

Office of Operations Review and Audit



Program Review

**UW Segregated Fees:
Policies, Practices, and
Student Participation**

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Table of Contents

	Page
Executive Summary	i
Scope	1
Background	1
Discussion and Recommendations	3
Segregated Fee Uses and Rates	4
Segregated Fee-Supported Services	4
Segregated Fee Revenues and Expenditures	8
Variation in Segregated Fee Rates	9
Fees in Other States	9
Process for Setting Segregated Fees	11
Segregated Fee Budgeting Process	11
Student Consultation in Segregated Fee Rate Setting	13
Approval of Segregated Fee Rates	17
Enhancements to the Segregated Fee-Setting Process	18
Segregated Fees and Major Capital Projects	21
Segregated Fee-Supported Major Capital Projects	21
Major Capital Project Process	26
Timing of Initial and Final Fee Assessments	30
Growth in Segregated Fees	34
Changes in Segregated Fees	35
Growth in Segregated Fees Compared with Growth in Tuition and other Costs	36
Factors Contributing to Growth in Segregated Fees in the UW System	38
Growth-Limiting Measures	39
Conclusion	41
Appendices	43

EXECUTIVE SUMMARY

Segregated fees are charges, in addition to instructional fees, assessed to all students for services, programs, and facilities that support the mission of the University of Wisconsin. At the request of the Board of Regents, the Office of Operations Review and Audit reviewed several aspects of segregated fees. The review included: identifying programs and services supported by segregated fees; examining the process for establishing segregated fees and the role of students in setting these fees; describing the allocation of segregated fees for major capital projects; and analyzing the growth in segregated fees.

Segregated Fee Uses and Rates

UW System and Board of Regents policies define the services and activities for which segregated fees can be used and divide segregated fees into allocable and nonallocable. The services and activities supported by segregated fees vary, depending on students' needs and institutional priorities.

Students have opportunities to review and offer advice on the disposition of nonallocable segregated fees, but final recommendations on nonallocable segregated fees rest with campus administration. Allocable segregated fees provide the main support for student government, student-organized activities, lectures, and concerts. Wisconsin Statutes and Board of Regents and UW System policies grant students the primary responsibility for the formulation and disposition of allocable segregated fees, in consultation with the chancellors and subject to final confirmation by the Board of Regents. Nonallocable segregated fees provide the main support for student services, such as child care, health services, recreational sports, intercollegiate athletics, and student unions and student centers.

For the 2005-06 academic year, total segregated fees range from \$560 per student at UW-Stout to \$1,148 per student at UW-Green Bay. At the UW Colleges, the fees range from \$200 at UW-Marinette to \$315 at UW-Baraboo. The range of segregated fees reflects the varying needs of students and student enrollment at the UW institutions.

Higher education institutions in other states routinely use student fees for activities and services similar to those covered by UW institutions' fees. However, some institutions in other states also charge student services-related fees not charged by UW institutions, such as renewable energy fees and student facility fees. As in the UW System, student fees in other systems vary significantly from institution to institution, as well as among institutions within the same system.

Process for Setting Segregated Fees

The process for setting segregated fee rates begins with the development of budgets for student-organized activities, which are supported primarily by allocable segregated fees, and various student-services operations, which are supported largely by nonallocable segregated fees. Each year, UW institutions submit operating budgets for organized activities and student-services operations, along with proposed segregated fee rates, to UW System Administration. The budget for each of the student-services operations takes various factors into account, such as projected

revenues from other sources; projected enrollment; and cost increases for personnel, municipal services, and utilities. After review, System Administration compiles and submits the proposed rates to the Board of Regents for approval as part of the UW System annual operating budget.

The individual UW institution administrations develop the operating budgets and associated fee rates for various student-services operations supported by nonallocable segregated fees. Students participate through four mechanisms: Segregated University Fee Allocation Committees (SUFACs), student advisory committees/councils, student government, and student-wide referenda. SUFACs directly establish the allocations for student-organized activities. UW System policies prohibit the use of referenda for fee-allocation decisions regarding student-organized activities.

Overall, the process for setting segregated fees in the UW System allows for a wide range of opportunities for student participation. To enhance student participation, the report includes recommendations to involve students as much as possible in the early stages of budget development for segregated fee-funded operations and to standardize budget materials that student committees at the UW institutions review.

Also included is a recommendation that UW institutions submit the operating budgets of all student-services operations funded with nonallocable segregated fees to SUFACs for review. This would enable students to provide meaningful feedback and promote consistent use of the Segregated University Fees (SUF) allocation process for all budgets funded with the nonallocable portion of the segregated fees.

Segregated Fees and Major Capital Projects

UW institutions have funded student facilities with segregated fees since before the merger of the two systems in 1971. Segregated fees are used for planning and design; for down payments; for debt service; and once the facilities are completed, for operations. Students approve all fee increases, and the Board of Regents also approves segregated fee rates before the fees are assessed.

UW institutions submit their major capital project requests, including those supported in part by segregated fees, to the UW System Office of Capital Budget and Planning. Students participate in these major capital project requests through the same mechanisms used in setting segregated fees for student-services programming. Some UW institutions have consistently used advisory referenda for major capital projects, while others have used referenda only rarely or not at all.

Major capital projects that are approved by the Board of Regents and the State Building Commission are advanced for planning and construction. UW institutions submit requests for planning and construction based on a format established by the UW System Office of Capital Budget and Planning. In order to enhance the Board of Regents' oversight of capital projects supported by segregated fees, the report includes recommendations that UW institutions: 1) identify the amount of segregated fees included in program revenue; and 2) include a breakdown of segregated fee rates by program/activity, identifying fees assessed for debt service on capital projects separately from fees for regular student services.

