuition:

- Nonresident tuition should cover the cost of instruction (6 states)
- Undergraduate rates for nonresident students must be higher than resident rates (6)
- SREB or the WICHE average should be used when calculating nonresident tuition (4)
- Nonresident tuition should be set by individual institutions (4)
- The annual tuition percentage increases for nonresident students cannot exceed the percentage increase for resident students (2)

Offering resident tuition rates to undocumented immigrants

While 20 states reported they have not had any discussions on this issue in the past three years, 22 states reported discussion, but no policies. In these 22 states, it was common for legislation to have been introduced (but not passed) that either allowed or prohibited undocumented immigrants from classification as in-state students. As a result, these students could then receive tuition waivers, grants, or scholarship assistance. It was a general consensus that this issue has arisen more frequently in recent years, but has not yet been transformed into policy.

Policies related to undocumented immigrants were enacted in eight states:

- **Colorado**
  Undocumented immigrants are not eligible for resident tuition rate
- **Illinois**
  Undocumented immigrant students can be eligible for resident tuition rates if they:
  - "Resided with his or her parent or guardian while attending a public or private high school in Illinois
  - Graduated from a public or private high school or received the equivalent of a high school diploma in Illinois.
  - Attended school in Illinois for at least 3 years as of the date the individual graduated from high school or received the equivalent of a high school diploma.
  - Register as an entering student not earlier than the 2003 fall semester
  - File an application to become a permanent resident of the United States at the earliest opportunity."
- **Kansas**
  Similar to Illinois, although the provisions of the statute do not apply to an individual with a student immigration visa.
- **New Mexico**
  State law prohibits the denial of admission or eligibility for education benefits based on immigration status
- **New York**
  CUNY charges the resident rate for undocumented immigrants
- **Texas**
  Any student who attends high school in Texas for three years and graduates from a Texas high school can qualify to pay resident tuition rates, regardless of immigration status.
- **Utah**
  A student can pay resident tuition if the student attended high school in Utah for three or more years; graduated from a high school in this state or received the equivalent of a high school diploma in Utah; and registers as an entering student at a System institution not earlier than the fall of the 2002-03 academic year.
- **Washington**
  Similar to Utah

Reciprocity/"good neighbor" policy

Twelve states reported having no reciprocity or good neighbor policy. Nine states cited general reciprocity agreements with other states (Idaho, Minnesota, Nebraska, New Mexico, North Dakota, Ohio, South Dakota, Washington, and Wisconsin). Alaska was the one state that reported an established reciprocity agreement with residents of British Columbia or the Yukon, Northwest, and Nunavut Territories. In addition, students from foreign sister cities or sister provinces approved by the University of Alaska president can qualify for resident tuition. Other state reciprocity agreements include:

Students residing in a county in another state within 50 miles of the home state institution can pay in-state rates in the following states:

Alabama	Indiana	New Mexico	Utah
Arizona	Louisiana	South Carolina	Washington
Arkansas	Georgia	Tennessee	
Florida	Nevada	Texas	

Student Exchange Program (non-residents can attend institutions in participating states and pay a percentage of the resident tuition) in:

Kentucky	North Dakota	Vermont
Hawai'i	Oregon	Wyoming
Missouri	South Dakota	
North Carolina	Utah	

Nonresident students can pay 150% of in-state rate for programs not offered in resident's home state in:

Maine	Massachusetts
Nebraska	Rhode Island
New Hampshire	

Exchange agreements between specific institutions across states exist in:

Maryland	South Carolina
Massachusetts	Utah
Missouri	

Loan forgiveness and/or loan repayment

The most common occupational area receiving loan assistance is in teaching (offered in 30 states) with 23 states offering in-school assistance and 12 offering on-the-job repayment. For example, in South Carolina, all teacher loans may be forgiven if a graduate teaches in a critical need area. Twenty-six states offer support for nursing (21 offering in-school assistance, 14 on the job repayment). Twenty-seven states offer support for medicine/ dentistry/ optometry (18 offering in-school assistance and 12 on the job repayment). Five states offer assistance for child care programs, four for engineering, and three for information technology. The legislature of New Mexico established a legal education loan repayment program for attorneys who practice in areas in New Mexico that have difficulty recruiting and retaining qualified attorneys due to low entry-level salaries. Minority scholarships were also frequently mentioned by states as a way of moving needed graduated into underserved (mostly rural) areas of the state.

Tuition philosophies/ policies at public two-year vs. four-year institutions

Six states cited governance structures as a major difference in tuition policies and procedures between sectors. In Idaho, Illinois, Iowa, Michigan, New Mexico, and Pennsylvania, the community colleges have their own Board and policies separate from the 4-year institutions. Seventeen states cited a statewide philosophy that tuition and fees at public two-year institutions should be lower than at public four-year institutions. Community colleges are seen as a primary way to increase work-force education and make college available to as many people as possible.

Fees

In this section, the term "fees" applies only to mandatory fees, as opposed to designated fees. Mandatory fees are defined as charges that most full-time students are required to pay in addition to tuition. Designated fees are defined as charges that apply to specific classifications only, such as certain courses, programs, services, or groups of students.

Statewide student fee philosophy

There continues to be differences in how fees are charged within the states. Questions continue to be raised over which set of philosophies should drive fee levels. States like Tennessee have seen this debate move in cycles, with a push toward many separate fees, followed by a move toward consolidation, followed again by deregulation. Three states, Connecticut, Alaska, and Pennsylvania, expressed that the number of mandatory fees should always be minimized.

Table 7: Fee Philosophy

Fees are determined by the Boards of Trustees	Fees are institutionally controlled	Fees are charged within parameters established by the legislature	Student input is involved in setting fee levels	Fees also cover extraordinary costs not covered by tuition	Fees should not be imposed for instructional purposes
Alabama California Georgia Idaho Kansas Minnesota Texas West Virginia	Colorado Delaware Georgia Illinois Indiana Maryland Massachusetts Michigan Missouri Nebraska Nevada New jersey North Carolina Ohio Oklahoma South Carolina South Dakota Wisconsin	Florida Washington	Illinois Kansas Missouri Utah Wisconsin Washington	Minnesota New York Oklahoma New Hampshire Wisconsin	Illinois Ohio

Two states have their fee policy formalized in the state constitution (Louisiana and Michigan), 18 states formalize their policies in state statutes, 21 states use board rules and polices, and 17 states do not have a formalized fee policy.

Fee policy changes in the past three years

Alaska recently began charging a network fee of 2% for each enrolled student per semester. In Indiana, the institutions are creating new fees to replace declining state appropriations. These fees have taken the form of technology fees and repair and rehabilitation fees for capital upkeep. Oregon has instituted an increased building fee of $45 per term.

Potential tuition policy changes in the coming years

California is likely to see an increase in fee levels, as more efforts are taken to charge students a higher percentage of the cost of instruction. Rhode Island will be reviewing their mandatory fee structure to determine which fees should be included within tuition rates and which should stand alone.

Curb, cap, freeze or other limits on fees

Thirty-five states have not seen limits placed on fees over the past three fiscal years. Fifteen states did see some limitation placed on fees. These states include Alabama, Colorado, Georgia, Hawaii, Idaho, New Jersey, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Virginia, and West Virginia.

Fee caps range from 5% or 10% in Idaho, the lesser of 6% or $500 in Ohio, 5% for mandatory, non-educational fees in Virginia, 3% over resource fee revenue in Oregon, or the HEPI value + $250 in South Carolina. Interestingly, Oklahoma caps tuition and fees statutorily by a formula based upon other states' and peer institutions' activity.

Different entities in the states have the authority to set mandatory and/or designated fees as noted below:

Table 8: Authority for Setting Student Fees

Authority to set fees	Mandatory	Designated
Governor	1	0
Legislature	7	1
State coordinating/governing agency	14	10
Individual system governing board(s)	23	15
Local district governing board(s) (two-year only)	14	17
Individual institutions	21	28

Differences exist among sectors and institutions when it comes to fee-setting authority. For example, at most 4-year schools, each institution can set mandatory and designated fees, while it is more common to see a state or local governing board setting these fees in 2-year schools. In Arizona, individual universities may set designated fees under $50, but all fees over $50 require approval by the Board.

Seven states specifically reported no differences between two and four-year institutions regarding fee policy. Several states, including Arkansas, South Carolina, West Virginia, and California follow the rationale that tuition and fees at public two-year institutions should be lower than those at public four-year institutions in order to make programs more accessible. Additionally in Texas, two-year institutions have fewer fee categories and in South Dakota the technical institutes, which are governed by the local school districts, have a different governing structure than the four-year institutions.

Student Financial Assistance

On a scale of 0 to 3 (0 = no influence, 1 = minimal influence, 2 = moderate influence, 3 = significant influence) states were asked to select the influence of each of the following goals in the creation and adjustment of a comprehensive financial aid program:

Statewide goals of student financial aid policy

Table 9: Goals of Student Financial Aid Policy

Goal	Average Score	Single greatest influence?
Promote broad access to higher education	2.70	35 states
Improve the affordability of higher education	2.65	11
Keep talented students in the state	2.0	0
Promote student retention and degree completion	1.98	1
Recognize talent and reward effort of students	1.88	6
Facilitate student choice among higher education providers in the state	1.63	1
Prepare and place students into specific careers	1.48	0
Help equalize tuition between public and independent institutions in the state	0.76	0

The financial aid goals discussed above were formalized most frequently in state statutes (22 states), board rule/policy (13 states) and in state rules (2 states). Fourteen states reported that the financial aid philosophy held in the state was not formalized. In Massachusetts, specific financial aid programs (including new merit-based scholarships) are established by the legislature. In North Carolina, board-level and individual campuses financial aid programs both help to supplement federal financial aid.

Financial Aid policy changes in the past three years

1. **<u>Changes in the link between tuition increases to increases in financial aid</u>**

Arizona	In FY 2003-04 , the Board approved an increase in the percentage of tuition revenue retained for student financial aid to coincide with a significant tuition increase.
California	Formerly 33% of revenues due to fee (tuition) increases were set aside for increased financial aid. This number is now around 25%.

Michigan	Intent language appeared in the state's appropriations bill calling for universities to increase institutional student financial aid the same proportion as tuition.
Utah	In 2002 and 2003, the Board of Regents implemented a tuition practice which allocated 0.5% of the approved increases to be set aside as need-based student financial aid, however, in 2004 the practice was ended.
Wisconsin	A statutory link exists to increase the financial aid appropriation by the same percentage increase in tuition.

2. **Changes in specific financial aid programs**

Georgia	The HOPE Scholarship Program has been modified to include tighter eligibility requirements. HOPE also no longer pays for mandatory fee increases.
Missouri	The Advantage Missouri loan and loan forgiveness program has been discontinued in an effort to shift focus to access and affordability.
Texas	TEXAS Grant Program is being maintained to promote the development of B-on-Time zero interest loan program. The Promise Scholarship, the largest state merit scholarship, was eliminated in the spring of 2005.

3. **Changes in work study**

Iowa	Very modest state work-study funds reinstated for FY 2006.

4. **Changes in grant amounts for students**

North Carolina	Maximum state grant award amount was increased from $600 to "up to $1,000" in state statute.
Pennsylvania	The Pennsylvania Higher Education Assistance Agency (PHEAA) has developed a new formula for the distribution of need-based state grants that has increased the purchasing power of the grant.
Oklahoma	A new Tuition Equalization Grant for students attending private/independent colleges was created by the Legislature in 2003 and first funded in 2004-05.
Washington	Eligibility for the State Need Grant was increased from 55% of the state's median family income to 65% beginning in the 2005-06 academic year.

5. **Changes in merit and need-based aid programs**

Maryland	There has been a significant shift away from merit-based financial aid to need-based aid. In addition, the state has supported increases in funding for need-based aid programs.
Colorado	A significant reduction in merit aid has allowed for an increases in need-based aid.
New Jersey	Significant increases have been provided to need-based programs, including part-time Tuition Aid Grants. In addition, a new merit scholarship program for top high school students attending two-year colleges was implemented in 2005.
South Dakota	The South Dakota Opportunity Scholarship is the first state funded merit based scholarship program.
Tennessee	A broad-based merit aid program was developed in the fall of 2004.

Potential financial aid policy changes in the coming years

1. **Further increasing need-based aid**
   Alabama and Alaska are both seeking funding for a new need-based program. Wisconsin is developing a program that holds financially needy students harmless from tuition increases. The state of South Carolina would like to see increased need-based awards given as most of the state scholarship funds are currently merit-based. Ohio will begin a new need-based aid program in FY 2007 called the Ohio College Opportunity Grant. It will increase grants and eligibility and equalize aid between needy dependent and independent students.

2. **Further increasing merit awards**
   Michigan has proposed changing the Michigan Merit Award from a $2,500 grant to incoming college freshmen to a $4,000 grant to students who complete 60 credits. California is looking to expand the merit-based aid portion of the state scholarship program.

3. **K-12 efforts**

Ohio	A Learn and Earn financial aid program is under consideration with the goal to link the promise of financial aid to K-12 students as they are enrolled in primary and secondary school to encourage increased preparation for college.
Indiana	The possibility of only allowing a student without the prescribed minimum high school curriculum to be eligible for state aid only in a two-year institution is being explored.

4. **Financial aid considerations for adult learners**

Arkansas	Proposing a grant program targeted to non-traditional, needy students, aged 24 and older.
California	Proposed changes to Cal Grant program to include financially needy students who are now ineligible (such as transfer students over 24 years old)
Pennsylvania	Increasing emphasis from the Governor's Office on increasing the number of adults with higher education. New programs will provide financial aid to adult workers (nontraditional students) seeking higher education at or below the Baccalaureate level.

5. **Targeted financial aid for specific career fields**

California	Investigating changes in targeted financial aid to selected professions–nurses, K-12 teachers, and medical professionals in rural and poor urban areas.
Maryland	Examining consolidating career specific programs to better meet state workforce needs

6. **Formation of task forces**

Missouri	State Aid Program Task Force was formed
New Mexico	In 2005, an Interim Legislative Committee to study the Lottery Tuition Scholarship Program was established.