The timing of when UW institutions begin to assess new fees or discontinue existing fees varies. For example, fees for some major capital projects are begun once the fees are approved, and for other projects, when debt service payments are expected to begin. For most of the UW capital projects, fees are assessed in advance of project construction in order to reduce the amount financed through borrowing. The report includes a recommendation that the Board of Regents and UW System Administration develop policies on the advance collection of fees for capital projects.

In some instances, the fees assessed for debt service end when the debt is retired, and in other instances, the fees are rolled into other segregated fee-supported capital projects or used for operations. The report recommends that when a debt is retired, UW campus administrators request student advice before using segregated fees for other purposes than those for which the fees were originally collected.

Growth in Segregated Fees

Increases in segregated fee rates ranged from 47 percent to 185 percent among UW doctoral and comprehensive institutions between FY 1996-97 and FY 2005-06. The increases ranged from eight percent to 87 percent among UW Colleges during the same period. In comparison to the growth in tuition and charges for rooms and meals, segregated fees grew at a slower rate than tuition but at a faster rate than charges for rooms and meals. Contributing to the growth were increases in student programming costs, capital projects, and new initiatives.

A direct comparison between segregated fee growth in the UW System and growth in fees at higher education institutions in other states is difficult, because of the wide variation in the activities and services supported by student fees. Some institutions in other states have implemented measures to limit student fee growth by establishing growth limits, setting dollar limits, and monitoring against price indices. However, student fees also increased at these institutions. There are no formal limitations on segregated fees within the UW System, but institutions must provide additional information when the segregated fee increases are more than the three-year rolling average change in Wisconsin disposable income per capita. The report suggests establishing a process through which UW institutions would periodically assess activities and operations funded with segregated fees, as an alternative to specific measures for limiting growth.

SCOPE

The University of Wisconsin System Office of Operations Review and Audit reviewed several aspects of segregated university fees, including student involvement in allocating segregated fees. The Board of Regents Business, Finance, and Audit Committee requested this review.

The objectives of the review were to: 1) identify programs and services supported by segregated fees; 2) examine trends in segregated fees; 3) analyze the process for establishing segregated fees and the roles of students in setting these fees; 4) describe the roles of and oversight provided by the Board of Regents, UW System Administration, and campus administration in the allocation and use of segregated fees; and 5) identify the use and growth of segregated fees at other higher education institutions.

In performing this review, we visited the UW campuses at Green Bay, Madison, Milwaukee, Platteville, Stevens Point, and Stout. We conducted telephone interviews with staff at UW institutions we did not visit. Staff we interviewed included chief business officers, chief student affairs officers, auxiliary budget directors, directors of segregated fee-supported programs, and controllers. We consulted with staff from UW System Budget Planning and Development, Capital Planning and Budget, Financial Administration, and General Counsel. We also interviewed presidents of student associations, chairs and vice chairs of Segregated University Fee Allocation Committees (SUFACs), and a United Council representative. Fieldwork for the review was conducted primarily during December 2005 and January 2006.

In addition, we reviewed the student fee policies of higher education systems in other states. We contacted staff at the Minnesota State Colleges and Universities System, Iowa State Board of Regents, Illinois Board of Higher Education, University of Illinois-Urbana-Champaign, University of California Office of the President, and University of Michigan to identify approaches for establishing student fees. Finally, we compared UW System segregated fees with student fees in other states.

BACKGROUND

Segregated fees are charges, in addition to instructional fees, assessed to all students for services, programs, and facilities that support the mission of the University of Wisconsin. Segregated fees are divided into allocable and nonallocable. The allocable portion of segregated fees supports mainly student-organized activities, such as student government or student organizations. The nonallocable portion provides the main support for student-services operations, such as student health services or student unions.

Prior to the creation of the UW System in 1971 and the completion of the merger in 1974, the University of Wisconsin institutions and the Wisconsin State Universities (WSU) institutions had assessed segregated fees for student services and activities for some years. The original Chapters

36 and 37, Wis. Stats., which regulated the UW and WSU, respectively, had no provisions specific to the student role in segregated fees, although students were involved to a certain extent in setting and allocating these fees.

At the time of merger, Wisconsin Statutes established certain roles and responsibilities of students. The law granted students, among other things, responsibility for the disposition of the portion of segregated fees that support student activities, in consultation with the chancellor and subject to the final confirmation of the Board of Regents.

Subsequently, the Board of Regents and UW System adopted policies delineating the roles of students and university administrators with respect to segregated fees. Specifically, Regent Policy Document (RPD) 86-4, "Guidelines for Student Governance," along with Financial and Administrative Policy (FAP) F37, "Segregated Fee Determination and Distribution," differentiate the roles of students and campus administration pertaining to allocable and nonallocable segregated fees:

- students have the primary responsibility for the formulation of allocable budgets, in "consultation with the chancellors" and "subject to the final confirmation of the board;" and
- final recommendations on nonallocable budgets rest with campus administration, although students have opportunities to participate.

Board policy establishes an appeals process, which applies only to allocable segregated fees, through which students can bring grievances to the UW System President and the Board of Regents for resolution.