State policy regarding the mix between merit and need-based aid

Forty states do not have a formal state policy, but 7 states reported a formal link:

Arizona	Board of Regents policy: At least 50% of undergraduate aid awarded by a university must be for need-based aid, and at least 30% for merit-based aid.
Florida	The greater of 25% or $300,000 of the financial aid fees collected may be used to assist students who demonstrate academic merit or who participate in athletics or other extracurricular or who are identified as members of a targeted gender or ethnic minority population. A minimum of 75% of the balance of these funds for new awards shall be used to provide financial aid based on need.
Indiana	Indiana state aid is almost entirely need based. However, Indiana will reward better prepared students with a higher percentage of an award.
Louisiana	Not a formal policy, but state policy clearly favors "merit' aid as reflected in Louisiana's financial commitment to its TOPS program.
Montana	The 2005 Legislature has implemented a new student aid program that has a merit-based and need-based component.
Nevada	90% need, 10% non-need.
Pennsylvania	Almost all state aid is distributed based upon need
Virginia	Not a formal policy, but need-based aid is the primary source of aid

Statewide student financial assistance programs

Table 10: Summary of Student Financial Assistance Programs

Student Assistance Programs	Offered under state statute	Offered through a formal policy but not in statute	Offered at discretion of institutions
Need-based grants (46)	42	4	11
General, statewide merit- based scholarships (34)	28	5	11
Specifically targeted merit-based scholarships (40)	23	3	21
Loan forgiveness programs (including conditional scholarships) (45)	41	4	5
State-funded work-study programs (28)	19	6	8
State-funded guaranteed loans (13)	15	1	0
Programs designed to increase access/participation of members of specific groups/populations (39)	31	7	9
State tax credits or tax deductions (18)	18	0	0

Tuition waivers (full or partial) or other financial assistance for particular categories of students

Table 11: Summary of Tuition Waiver and Other Assistance Programs

Student Assistance Programs	Offered under state statute	Offered through a formal policy but not in statute	Offered at discretion of institutions
Graduate assistants	9	4	38
Student athletes	6	6	40
Faculty/staff members	8	16	23
Dependents of faculty/staff members	7	14	25
State employees/civil servants (other than faculty/staff)	9	5	8
Dependents of state employees/civil servants	6	1	8
Dependents of deceased police officers or fire fighters	32	7	8
Participants in public service programs	3	0	9
Military	32	9	7
Senior Citizens	18	10	21
Students who qualify for need-based aid	18	3	24
Students who qualify for merit-based aid	19	5	25

Additional categories of students included members of Indian nations or tribes in New Mexico, Maine, and Wisconsin. Grants/tuition reduction for deaf students are offered in Minnesota and Wisconsin.

One of the largest populations receiving financial assistance are members and family members of the armed forces and national guard. The most common form of assistance allows active duty military to pay in-state tuition and fees (New Mexico, Alaska, Georgia, Hawaii, New Jersey, South Carolina (including dependents), Virginia. Dependents and spouses of veterans killed or disabled in the line of duty are eligible for tuition waivers, ranging from free tuition to deeply discounted tuition, in Arizona, Connecticut, Georgia, Indiana, North Dakota, West Virginia, and Wyoming. General tuition waivers for National Guard members are offered in Maryland, North Dakota, Ohio, Oklahoma, South Dakota, Utah.

Financial aid philosophies/policies at public two-year vs. four-year institutions

While most states did not comment, nine states specifically reported no differences between two and four-year institutions in the state (Georgia, Hawaii, Missouri, Nebraska, Nevada, New York, Pennsylvania, Vermont, and Wyoming). California reported a recent sharp increase in community college fees, raising concerns how to effectively leverage federal funds to help offset these increases. Maryland reported a change in the formula used to calculate need-based aid to students in two-year public institutions. The new formula is based on 45% of need for students attending public two-year institutions and 35% of need for students in public year-year institutions. The new student aid program in Montana has a need-based component that more heavily favors the two-year programs. And the state merit program in Florida has resulted in more awardees choosing to attend year-year, where the award level is higher, rather than two-year institutions.

Financial aid policies for independent institutions

No differences in financial aid policy between the independent and public institutions were reported in Delaware, Idaho, Illinois, Maryland, New Hampshire, New York, Tennessee. In several states, Florida, Missouri, North Carolina, Oklahoma, some state grants and scholarships are designated specifically for independent colleges. Other differences include:

1. **Students can take state scholarships/ awards to independent institutions**
   - California
   - Nevada
   - Utah

2. **Less state aid available for independent institutions**
   - Massachusetts

3. **More state aid available to independent institutions**
   - Pennsylvania (A new grant process will provide a larger maximum grant for students attending institutions with a higher cost of attendance)
   - Ohio (Grants for resident undergraduate students enrolled in private not-for-profits schools are two times those provided to students enrolled in public campuses)

4. **Independent institutions allowed to administer federal financial aid**
   - Colorado
   - Montana

5. **A needs-based financial aid program is available for independent institutions**
   - Michigan
   - Minnesota (The students at independent institutions receive half of the aid, although they have about 30% of the students in the state)
   - South Carolina (The Tuition Grants Agency provide aid to needy students to pay some of the difference between public and private institutions' tuition and fees)

6. **Students receive similar financial benefits from both public and independent colleges**
   - New Mexico

7. **State appropriations differ for public versus private institutions**
   - Iowa
   - Wisconsin

Prepaid tuition program or a college savings plan

States that currently have a college savings and/or prepaid tuition program and do not expect to see any changes in the short term include Alabama, Alaska, Arizona, Delaware, Maine, Illinois, Michigan, Minnesota, Nebraska, New Hampshire, North Carolina, North Dakota, South Dakota, Utah, Virginia, and Wisconsin. The popularity of the Florida Bright Futures and Pre-Paid programs continue to keep resident undergraduate tuition increases lower than increases for other students. The New Jersey Prepaid Higher Education Expense Program was enacted in 2002, but has not yet been implemented. Both Florida and Hawaii have recently implemented new college savings plans and Pennsylvania just launched a new program that is based on mutual funds.

Several states have seen the elimination of one or both of their prepaid tuition or college savings plans; programs have been eliminated in West Virginia, South Carolina, and Texas. In Ohio, the state's guaranteed tuition program has been suspended.

For those states that do not already have a prepaid tuition or college savings plan, most commented that they have not given any consideration to these programs. Those states considering these options include Louisiana, Utah, and New Mexico. Maryland and Missouri are currently undertaking efforts to explore the impact of high tuition increases on the cost of participation in the college tuition prepayment plan. The consensus among state guarantor and the public colleges in North Carolina is that a prepaid tuition program could have unforeseen consequences on quality and cost of higher education in the state.

Alignment of State Fiscal Policies

The issue of coordination among financial aid policy with tuition policy and levels of state support for higher education is of increasing importance to states especially during difficult economic times. Rather than rely solely on securing additional state resources, states have interpreted the issue of affordability and alignment in a number of ways. State initiatives designed to address the affordability of college for students and their families include:

1. **Advisory groups established to look at access and affordability**

New Jersey	A task force has been formed to develop a funding methodology for the senior public colleges and universities to establish a relationship between state support and family support.
Maryland	A task force that rewrote the State Plan for Postsecondary Education in 2004 recommended development of a funding model designed to address affordability and other issues concerning the cost of college and financial assistance in Maryland.
Virginia	Recent language in the general act requires an affordability study to be conducted.
Massachusetts	The Annual Performance Measurement Report includes measures to assess success in meeting affordability and access targets.
Michigan	Commissioned a study on net tuition which highlighted the impact of grants, aid, tax credits, etc. and determined that average resident undergraduate tuition rate was 45% of "sticker price."

2. **Participation in WICHE Changing Direction project**

The Changing Direction project serves to engage more state leaders in discussion on price and financing of higher education. This project addresses the alignment of state fiscal policies and will inform policy regarding the relationship between appropriations, tuition and student financial aid in the following states:

Connecticut	Idaho
Kentucky	Tennessee
Louisiana	

3. **Efforts to streamline the information process for students**

Georgia	Acollege411.org is a powerful, free web resource that helps students research careers, choose a college, apply for college, and acquire financial aid. It was launched July 2005.
Hawaii	Increasing financial aid staffing to better serve students. Considering collaboration with private foundation to inform parents and students of financial aid options.
Missouri	Through student financial assistance programs and GEAR UP state grant, Missouri provides early awareness, outreach, and consumer information about how to prepare for and pay for college.
Nevada	Each campus has web-based student information available to assist students with financial aid programs.
North Carolina	The K-12 Department of Public Instruction and Higher Education community, along with the state guarantor and student loan corporation formed a collaboration to inform students and parents on how to plan, apply, and pay for college utilizing a single web portal.
Michigan	The President's Council created the EduGuide, a college prep guide, sent to all 165,000 Michigan 8th graders.
Ohio	Information initiatives include the statewide Ohio College Access Network, the Student Access and Success Committee, and the creation of a College Access information hotline.

South Dakota	The Legislature funded the CollegePrep program to educate parents and families about preparing and affording college.
Texas	State higher education plan, Closing the Gaps by 2015, includes affordability strategy to sup port participation and success goals.
Washington	A series of publications targeted to low income students and their parents were developed in conjunction with the State Gear Up program.

Response to Federal tax legislation

States have had various responses to federal tax legislation when considering tuition and fee policies.

Table 12: **State Reponses to Tax Legislation**

State Policy Response	Action Taken	Under Consideration	Not under Consideration
Raise tuition to take advantage of new tax credits.	0	2	44
Take federal tax credits into account when calculating state student aid eligibility.	6	2	38
Create state-level programs that replicate the federal initiatives.	5	3	38
Conform the state tax code to federal policy to simplify the tax process for families.	3	6	37
Create a state prepayment or college savings plan.	40	0	8
Publicize the availability of federal tax credits as a means to finance college.	16	4	27
Provide bridge loans to students.	3	1	42

Relationship between tuition policies and fee policies

As expected, the relationship varies between states. In Colorado, tuition and fees are governed by different policies, while in Connecticut there is a single policy covering both tuition and fees. Fees are commonly seen as a supplement to tuition or as one factor that a governing or coordinating board will consider when setting tuition, as in Arizona or North Carolina. In six states fees are viewed as similar, but have different source of funds for specific purposes. In Indiana, fees are not seen as instruction related, but as restricted/designated funds that cover costs of specific goods and services. Texas has seen fees rise considerably to compensate for reduced state appropriations and Tennessee is seeing institutions implement new fees, such as a "Student Success" fee to address retention efforts.

Relationship between tuition policies and financial aid policies

States that link funding for financial aid directly to tuition increases include:

Table 13: States' Relationship Between Tuition and Financial Aid Policies

State	Percentage of revenue from tuition increases linked to financial aid	Type of aid
Alaska	1%	Need-based
Arizona	14%	Need-based
Arkansas	30% Maximum	Academic and Performance
California	25% (down from 33.3%)	Need-based aid program, the Cal Grant program
Colorado	20%	Need-based
Connecticut	15%	Need-based
Florida	5-75% must be used for need based aid	
Hawaii	15-20	Need-based
Iowa	15% Minimum	No specification
Louisiana	5%	Need-based
New York	unspecified	
North Carolina	unspecified	
Ohio	3% Maximum	Need-based
Rhode Island	Same rate of increase	
Texas	3% to 20% (varies by institution and type of tuition)	Need-based on campus. B-on-Time Loans are not need-based. B-on-Time Loan Program (which provides zero interest loans to undergraduate students; if a student graduates "on time" with a "B" average the loan is forgiven). Texas Public Education Grants (TPEG) is need-based
Virginia	unspecified	
Washington	3.5%	Need-based

Other states that reported a link between tuition and financial aid include Oklahoma, Pennsylvania, Nevada, North Carolina, Virginia, Washington, Wisconsin, and Wyoming. Louisiana reported that a concerted effort is underway to strengthen the relationship between tuition policies and financial aid policies. Additional comments included:

Colorado	The state of Colorado requires institutions to contribute a percent of increased tuition revenue to need-based financial aid.
New York	Offers reasonable tuition and the largest need-based tuition assistance program in the nation.
Pennsylvania	For those students receiving state grants, a good portion of this increase has been covered by increases in their grant level; however, most students do not receive state grants and there fore are responsible for the full tuition increase.
Utah	The Board of Regents has language in Board policy that states the Regents may consider including a request for additional state-funded need-based aid when it considers tuition increases.

Other relationships between levels of tuition and financial aid

Table 14: States with a Relationship Between Tuition Levels and Financial Aid

Low tuition/ Low aid	Moderate tuition/ Moderate aid	Moderate-to-low fees/ Moderate-to-high" aid	High tuition/ Moderate aid	High tuition/ High aid
Idaho Kansas	Arizona	California	Maryland	Indiana (flagships) Nevada New Hampshire (University system) New Jersey Ohio (moving toward) Pennsylvania South Carolina

Efforts to coordinate state appropriations, tuition, and financial aid policies

Several states have begun efforts to coordinate various policies related to appropriations, tuition and financial aid policies. Texas examined the appropriate balance between tuition/fees, financial aid, and financing of higher education in a statewide study released in 2003. In Hawaii, state appropriations, tuition revenues, and the availability of student financial aid were key considerations in the development of a new tuition schedule.

Other efforts include the establishment of a central office or study group designed to look at alignment in the following states:

Alaska	Establishment (3 years ago) of the Office of Student and Enrollment Services at the system level; staff work directly with financial aid administrators at the campus level to provide uni form processes and service across the entire system.
Arizona	The Governor, legislature and Board of Regents have established separate committees/work groups to review various issues within higher education including tuition and financial aid.
Maryland	A newly formed task force will be studying the relationship between state aid, tuition and financial aid under a workgroup over the next couple of years.

Massachusetts	The recent Senate higher education task force report identified many opportunities to enhance the process and governance of tuition policies and state support.
Nebraska	The Commission analyzes state appropriations, tuition, and financial aid policies every other year and produces a report on its findings. This report shows the trend in state appropriations, in general and per student.
Missouri	Missouri Department of Higher Education's State Aid Program Task Force.
New Jersey	The Senior Public Operating Aid task force recognizes that there should be a relationship among state support, tuition, and financial aid.
Wisconsin	The University has established financial aid and tuition policy working groups to assess issues and options.

Additional collaboration efforts have also begun in:

Alabama	More discussions and coordination is going on between the Alabama Commission on Higher Education, the Alabama Department of Postsecondary Education, Institutions, the Executive Department, and the Legislative leadership on the budget development process.
Alaska	Collaboration with the Post-secondary Education Commission on outreach and other programs.
California	These items come together in consultations between and among the many players in the financing-fees-aid arena.
Indiana	The postsecondary institutions, the Commission for Higher Education, the Governor's Office, the State Budget Agency, the State Student Assistance Commission and the Legislature do work together closely. In addition, Indiana's Education Roundtable, which includes repre sentatives of education, business, labor, government and other stakeholders, works on a "P-16" plan to ensure a smooth transition for Indiana students from pre-school to graduate school.
Louisiana	The Board of Regents is spearheading an effort to engage state policy leaders, inclusive of the Governor and her staff, legislative leadership and staff, the postsecondary education community, inclusive of system and institution officials, student representatives, and faculty, and other stakeholders in various efforts to coordinate and improve state policy development in those areas.
Mississippi	A Tuition Stabilization Plan is under development.
New York	The Department and the Regents plan to work in collaboration with the other sectors of Higher Education in New York State to develop polices and recommendations to the Governor and Legislature on Affordability and Funding.
Virginia	It is believed that there should be a cost sharing relationship between the state and students and parents for a long time. The remaining need model is based on the federal need model with a goal of 50% borne by students/parents (the current percentage is 33%).
Washington	The state has for many years looked at the cost-of-instruction and directly linked state-support and tuition, and in turn linked tuition and financial aid.
Wyoming	The Legislature is discussing appropriations, tuition levels, and financial aid as they consider funding an endowment to provide scholarships to eligible Wyoming students to cover tuition costs of either a community college or the University of Wyoming.