Various historical events have further shaped the UW's existing segregated fee policies and led to new policies:

- In 1977, the segregated fee budgets that the UW-Milwaukee chancellor recommended to the Board of Regents were substantially different from the budgets submitted by the UW-Milwaukee Student Association. The UW-Milwaukee Student Association appealed to the Board of Regents, which supported the Student Association's position. This appeal resulted in a process that includes review of student disagreements before they go to the Board of Regents; the President was given a 20-day time limit within which to make a decision, if a decision is necessary.
- In 1987, the UW-Madison Wisconsin Student Association (WSA) challenged the campus administration's decision to implement an identification-checking system at the Southeast Recreational Facility (SERF), using segregated fees. WSA appealed to the Board of Regents. The Board supported the campus administration's position. The appeal resulted in the Board of Regents adopting RPD 88-6, which: 1) reaffirmed the responsibilities of students pertaining to the allocable portion of segregated fees; 2) delineated the role of students pertaining to the nonallocable portion; and 3) established procedures and criteria for

appealing irreconcilable differences between students and campus administration on the recommended disposition of allocable segregated fees.

- In 1996, three UW-Madison students sued the UW and the Board of Regents, challenging the allocable portion of UW-Madison segregated fees. The students claimed that the use of their mandatory fees to fund other students' political and ideological speech violated their First Amendment rights. The U.S. District Court ruled that the fee policy did violate the students' First Amendment rights. The Board of Regents appealed the district court's decision to the U.S. Court of Appeals. The Court of Appeals rejected the appeal.

The Board of Regents appealed to the U.S. Supreme Court and, in 2000, the U.S. Supreme Court reversed the District and Court of Appeals' decisions. The U.S. Supreme Court, in *Board of Regents v. Southworth*, 529 U.S. 217.120 S. Ct 1346 (2000), ruled that the First Amendment does not prohibit the UW from charging mandatory segregated fees to fund student organizations, provided the process used to distribute the fees is viewpoint neutral. The U.S. Supreme Court also directed the U.S. Court of Appeals to examine whether the UW's use of referenda to fund certain organizations meets the viewpoint neutrality requirements.

- In 2000, based on the *Southworth* litigation, FAPs F20 and F37 were changed, prohibiting the use of referenda to allocate funding to student organizations. The changes also eliminated a previous prohibition on the use of student fees for religious and political partisan activities, requiring that segregated fee programs be administered in a manner consistent with the U. S. Constitution; the U. S. Supreme Court decision; and applicable state statutes, regulations, and policies.
- As a result of further litigation in *Southworth*, the UW System revised FAP F20 again in 2001, requiring each student government, in consultation with the chancellor, to develop policies and procedures that describe any written allocation criteria; to require a record of funding-allocation deliberations; to provide a student organization that is denied funding with a statement of reasons, upon request; to avoid conflicts of interest; and to establish an appeal process within student government for the review of allegations that allocable student fees were not distributed in a viewpoint-neutral manner.

The Board of Regents and UW System Administration have also adopted other segregated fee-related policies to guide UW System institutions, as listed in Appendix 1.

DISCUSSION AND RECOMMENDATIONS

This review focuses on student participation and consultation in the segregated fee rate-setting and allocation processes and the roles of, and oversight provided by, the Board of Regents, UW System Administration, and campus administration. Overall, the process for setting segregated fees in the UW System allows for a wide range of opportunities for student participation. Student leaders we interviewed indicated that the process has worked well. The

recommendations are intended to enhance student participation in setting segregated fees and ensure adequate Board of Regents' oversight of segregated fees throughout the UW System.

This report describes: 1) uses of segregated fees and fee rates; 2) the process for setting segregated fees; 3) segregated fees and major capital projects; and 4) growth in segregated fees.

SEGREGATED FEE USES AND RATES

The services and activities supported by segregated fees may vary, depending on students' needs and institutional priorities. We examined: the services that segregated fees support, segregated fee revenues and expenditures, the variation in fee amounts among UW institutions, and student fee uses and rates in other states.

Segregated Fee-Supported Services

UW policies define the services and activities for which segregated fees can be used. The policies also divide segregated fees into allocable and nonallocable. The allocable portion provides the major support for student activities, which generally include such activities as:

- *Student government*: Segregated fees can cover staff positions providing support to student organizations and stipends for student-government officers.
- *Student organizations*: Segregated fees help support student organizations formed for scholastic, professional, social, or extracurricular activities, as long as the organizations meet institutional qualifications for official recognition and are formally recognized.
- *Concerts and lectures*: Segregated fees can help fund certain concerts, lectures, or other events that may benefit students.

The nonallocable portion of segregated fees provides support for certain student services. Student services that receive substantial support from nonallocable segregated fees include:

- *Health services*: Segregated fees provide support for the operations of a basic level of health care services for students. Health services include clinical services, mental health and counseling services, public health, health education, prevention services, and access to affordable university-sponsored health insurance coverage.
- *Student unions/centers*: Segregated fees provide the base operating funding, maintenance, and debt service for UW student unions and centers. Student unions and centers are the main facilities at UW institutions that are dedicated to social and organizational activities of the student body.

- *Intramural and recreational sports*: Segregated fees provide the base operating funding for student intramural programming and the cost of maintaining the facilities and equipment.
- *Intercollegiate athletics*: Segregated fees supplement the operating budgets of intercollegiate athletic programs. Segregated fees may be used for student athletic uniforms, equipment, medical expenses incurred from UW-sanctioned events, and student awards.
- *Child care*: Segregated fees may be used to subsidize child care costs for student parents who use the services of UW child care centers.

Segregated fees are also used to support and sustain textbook rental programs, which offer students an economical alternative to purchasing textbooks for their courses. However, UW institutions report textbook rental fees separately from all other segregated fees.

We compiled data on the programs or activities being funded with segregated fees and the rates for fiscal year (FY) 2005-06. Table 1 provides this information for the doctoral and comprehensive institutions, and Table 2 provides information for UW Colleges.

Based on information collected from UW institutions, some activities are common among UW doctoral and comprehensive institutions and UW Colleges. Organized activities, health services, student unions, and intramurals are common among all UW doctoral and comprehensive institutions. All UW doctoral and comprehensive institutions, except UW-Madison, also fund intercollegiate athletics. The common activities funded with segregated fees at UW Colleges are student activities and athletics.

Information from UW institutions indicates that some activities are funded at relatively few institutions. These include stadium/arena at UW-Oshkosh, Platteville, River Falls, Superior, and Whitewater and parking at UW-Platteville. Among the UW Colleges, student health services are funded at UW-Baraboo and UW-Richland, and textbook rental is funded at UW-Barron and UW-Richland.

According to our interviews and reports from UW institutions on segregated fee rates, services and activities for which segregated fees are spent have not changed from 1991-92 to 2005-06. These programs and activities include student-organized activities, child care, recreational sports (or intramurals), intercollegiate athletics, student health services, student transportation, parking, student-facility capital costs, and municipal charges. These programs and activities are consistent with UW System policy FAP F37.

**Table 1: FY 2005-06 Segregated Fee Rates, by Program/Activity
UW Doctoral and Comprehensive Institutions
(in dollars)**

Program/Activity	UW Institution												
	MAD	MIL	EAU	GBY	LAC	OSH	PKS	PLT	RVF	STP	STO	SUP	WTW
Capital Projects*				400.00			189.72						
Child Care	12.28	21.20	10.84		18.37	10.41	21.34	6.00	16.00	5.73		12.35	7.08
City Bus Pass Program	62.12	76.20	20.00				9.49			12.25			
Intercollegiate Athletics		131.70	61.19	184.87	58.76	38.04	71.15	64.00	75.00	48.90	72.48	144.63	50.64
Municipal Services		6.80	18.50	14.06	11.12	20.00	7.35	18.00	35.00	10.50	13.20	22.00	16.32
Organized Activities	86.60	61.80	70.91	59.36	56.90	65.57	129.04	94.00	61.50	84.62	93.12	88.08	68.42
Parking								10.00					
Recreational Center		34.50			150.40	91.49	11.15	42.00	15.00		44.88	55.38	24.72
Recreational Sports	47.36		23.19	21.35	37.22	13.73	22.53		12.00	12.30	34.08	32.29	17.90
Stadium/Arena						29.06	14.47	42.00	35.50			57.04	14.64
Student Life/Student Organization Advising Office		12.20		101.85			16.84		43.00				5.00
Student Union/Center	182.96	205.50	298.00	271.18	208.00	233.88	152.73	186.00	315.00	280.80	203.28	255.00	287.52
Transit		14.90											
University Health Services	270.68	135.80	96.87	82.70	201.70	87.82	76.68	90.00	72.25	184.00	96.24	83.29	139.20
Other **		25.00		12.65			(2.49)	152.00	5.00	11.40	2.40	4.50	71.28
Total Per Year (excluding Textbook Rental)	662.00	725.60	599.50	1,148.02	742.47	590.00	720.00	704.00	685.25	650.50	559.68	754.56	702.72
Textbook Rental***			161.00		152.00			140.00	118.00	130.80	134.88		124.80
Total Per Year (including Textbook Rental)	662.00	725.60	760.50	1,148.02	894.47	590.00	720.00	844.00	803.25	781.30	694.56	754.56	827.52

Sources of data: UW institutions via UW System Budget Planning and Development.

*Segregated fees for capital projects are most often reported in the category in which the project fits, such as Stadium/Arena or Student Union/Center.

**"Other" includes smaller items that don't fit into these common categories of services, such as campus identification systems, leadership development, Student Activities Office, safety and loss, fee-reduction amount due to prior-year excess revenue, and some capital projects.

*** Textbook Rental is listed separately because it is reported separately from segregated fees in UW institutions' auxiliary budgets.

Table 2: FY 2005-06 Segregated Fee Rates, by Program/Activity
UW Colleges
(in dollars)

Program/Activity	UW Institution												
	BRB	BRN	FDL	FOX	MAN	MTH	MNT	MSF	RLN	RCK	SHB	WSH	WAK
Academic Skills	39.00	20.00		32.04	14.04	17.56	36.00	11.36		38.90	28.76		17.38
Athletics	82.26	89.00	105.20	45.52	90.32	87.04	97.20	120.04	112.80	64.82	95.02	95.76	57.50
Day Care		5.40		4.20		4.50		7.96	2.00	6.68			
Drama Productions	5.30		16.46	3.36	8.00	7.98	4.80	8.76	23.00	18.24	11.50		7.00
Fine Arts	21.70	8.00	26.68	17.72	18.00	32.52	2.40	7.96		26.72	9.58	50.64	30.76
Municipal Services	11.58	19.50	14.98	9.60	9.86	9.36	9.60	13.46	18.80	19.28	18.64	17.36	9.46
Music Productions	6.02		2.44					2.96	4.00	2.84			
Student Activities	134.38	41.70	36.86	103.14	65.16	49.68	30.00	57.24	33.00	73.14	75.86	71.34	100.32
Student Center		62.00	45.82				20.40		69.00				
Student Health	11.38								2.70				
Student Newspaper	3.68	7.20	4.68		2.00	11.52			7.00		8.72	7.50	6.56
Total Per Year (excluding Textbook Rental)	315.30	252.80	253.12	215.58	207.38	220.16	200.40	229.74	272.30	250.62	248.08	242.60	228.98
Textbook Rental*		120.00							123.00				
Total Per Year (including Textbook Rental)	315.30	372.80	253.12	215.58	207.38	220.16	200.40	229.74	395.30	250.62	248.08	242.60	228.98

Sources of data: UW Colleges.