Appendix A: List of Survey Respondents

Alabama
Susan Cagle
Director Institutional Finance and Facilities
Alabama Commission on Higher Education
100 North Union Street
P.O. Box 302000
Montgomery, AL 36130-2000
scagle@ache.state.al.us

Alaska
Saichi Oba
Associate Vice President for Student Services & Enrollment Management
University of Alaska System
910 Yukon Drive, Suite 202
P.O. Box 755120
Fairbanks, AK 99775-5000
so@alaska.edu

Arizona
Gale Tebeau
Assistant Executive Director, Business and Finance
Arizona Board of Regents
2020 North Central Avenue, Suite 230
Phoenix, AZ 85004-4593
gale@asu.edu

Arkansas
Stanley Williams
Senior Associate Director for Institutional Finance
Arkansas Department of Higher Education
114 East Capitol Avenue
Little Rock, AR 72201
stanleyw@adhe.arknet.edu

California
Kevin Woolfork
Budget Policy Coordinator
California Postsecondary Education Commission
770 L Street, Suite 1160
Sacramento, CA 95814-2932
kwoolfork@cpec.ca.gov

Colorado
Giao Giang
Financial Analyst
Colorado Commission on Higher Education
1380 Lawrence Street
Denver, CO 80204
Giao.Giang@cche.state.co.us

Connecticut
Mary K. Johnson
Associate Commissioner, Finance & Administration
Connecticut Department of Higher Education
61 Woodland Street
Hartford, CT 06105
mkjohnson@ctdhe.org

Delaware
Alan Phillips
Data Analyst
Delaware Higher Education Commission
820 North French Street
Wilmington, DE 19802
aphillips@doe.k12.de.us

Florida
Jay J. Pfeiffer
Assistant Deputy Commissioner
Florida Department of Education
Division of Accountability, Research, and Measurement
844 Turlington Building
325 West Gaines Street, Room 814
Tallahassee, FL 32399-0400
jay.pfeiffer@fldoe.org

Georgia
Susan E. Wright
Fiscal & Budget Policy Analyst
Board of Regents of the University System of Georgia
270 Washington Street, SW
Atlanta, GA 30334
susan.wright@usg.edu

Hawaii
Linda K. Johnsrud
Interim Vice President for Academic Planning
& Policy
University of Hawai'i
Bachman Hall 204
2444 Dole Street
Honolulu, HI 96822
johnsrud@hawaii.edu

Idaho
Jeff Shinn
Chief Fiscal Officer
Idaho State Board of Education
650 West State Street, Room 307
Boise, ID 83720-0037
jshinn@osbe.state.id.us

Illinois
Mike Baumgartner
Deputy Director, Planning and Budgeting
Illinois Board of Higher Education
431 East Adams, 2nd Floor
Springfield, IL 62701-1404
baumgartner@ibhe.org

Indiana
Bernard Hannon
Associate Commissioner for Facilities
& Financial Affairs
Indiana Commission for Higher Education
101 West Ohio Street, Suite 550
Indianapolis, IN 46204-1971
Bernieh@che.state.in.us

Iowa
Pamela M. Elliott Cain
Chief Business Officer
Board of Regents, State of Iowa
11260 Aurora Avenue
Urbandale, IA 50322-7905
pelliott@iastate.edu

Kansas
Kelly Oliver
Director of Finance
Kansas Board of Regents
1000 SW Jackson St., Suite 520
Topeka, KS 66612-1368
koliver@ksbor.org

Kentucky
Jonathan Pruitt
Senior Associate for Finance
Kentucky Council on Postsecondary Education
1024 Capital Center Drive, Suite 320
Frankfort, KY 40601-8204
jonathan.pruitt@ky.gov

Louisiana
E. Joseph Savoie
Commissioner
Louisiana Board of Regents
P.O. Box 3677
Baton Rogue, LA 70821-3677
commish@regents.state.la.us

Maine
Joanne Yestramski
Chief Financial Officer and Treasurer
University of Maine System
16 Central Street
Bangor, ME 04401
JLY@maine.edu

Maryland
Janice Doyle
Assistant Secretary for Finance Policy
Maryland Higher Education Commission
839 Bestgate Road, Suite 400
Annapolis, MD 21401
jdoyle@mhec.state.md.us

Massachusetts
Sue M. Wolfe
Deputy Director for Fiscal Policy
Massachusetts Board of Higher Education
One Ashburton Place, Room 1401
Boston, MA 02108-1696
swolfe@bhe.mass.edu

Michigan
Dan Hurley
Director of University Relations and Administrative
Services
Presidents Council, State Universities of Michigan
101 S. Washington Square, Suite 600
Lansing, MI 48933
dhurley@pcsum.org

Minnesota

Patrick Opatz (and others)
Budget Director
Minnesota State Colleges and Universities
Wells Fargo Place,
30 7th St. E., Suite 350
St. Paul, MN 55101-7804
patrick.opatz@so.mnscu.edu

Mississippi

Linda McFall
Assistant Commissioner for Finance
and Administration
Mississippi Institutions of Higher Learning
3825 Ridgewood Road, Room 426
Jackson, MS 39211
lmcfall@ihl.state.ms.us

Missouri

Donna Imhoff
Budget Analyst
Missouri Department of Higher Education
3515 Amazonas Drive
Jefferson City, MO 65109
donna.imhoff@dhe.mo.gov

Montana

Mark Bruno
Interim Director of Budget and Accounting
Office of Commissioner of Higher Education
Montana University System
46 N. Last Chance Gulch
Helena, MT 59620-3201
mbruno@oche.montana.edu

Nebraska

Carna Pfeil
Associate Director
Nebraska Coordinating Commission for
Postsecondary Education
140 North 8th Street, Suite 300
P.O. Box 95005
Lincoln, NE 68509-5005
cpfeil@ccpe.state.ne.us

Nevada

Harry E. Neel
Vice Chancellor for Finance
Nevada System of Higher Education
2601 Enterprise Road
Reno, NV 89512
buster_neel@uccsn.neveda.edu

New Hampshire

Edward R. MacKay
Vice Chancellor & Treasurer
University System of New Hampshire
25 Concord Road
Dunlap Center
Durham, NH 03824-3545
ed.mackay@unh.edu

Ann Weddleton
Director of System Research and Grants
New Hampshire Community Technical
College System
26 College Drive
Concord, NH 03301
aweddleton@nhctc.edu

Judith A. Knapp
Coordinator, Student Financial Assistance/
Research & Studies
New Hampshire Postsecondary
Education Commission
3 Barrell Court, Suite 300
Concord, NH 03301-8543
jknapp@pec.state.nh.us

New Jersey

Jeanne M. Oswald
Deputy Executive Director
New Jersey Commission on Higher Education
20 West State Street
P.O. Box 542
Trenton, NJ 08625
joswald@che.state.nj.us

New Mexico

Bryan McOlash
Senior Fiscal Analyst
New Mexico Higher Education Department
1068 Cerrillos Road
Santa Fe, NM 87505-1650
bryan.mcolash@state.nm.us

New York
Joseph P. Frey
Assistant Commissioner
New York State Education Department
2nd Floor Mezzanine West EB
89 Washington Avenue
Albany, NY 12234
jfrey@mail.nysed.gov

North Carolina
Jeff Davies
Vice President of Finance
University of North Carolina, General Administration
P.O. Box 2688, 910 Raleigh Road
Chapel Hill, NC 27515-2688
jrd@northcarolina.edu