*Textbook Rental is listed separately because it is reported separately from segregated fees in UW institutions' auxiliary budgets.

Segregated Fee Revenues and Expenditures

We reviewed the amounts UW System institutions received from segregated fees during the most recent five fiscal years, from FY 2001 to FY 2005. At all UW System institutions, segregated fees from students are deposited into a holding account for auxiliary operations and coded as “student services.” Most UW institutions track these segregated fee receipts when students make their tuition and fee payments. UW-Stout tracks segregated fee receipts when the bills for tuition and fees are invoiced. Table 3 shows the segregated fees collected from FY 2001 through FY 2005.

**Table 3: Segregated Fee Revenues
FY 2001 through FY 2005**

UW Institution	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Madison	18,160,905	19,653,977	21,492,390	21,916,111	22,621,799
Milwaukee *	12,063,800	13,200,600	14,861,458	16,768,957	17,623,631
Eau Claire	5,480,717	5,783,004	6,388,392	6,936,184	6,992,999
Green Bay	3,200,380	3,897,982	4,420,727	5,160,907	5,321,982
La Crosse	6,264,758	6,589,979	6,680,646	6,686,740	6,787,413
Oshkosh	3,474,185	3,800,856	4,114,312	4,471,719	4,649,956
Parkside	1,986,079	2,121,316	2,215,641	2,424,917	2,728,268
Platteville	3,416,106	3,167,442	4,168,369	4,078,885	4,373,023
River Falls**	2,434,917	2,603,039	3,002,542	3,360,466	3,694,342
Stevens Point	4,945,756	5,325,537	5,574,328	5,777,003	5,752,475
Stout *	3,875,832	4,322,041	4,453,851	4,670,158	4,783,521
Superior ***	979,500	1,0719,63	1,096,706	1,457,559	1,551,416
Whitewater ***	5,096,365	5,633,825	6,304,068	6,524,949	6,676,741
Colleges **	1,546,700	1,733,097	1,807,767	1,948,643	2,088,069
TOTAL	72,926,000	77,832,695	86,581,197	92,183,198	95,645,635

Sources of data: UW System institutions and Office of Budget Planning and Development

*Revenues for UW-Milwaukee and UW-Stout for FY 2001 are projected revenues from auxiliary budgets; revenues for UW-Milwaukee FY 2002 and revenues for UW-Stout for FY 2002 to FY 2005 are projected revenues from operating budgets and fee schedules.

**Excludes textbook rental and revenues assessed in prior years but not collected until later years.

***Excludes revenues assessed in prior years but not collected until later years.

On a scheduled basis, the segregated fees deposited into the holding account are transferred to the various segregated fee-supported auxiliary operations.

Oversight of the appropriate use of segregated fees falls largely to each campus administration. According to UW institution staff, institutional budget offices regularly monitor revenues and expenditures with the staffs of the individual segregated fee-supported student-services operations. Institutional purchasing departments review and approve segregated fee expenditures. The campus administration, through the liaison to student government associations, provides ongoing assistance to students; and individual faculty advisors and other faculty and staff, through shared governance, help to ensure the use of fees complies with necessary policies and regulations.

While student-organized activities are entirely or largely supported by segregated fees alone, student-services operations funded with nonallocable segregated fees also receive funding support from other sources, such as user fees, membership fees, and sales. In operations that

have multiple funding sources, the amount of revenue from each source is separately identifiable. Expenditures are classified by purpose and are not associated with any particular funding source.

The longstanding practice in the UW System has been to manage student-services operations supported by segregated fees, along with other auxiliary operations, as solvent business enterprises. UW System institutions also operate under the policy that revenues are expended for the auxiliary operations for which they were generated. Thus, temporary transfers between operations must be repaid within a defined period, and any transfers that will be not paid back must be approved by the Board of Regents as part of the annual operating budget process.

For management purposes, UW-Madison University Health Services is exploring a system to track expenditures by revenue source. However, most UW staff we interviewed agreed that the benefits of such a system do not outweigh the costs for development, maintenance, and support.

Variation in Segregated Fee Rates

Segregated fee rates are determined based on the budgets developed each year. UW institutions set fee rates in one of two ways. Most UW institutions set the rates by program or activity. The rate is calculated by dividing the segregated fee budgets for individual programs by the projected enrollment. Total segregated fees are simply the sum of all program or activity rates. UW-Stout sets its segregated fee rates on a per-credit basis, by program or activity. Three UW institutions – UW-Eau Claire, Oshkosh, and Parkside – set aggregated rates. The rate for each program or activity at these institutions is calculated based on each program’s proportion of the total segregated fee budgets. Staff we interviewed indicated that their institutions have used these models for an extended period of time and their selected model has worked well for them.

For the 2005-06 academic year, total segregated fees range from \$560 per student at UW-Stout to \$1,148 per student at UW-Green Bay. At the UW Colleges, the fees range from \$200 at UW-Marinette to \$315 at UW-Baraboo, as shown in Appendix 2. On average, students pay one dollar of segregated fees for every \$6 in tuition at UW doctoral and comprehensive institutions. Students at UW Colleges pay, on average, one dollar in segregated fees for every \$16 in tuition. Students do not have the option of not paying segregated fees, although at UW-Milwaukee, students can elect which student-organized activities they want a small proportion of the total segregated fees to cover.

Fees in Other States

We found that institutions in other states routinely charge students fees for activities and services, in addition to tuition or instructional fees, although the fees are not called “segregated fees.” Activities similar to those covered by the UW’s segregated fees include student activities, student government, health center operations and facilities, student media, recreational centers, intramural sports, athletics, bus service or parking, student union operations, and debt service for student-related facilities. These student fees are either assessed and billed to students as individual items or combined and assessed as part of a more general fee type, such as a “mandatory fee” or a student “activity fee.” Our review also identified examples of fees for

student services that are charged by institutions in other states but not by UW institutions, including:

- *Technology fees*: Institutions in other states commonly charge students a separate fee to cover certain information technology expenses. UW students, on the other hand, pay a tuition surcharge of 2.5 percent at UW-Madison and two percent at all other UW institutions to cover expenses to support computer laboratories; to improve student access to technologies, such as computer networks and equipment; to provide computer training; and to provide technology for students with disabilities. In 2005-06, each UW student paid approximately \$91, on average, for the UW System technology surcharge. According to UW System FAP F49, “Student Technology Fee Expenditures,” this fee is not considered a segregated fee within the UW System.
- *Building fees*: Institutions in other states often charge students a separate “building,” “capital improvement,” or “facilities” fee to pay for the costs of remodeling, construction, or maintenance of student facilities. These building fees may be charged as a lump sum to cover the costs associated with several student facilities, or as a separate fee for specific building projects. Some system policies, such as those from North Carolina and Idaho, expressly prohibit the use of building fees for operating costs.
- *Renewable energy fees*: Some other institutions charge an energy fee to promote the use of alternative energy sources. Students at the University of North Carolina passed a referendum in 2002 for a \$4 per-semester fee to support the use of cleaner renewable energy sources, such as solar, wind, and small hydroelectric power. In 2003, students at the University of Illinois passed a similar measure, charging \$2 per semester and raising more than \$300,000 by 2005 to help support renewable energy projects.

As in the UW System, the student fees vary significantly from institution to institution in other states, and even among institutions within the same system. For example, student fees at the three University of Illinois campuses ranged from \$1,382 at the University of Illinois-Springfield to \$2,298 at the University of Illinois-Chicago in 2005-06. Within the Minnesota State Colleges and Universities System, fees ranged from \$702 at Saint Cloud State University to \$839 at Southwest Minnesota State University. We found less variation among Iowa institutions, with fees ranging from \$712 at the University of Northern Iowa to \$744 at Iowa State University.

We also found differences in the amounts other institutions allocate for certain purposes. For example, Indiana University published an analysis of 2005-06 data on mandatory fees charged at Big Ten institutions, which showed that activity fees ranged from \$45 at Ohio State to \$135 at Indiana University; student health fees ranged from \$104 at Penn State to \$710 at the University of Illinois; and facilities fees ranged from \$65 at Michigan State University to \$806 at the University of Illinois. Not all institutions charged each of these fees. These differences are expected, since fees are dependent on local institutional needs, levels of public support differ from one state to another, and there is variation in the amounts and uses of tuition to cover operational costs.

PROCESS FOR SETTING SEGREGATED FEES

Each year, UW institutions submit their auxiliary operations budgets and proposed segregated fee rates to the UW System Office of Budget Planning and Development. Budget Planning and Development reviews the proposed rates and submits them to the Board of Regents for approval. We examined the process for setting segregated fees and the roles of students, campus administration, UW System Administration, and the Board of Regents in this process.