North Dakota
Cathy McDonald
Director of Finance
North Dakota University System
600 East Boulevard Avenue, Dept. 215
Bismarck, ND 58505-0230
cathy.mcdonald@ndus.nodak.edu

Ohio
Rich Petrick
Vice Chancellor of Finance
Ohio Board of Regents
30 East Broad Street, 36th Floor
Columbus, OH 43215-3414
rpetrick@regents.state.oh.us

Oklahoma
Greg Sawyer
Vice Chancellor
Oklahoma State Regents for Higher Education
655 Research Parkway, Suite 200
Oklahoma Cit, OK 73104
gsawyer@osrhe.edu

Sandy Cunningham
Coordinator Economic Development
Oklahoma State Regents for Higher Education
655 Research Parkway, Suite 200
Oklahoma Cit, OK 73104
scunningham@osrhe.edu

Oregon
Ken Mayfield
Senior Budget Analyst
Oregon University System
P.O. Box 3175
Eugene, OR 97403-0175
Ken_Mayfield@ous.edu

Pennsylvania
Lois Johnson
Director of Financial Management
Pennsylvania State System of Higher Education
2986 North 2nd Street
Dixon University Center
Harrisburg, PA 17055
loisjohnson@passhe.edu

Rhode Island
Stephen McAllister
Associate Commissioner for Finance & Management
Rhode Island Office of Higher Education
301 Promenade Street
Providence, RI 02908
stevem@etal.uri.edu

South Carolina
Lynn W. Metcalf
Director of Finance, Facilities, & MIS
South Carolina Commission on Higher Education
1333 Main Street, Suite 200
Columbia, SC 29201
lmetcalf@che.sc.gov

South Dakota
Monte R. Kramer
Director of Finance and Administration
South Dakota Board of Regents
306 East Capital Avenue, Suite 200
Pierre, SD 57501-2545
montek@ris.sdbor.edu

Tennessee
Richard G. Rhoda
Executive Director
Tennessee Higher Education Commission
404 James Robertson Parkway
Parkway Towers, Suite 1900
Nashville, TN 37243-0830
richard.rhoda@state.tn.us

Texas
Teri E. Flack
Deputy Commissioner of Higher Education
Texas Higher Education Coordinating Board
1200 East Anderson Lane
Austin, TX 78752
teri.flack@thecb.state.tx.us

Utah
Kimberly Henrie
Budget Officer
Utah State Board of Regents
Board of Regents Building, The Gateway
60 South 400 West
Salt Lake City, UT 84101
khenrie@utahsbr.edu

Vermont
Michael Gower
Vice President for Finance and Administration
University of Vermont
350 Waterman Building
85 South Prospect Street
Wilmington, VT 05405-0160
jmgower@uvm.edu

Thomas Robbins
Vice President, Finance-Chief Financial Officer
Vermont State Colleges
P.O. Box 359
Waterbury, VT 05676-0359
Robbinst@vsc.edu

Virginia
Dan Hix
Senior Associate for Finance Policy
State Council of Higher Education for Virginia
101 North 14th Street, 9th Floor
James Monroe Building
Richmond, VA 23219
hix@schev.edu

Washington
Gary Benson
Director, Fiscal Policy
Washington Higher Education Coordinating Board
917 Lakeridge Way
P.O. Box 43430
Olympia, WA 98504-3430
garyb@hecb.wa.gov

West Virginia
Joyce W. Daniels
Executive Assistant to the Chancellor
West Virginia Higher Education Policy Commission
1018 Kanawha Boulevard, East, Suite 700
Charleston, WV 25301
daniels@hepc.wvnet.edu

Wisconsin
Deborah A. Durcan
Vice President for Finance
University of Wisconsin System
1752 Van Hise Hall
1220 Linden Drive
Madison, WI 53706
ddurcan@uwsa.edu

Wyoming
Constance Brizuela
Director, Institutional Analysis/
University of Wyoming
1000 East University Avenue
Dept. #3314, Old Main 414
Laramie, WY 82071-3314
hanuman@uwyo.edu /

Shelly Andrews
Director of Budget and Finance
Wyoming Community College Commission
2020 Carey Avenue, 8th Floor
Cheyenne, WY 82002
sandrews@commission.wcc.edu

Appendix B:
Survey Instrument

2005-2006 TRIENNIAL SURVEY OF STATE TUITION, FEE, & FINANCIAL ASSISTANCE POLICIES FOR PUBLIC COLLEGES AND UNIVERSITIES

The purpose of this survey is to solicit information on state-level policies and procedures governing public higher education tuition, fees, and student financial assistance. This is not a survey of the actual rates or amounts of current tuition, since other sources already exist for those data. For simplicity, the term "tuition" as used in this survey includes all standard student charges including required "education fees" in states that prohibit tuition per se.

The format allows you to use your mouse/cursor to select response boxes where appropriate, and to type your answer to open-ended items (without length limitations) within the gray rectangular text boxes. You may find it helpful to use the <tab> function to move through the survey.

When you have completed the survey you may return it as an e-mail attachment, or you may print your completed document and fax it to the SHEEO office. SHEEO's contact information is provided at the end of the survey.

Section A - Tuition

I. Philosophy and Authority

1. a) Which of the following statements best describes the overall tuition philosophy or approach for public colleges and universities in your state? (Check all that apply):

   - ☐ Tuition should be as low as possible.
   - ☐ Tuition should be moderate.
   - ☐ Tuition should be high.
   - ☐ Tuition policy is guided by institutional-level philosophy or budgetary needs.
   - ☐ Philosophy differs by sector.
   - ☐ No statewide tuition philosophy exists.
   - ☐ Other (Please describe):

   b) Describe the rationale for the philosophy stated above (e.g., tuition should be low to maximize access, high tuition is combined with high financial aid, institutions best understand their fiscal situation, etc.):

   c) Is this tuition philosophy formalized in the state constitution, by legislative statute, by state rule, board rule or policy, or not formalized? (Please check one):

   - ☐ Constitution
   - ☐ Statute
   - ☐ State rule
   - ☐ Board rule/policy
   - ☐ Not formalized

   Clarifying comments:

2. a) Have economic conditions over the last three years led to any short-term actions or policies on tuition that are in conflict with general philosophies?

   ☐ No
   ☐ Yes (Please describe):

   b) Describe any tuition policy changes in your state in the past three fiscal years (not changes in tuition levels).

   c) Are any potential tuition policy changes under consideration in your state? If so, please describe:

3. Has a formal study group or commission on tuition policy been established in your state at any time in the past three fiscal years? If yes, please provide a link to or a copy of any written report resulting from the initiative.

   ☐ No
   ☐ Yes (Please describe):

4. a) What role does each of the following individuals or entities play in establishing tuition rates and/or tuition policies in your state?

Authority to establish tuition rates	**Full legal decision-making authority**	**Informal/ Consultative role**	**No role**	**Other role**
a. Governor Comments:	☐	☐	☐	☐
b. Legislature Comments:	☐	☐	☐	☐
c. Statewide coordinating/governing agency for multiple systems Comments:	☐	☐	☐	☐
d. Coordinating/governing board(s) for individual systems Comments:	☐	☐	☐	☐
e. Local district governing board(s) (two-year only) Comments:	☐	☐	☐	☐
f. Individual institutions Comments:	☐	☐	☐	☐
g. Other (Please specify) Comments:	☐	☐	☐	☐

b) Which of the entities above has primary authority for establishing tuition? (Please check one)

- ☐ Governor
- ☐ Legislature
- ☐ Statewide coordinating/ governing agency for multiple systems
- ☐ Coordinating/ governing board(s) for individual systems
- ☐ Local district governing board(s)
- ☐ Individual institutions
- ☐ Other:

Clarifying comments:

c) If individual institutions have primary authority, which of the following statements best describes the nature of their authority?

- ☐ Individual institutions set tuition rates within very strict guidelines or parameters established by local or state-level entities.
- ☐ Individual institutions set tuition rates within moderate or limited guidelines established by local or state-level entities.
- ☐ Individual institutions set tuition rates with no external restrictions.
- ☐ Not applicable

Clarifying comments:

d) How has the degree of centralization changed over the past three years with regard to setting tuition levels?

5. a) How have changes in state legislative culture (ex. term limits, changes in legislative leadership, etc.) affected tuition policies and tuition philosophy in your state over the past three years?

b) What incentives (explicit or implicit) exist at the state or institutional level to minimize tuition increases?

6. Indicate which of the following tuition revenue appropriation policies are in place in your state:

- ☐ Tuition revenues are controlled and retained by individual institutions or campuses.
- ☐ Tuition revenues are deposited into separate, institutionally designated state tuition accounts from which all funds must be appropriated prior to expenditure.
- ☐ Tuition is appropriated and is a direct offset of the state general revenue appropriation.
- ☐ Tuition revenues are retained at the state level but under the direct control of a state governing or coordinating board.
- ☐ Tuition revenues are deposited into state general funds, with their return to higher education only inferred.
- ☐ Other (Please describe):

Clarifying comments:

II. Tuition Setting for Resident Undergraduate Students

7. The following factors may be used by various individuals/groups who set public resident undergraduate tuition rates in the states. Using a scale of 0 to 4, please indicate the level of influence exerted by each of the factors in decision-making about tuition levels in your state. If individual institutions are responsible for setting tuition, use your best judgment in assessing the role of each factor in the statewide aggregate.

0 = no influence *1 = minimal influence* *2 = moderate influence*
3 = significant influence *4= controlling influence*

Factors	Level of Influence
a. Consumer Price Index (CPI)	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
b. Higher Education Price Index (HEPI)	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
c. SHEEO HIgher Education Cost Adjustment (HECA)	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
d. Other inflation indices. *Please specify:*	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
e. State per capita personal or disposable income	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
f. State general fund appropriations	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
g. Tuition charged by peer institutions	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
h. Tuition policies of comparison states	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
i. Institutional mission	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
j. Cost of instruction (*Please complete*) Tuition is approx % of the cost of instruction.	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
k. Prior year's tuition	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
l. Other student fees or charges	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
m. Availability of/appropriations for financial aid	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
n. State workforce needs	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
o. Public/media concern about the attendance cost of higher education	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
p. Formal or informal analyses or beliefs about the relative mix of individual and public benefits of higher education	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
q. State philosophy about the appropriate share of tuition costs to be borne by students vs. the state	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
r. A policy cap on the percentage or dollar increase for tuition	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4
s. Other *(please describe)*:	☐ 0 ☐ 1 ☐ 2 ☐ 3 ☐ 4

Clarifying comments:

8. Of the above list (a-s), please indicate the three most influential factors in setting resident undergraduate tuition rates in your state over the past three fiscal years:

    1.
    2.
    3.

9. Has there been a curb, cap, freeze or other limit placed on tuition at any time in your state in the past three fiscal years?

    ☐ No
    ☐ Yes (Please describe, including the entity responsible for initiation):

10. As an alternative to raising tuition, have individual institutions or state offices responded with attempts to reduce costs (e.g., eliminating programs, freezing new hires, delaying capital outlay projects, etc.)?

    ☐ No
    ☐ Yes
    (Please describe):

11. Does your state have a policy linking a portion of revenue from tuition increases to student financial aid?

    ☐ No
    ☐ Yes
    (Please describe):
    a. What percent?
    b. Does this percentage apply only to a certain type of aid (e.g., need-based aid)?

12. a) Differential tuition results when groups or individuals pay different tuition rates based on certain criteria, such as level of study, major, etc. Indicate if each of the following types of differential tuition is used for resident undergraduate students at public colleges and universities in your state. If responses differ by sector, please indicate in item 12b.

    ☐ Lower division/Upper division
    ☐ Programmatic (varies by major or course)
    ☐ Credit/ Non-credit
    ☐ In-district/Out-of-district (two-year schools only)
    ☐ On-site or classroom based instruction/ Off-site or distance education
    ☐ Credit hours beyond a specific number (e.g., credit hours accumulated above 140 are charged at a higher rate)
    ☐ Cohort-based tuition (Fixed rate for a cohort of entering freshman for some specified period of time)
    ☐ Other (Please describe):
    Clarifying comments:

    b) Please describe how the responses above differ for two-year institutions in your state.

13. Resident Undergraduate Block Tuition: Indicate which of the following practices exist within your state. (*Check all that apply*).

	Statewide policy	**Varies by sector**	**Varies by institution within sector**
a. Tuition is set per credit hour regardless of how many credits the student is taking	☐	☐	☐
b. Tuition is set at a flat rate for full-time students. (Indicate the number or range of credit hours, if known:)	☐	☐	☐
c. A per credit surcharge is imposed at or above a specific number of credit hours.	☐	☐	☐
d. No formal policy exists on resident undergraduate tuition setting.	☐	☐	☐
e. Other (Please specify)	☐	☐	☐

14. Nonresident Tuition: Indicate which of the following statements describes how nonresident undergraduate tuition is set in your state (Check all that apply).

☐ Nonresident tuition is set at a mandated percentage of the cost of undergraduate instruction. The percentage is %.
☐ Nonresident tuition is indexed to the undergraduate resident tuition (e.g., 2 times the resident tuition rate). The percentage is %.
☐ No formal policy exists on nonresident undergraduate tuition setting.
☐ Other (Please describe):
Clarifying comments:

15. Has the issue of offering resident tuition rates to undocumented immigrants been discussed in your state?

☐ No discussion
☐ Discussion, but no policy
☐ Policy (please describe):

16. In addition to the general undergraduate tuition reciprocity agreements that exist within the regional higher education associations (MHEC, NEBHE, SREB, WICHE), does your state have a policy specific to students from neighboring states or individual counties (e.g. a "good neighbor" policy)? If yes, please briefly describe and provide a link to or a copy of the policy.

17. Which of the following occupational areas does your state provide loan forgiveness and/or loan repayment to graduates of selected programs/majors who provide service to the state following graduation?

Occupational Area	In-School Assistance	On-the-Job Repayment	Other (please describe)
a. Teaching	☐	☐	☐
b. Nursing	☐	☐	☐
c. Medicine/ Dentistry/ Optometry	☐	☐	☐
d. Engineering	☐	☐	☐
e. Information technology	☐	☐	☐
f. Child care	☐	☐	☐
g. Other (Please specify)	☐	☐	☐

Clarifying comments:

18. Please describe any differences in philosophy or policy concerning tuition at public two-year vs. four-year institutions in your state.

Section B - Fees

In this section, the term "fees" applies only to mandatory fees, as opposed to designated fees. Mandatory fees are defined as charges that most full-time students are required to pay in addition to tuition. Designated fees are defined as charges that apply to specific classifications only, such as certain courses, programs, services, or groups of students.

1. a) Describe the philosophy in your state specifically related to student fees (for example, fees make up for tuition limitations, fees are institutionally controlled, etc.).

   b) Is this fee philosophy formalized in the state constitution, by legislative statute, by state rule, board rule or policy, or not formalized?