Segregated Fee Budgeting Process

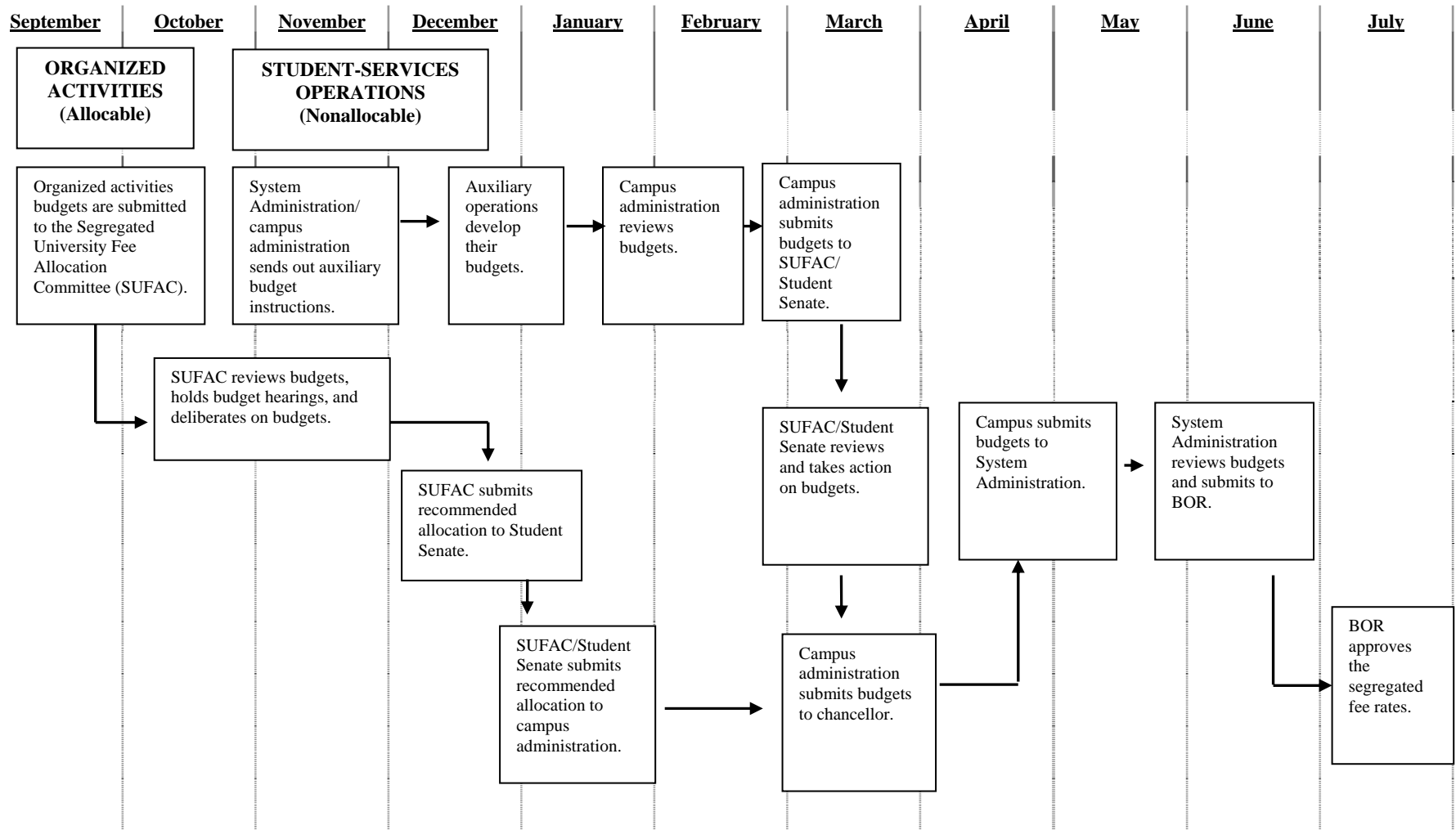
The process for setting segregated fee rates begins with budgets. The budget process varies across UW institutions, depending on the structure established at each institution. Despite the variations, the budget process for segregated fee-supported operations generally falls into two timelines. The budget process for student-organized activities normally begins early in the fall semester. The budget process for UW auxiliary operations, including student-services operations supported by segregated fees, begins toward the end of the fall semester. Figure 1 shows an overview of the segregated fee budget process and timelines.

UW institution administrators develop an evolving five-year budget or reserve management plan for each major student-services operation funded with segregated fees. Each annual budget takes into consideration the reserve or cash balance; interest income; projected revenues from other sources; projected enrollment; actual revenue receipts for the first half of the fiscal year; estimated receipts for the latter half of the fiscal year; new initiatives; the reporting threshold used for justifying certain fee increases; and cost increases for personnel, municipal services, and utility charges. Many of these factors are beyond the UW institutions' control. However, some factors are within UW institutions' control, and they have a direct impact on segregated fee rates. Examples are managing excess revenues and reserves. We examined UW institutions' procedures in these two areas:

- *Distribution of excess revenues*: Since the segregated fee rates are determined based partly on projected enrollment, the actual total receipts from segregated fees may be more or less than the amount projected when UW institutions set their segregated fee rates. Under FAP F37, "Financial Management of Auxiliary Operations," revenues must be expended for the auxiliary operations for which they were generated.

We asked UW staff about their institutions' practices in cases in which they received more in segregated fees than projected. At some UW institutions, excess receipts from segregated fees are distributed to each student-services operation, proportional to its share of the total segregated fee budget. The operations can use the excess revenue to meet unanticipated expenses. Generally, the operations must request approval from the institution's business office to spend the excess revenues beyond their approved budgets. Otherwise, it is expected that the excess receipts will go into a reserve, to be considered in projecting the upcoming year's budget.

Figure 1: Overview of the Segregated Fee Budget Process and Timelines



Note: Budget submission and Board of Regents action on proposed segregated fee rates occur earlier in even-numbered years than in odd-numbered years. Some UW institutions use a similar process, but have different timelines. Other UW institutions use similar timelines, but the process may be slightly different.

- Reserves: In addition to using reserves to pay for unanticipated expenses, UW institutions have used reserves to reduce future increases in segregated fees. Section 36.46(1)(a), Wis. Stats., authorizes UW System institutions to have a reserve for auxiliary operations. The purposes of the reserve are to ensure UW institutions have adequate funds to meet debt service requirements; to ensure that equipment and facilities can be maintained, replaced, remodeled or refurbished, as needed; and to provide an operating cushion to offset short-term revenue losses or unanticipated expenditures.

UW institutions are allowed to accumulate a reserve equal to 15 percent of their prior-year total revenues from segregated fees and auxiliary operations funded with student fees. UW institutions must obtain approval from the Department of Administration (DOA) and the Legislature's Joint Finance Committee to accumulate reserves that exceed 15 percent.

Our interviews indicate that UW institutions do not budget with the goal of accumulating excess reserves. However, excess reserves can occur for a number of reasons, including collecting more in segregated fees than projected, spending less than budgeted, and experiencing delays in project implementation.

We reviewed UW institution reports on auxiliary reserves for FY 2005-06 and found that all UW institutions carry a reserve in the accounts for student-services operations that are funded with segregated fees. Staff we interviewed indicated that their institutions have maintained smaller reserves as a result of the transfer of \$26.8 million from UW auxiliary reserves to pay for financial aid. In FY 2005-06, only three UW institutions have reserves greater than the 15 percent limit. The excess reserves at these three UW institutions were accumulations of funds designated for major capital projects that were approved by the Board of Regents and the State Building Commission. UW System Administration, with the approval of the Board of Regents, requested approval for the excess reserves, which are related to pending capital projects.