   ☐ Constitution
   ☐ Statute
   ☐ State rule
   ☐ Board rule/policy
   ☐ Not formalized
   Clarifying comments:

   c) Describe any fee policy changes in your state in the past three fiscal years (not changes in fee levels).

   d) Are any potential fee policy changes under consideration in your state? If so, please describe.

   e) Has there been a curb, cap, freeze or other limit placed on fees in the past three fiscal years?

   ☐ No
   ☐ Yes (Please describe):

2. Please indicate which entities in your state have the authority to set mandatory and/or designated fees. (Check all that apply):

Authority to set fees	Mandatory	Designated
a. Governor	☐	☐
b. Legislature	☐	☐
c. State coordinating/governing agency	☐	☐
d. Individual system governing board(s)	☐	☐
e. Local district governing board(s) (two-year only)	☐	☐
f. Individual institutions	☐	☐
g. Other *(please specify)*:	☐	☐

Clarifying comments:

3. Please describe any differences in philosophy or policy concerning fees at public two-year vs. four-year insti tutions in your state.

Section C - Student financial Assistance

1. The following is a list of possible goals of student financial aid policy. Understanding that multiple programs might exist in your state to meet a variety of objectives, please indicate, using a scale of 0 to 3, the relative influence of each of the goals in the creation and adjustment of a comprehensive financial aid program.

0 = no influence *1 = minimal influence* *2 = moderate influence* *3 = significant influence*

Factors	Level of Influence
a. Promote broad access to higher education	☐ 0 ☐ 1 ☐ 2 ☐ 3
b. Improve the affordability of higher education	☐ 0 ☐ 1 ☐ 2 ☐ 3
c. Facilitate student choice among higher education providers in the state	☐ 0 ☐ 1 ☐ 2 ☐ 3
d. Help equalize tuition between public and independent institutions in the state	☐ 0 ☐ 1 ☐ 2 ☐ 3
e. Promote student retention and degree completion	☐ 0 ☐ 1 ☐ 2 ☐ 3
f. Recognize talent and reward effort of students	☐ 0 ☐ 1 ☐ 2 ☐ 3
g. Keep talented students in the state	☐ 0 ☐ 1 ☐ 2 ☐ 3
h. Prepare and place students into specific careers	☐ 0 ☐ 1 ☐ 2 ☐ 3
i. Other (please specify)	☐ 0 ☐ 1 ☐ 2 ☐ 3

a) Which of these goals (a-i) has the greatest influence on financial aid policy in your state?

b) Is the financial aid philosophy formalized in the state constitution, by legislative statute, by state rule, board rule or policy, or not formalized?

- ☐ Constitution
- ☐ Statute
- ☐ State rule
- ☐ Board rule/policy
- ☐ Not formalized

Clarifying comments:

2. a) Describe any financial aid policy changes (not financial aid appropriations) in the last three fiscal years.

   b) Are there any potential financial aid policy changes under consideration? If so, please describe.

3. Does your state have a policy regarding the mix between merit and need-based aid?

   - ☐ No
   - ☐ Yes (Please describe):

Check which, if any, of the following student financial assistance programs your state offers.

Student Assistance Programs	**Offered under state statute**	**Offered through a formal policy but not in statute**	**Offered at discretion of institutions**	**Not offered**
a. Need-based grants	☐	☐	☐	☐
b. General, statewide merit-based scholarships	☐	☐	☐	☐
c. Specifically targeted merit-based scholarships	☐	☐	☐	☐
d. Loan forgiveness programs (including conditional scholarships)	☐	☐	☐	☐
e. State-funded work-study programs	☐	☐	☐	☐
f. State-funded guaranteed loans	☐	☐	☐	☐
g. Programs designed to increase access/ participation of members of specific groups/populations	☐	☐	☐	☐
h. State tax credits or tax deductions	☐	☐	☐	☐
i. Other *(please specify)*:	☐	☐	☐	☐

Clarifying comments:

5. Do the public institutions in your state provide tuition waivers (full or partial) or other financial assistance for particular categories of students (e.g., dependents of faculty/ staff, military personnel, senior citizens, etc.?

Student Assistance Programs	**Offered under state statute**	**Offered through a formal policy but not in statute**	**Offered at discretion of institutions**	**Not offered**
a. Graduate assistants	☐	☐	☐	☐
b. Student athletes	☐	☐	☐	☐
c. Faculty/ staff members	☐	☐	☐	☐
d. Dependents of faculty/ staff members	☐	☐	☐	☐
e. State employees/ civil servants (other than faculty/ staff)	☐	☐	☐	☐
f. Dependents of state employees/ civil servants	☐	☐	☐	☐
g. Dependents of deceased police officers or fire fighters	☐	☐	☐	☐
h. Participants in public service programs	☐	☐	☐	☐
i. Military (Please describe:)	☐	☐	☐	☐
j. Senior Citizens	☐	☐	☐	☐
k. Students who qualify for need-based aid	☐	☐	☐	☐
l. Students who qualify for merit-based aid	☐	☐	☐	☐
m. Other (Please specify:)	☐	☐	☐	☐

Clarifying comments:

6. Please describe any differences in philosophy or policy concerning student financial aid at public two-year vs. four-year institutions in your state.

7. Describe the financial aid policies in your state in regard to independent institutions.

8. a) Please indicate if your state is considering any development of, or changes in, a prepaid tuition program or a college savings plan.

   b) What consideration, if any, has been given in your state to the impact of tuition prepayment programs or college savings plans on tuition levels? By whom?

Section D - Alignment of State Fiscal Policies

The remaining questions assess state efforts to align state appropriations, tuition, and financial aid policies.

1. Describe any initiatives being discussed in your state to address the affordability of college for students and their families. Include any initiatives or collaboration with other agencies to provide consumer information on college price and the financing of higher education, including financial aid programs. Please provide a link to or a copy of any written materials developed.

2. Below is a list of possible state policy responses to the 1997 federal legislation creating various education tax credits and deductions, including the HOPE Scholarship and Lifetime Learning tax credits. Check which of the following actions, if any, have been taken in your state, those currently under consideration, and those not under consideration. (Check all that apply):

Action	Action taken	Under consideration	Not under consideration
a. Raise tuition to take advantage of new tax credits.	☐	☐	☐
b. Take federal tax credits into account when calculating state student aid eligibility.	☐	☐	☐
c. Create state-level programs that replicate the federal initiatives.	☐	☐	☐
d. Conform the state tax code to federal policy to simplify the tax process for families.	☐	☐	☐
e. Create a state prepayment or college savings plan.	☐	☐	☐
f. Publicize the availability of federal tax credits as a means to finance college.	☐	☐	☐
g. Provide bridge loans to students.	☐	☐	☐
h. Other *(please describe)*:	☐	☐	☐

3. Describe the relationship (formal or informal) between the tuition policies and fee policies in your state (e.g., viewed as similar but different source of funds, no relationship, etc.).

4. Describe the relationship (formal or informal) between tuition policies and financial aid policies in your state (e.g., high tuition/high aid, no relationship, etc.), including any differences that might exist between sectors.

5. How is your state working to coordinate state appropriations, tuition, and financial aid policies?

Respondent Information

State/ Agency
Respondent
Title
Phone
Fax
E-mail

Thank you for your assistance in completing this survey.

Angela Boatman
aboatman@sheeo.org
State Higher Education Executive Officers
3035 Center Green Dr.- Suite 100
Boulder, CO 80301-2251
Phone: 303-541-1610 Fax: 303-541-1639

SHEEO

State Higher Education Executive Officers
3035 Center Green Drive, Suite 100
(303) 541-1600
www.sheeo.org