As part of the annual budget development process, each student-services operation supported by segregated fees goes through some type of assessment of its services. However, each annual budget basically represents an incremental increase over the previous year's budget, based on expected cost increases.

Student Consultation In Segregated Fee Rate Setting

Section 36.09(5), Wis. Stats., mandates that students shall be active participants in university affairs, subject to the responsibilities of the Board of Regents, the UW System President, the chancellor, and faculty. Judicial interpretation and UW interpretation of s. 36.09(5), Wis. Stats., as formulated in various Board of Regents and UW policies on segregated fees, is that students have primary responsibility for the disposition of allocable segregated fees, subject to the approval of the chancellor. Final recommendations on nonallocable segregated fees rest with the campus administration, but providing students an opportunity to review and offer advice on the disposition of nonallocable segregated fees can provide students with information about how their nonallocable fees are used. UW System policy does not mandate a specific structure or configuration for student participation.

We examined the UW institutions' structures for student participation in setting segregated fees. Although the specific structure varies across UW System institutions, we found four mechanisms through which students participate in setting segregated fee rates. These mechanisms are: Segregated University Fee Allocation Committees (SUFACs), advisory committees or councils, student government, and student-wide referenda. We also reviewed opportunities for student consultation at universities in other states.

Segregated University Fee Allocation Committee

A principle the Board of Regents established to guide the implementation of s. 36.09(5), Wis. Stats., is the establishment of a process, referred to as the Segregated University Fee (SUF) allocation, with direct student involvement in the disposition of allocable segregated fees and student advice on the disposition of nonallocable segregated fees. We reviewed the structure and role of the Segregated University Fee Allocation Committee.

- *Structure of SUFACs:* We found that all UW institutions have a SUFAC, but committee configurations and operations vary. For example: 1) UW-Oshkosh's Segregated Fee Committee has 12 members, eight of whom are students and four of whom are faculty and staff, with the student members appointed by the student association president; 2) UW-Platteville's SUFAC is comprised of two students from each of the three colleges, two from the student senate, two students elected at large, and one student from the school of graduate studies; and 3) at UW-Eau Claire and UW-Stout, the student senate functions as, or is designated as, the SUFAC. At most UW institutions, the SUFAC is a standing committee of the student association.

In addition, some UW institutions divide the SUF functions between two committees. For example, at UW-Milwaukee, the Senate Appropriations Committee (SAC) allocates monies, mainly allocable segregated fees, to student organizations. The Senate Finance Committee (SFC) allocates segregated fees to university departments and student organizations. The SAC's recommended appropriations are reviewed and approved by the SFC.

Other examples are at UW-River Falls and UW-Oshkosh. At UW-River Falls, the Leadership Development and Planning Board and the Facilities and Fees Board function similarly to the committees at UW-Milwaukee. UW-Oshkosh has a Student Allocation Committee and a Segregated Fee Committee, but the Segregated Fee Committee is not a standing committee of the student association.

- *Role of SUFACs:* At all UW institutions, the SUFAC directly allocates segregated fees for student-organized activities. At some UW institutions, the SUFAC also allocates a portion of segregated fees that fund programming activities for intercollegiate athletics, child care, recreational sports, and student centers. SUFACs at some UW institutions also initiate some student-services, such as the city bus service on campus at UW-Madison and the student-escort service at UW-Milwaukee.

SUFACs do not directly allocate segregated fees to student services, which are funded with nonallocable segregated fees, as they do for student-organized activities. At most UW institutions, however, the SUFAC does review all of the operating budgets of university departments funded with nonallocable segregated fees.

Advisory Committees or Councils

An advisory committee or council is a mechanism through which students can provide guidance on operating budgets and services supported by nonallocable segregated fees. The size, number of committees, and composition of these committees are left to the various interested parties at the institutions to decide. While the Board of Regents and UW System Administration do not mandate a specific configuration for shared-governance councils, RPD 86-4 presumes that the membership of advisory committees for segregated fee-supported operations will have a majority of students.

We found that all UW institutions have established advisory committees or councils for some of their institutions' major segregated fee-supported operations. These major operations include intercollegiate athletics, health services, intramurals, and the student union.

We examined the composition of some of these committees at some UW institutions. Some are established as part of shared governance, with faculty and staff membership, while others are established as student advisory committees and consist of students only.

All of the committees we examined, including those established as part of shared governance, have a sizeable number of student members. For instance: 1) the student health advisory committee at UW-Green Bay is composed entirely of students appointed by various student constituencies; 2) students appointed by their respective schools and colleges comprise a large majority of the Student Health Advisory Committee and the University Center Advisory Policy Board at UW-Stevens Point; 3) half of the 14 members of the UW-Madison University Health Services Advisory Committee and five of the 15 members of UW-Madison's Recreational Sports Board are students appointed by Associated Students of Madison (ASM); and 4) UW-Whitewater's University Center Board has 12 members, seven of whom are students representing various constituencies, including UW-Whitewater student government.

Student Government

At all UW institutions, the student senate, the legislative branch of student government, has a role in segregated fee setting and allocation. At some UW institutions, the student senate has only a minor role in fee setting. The differences reflect how students choose to govern themselves. For instance:

- at UW-Green Bay and Platteville, the student senate can only vote up or down on the allocation recommended by the SUFAC;
- at UW-Madison, Stevens Point, and Whitewater, two-thirds of the senators must approve to overturn the allocation recommended by the SUFAC;

- at UW-La Crosse, the student senate can approve, disapprove, or change any allocation; and
- at UW-River Falls, the student senate only reviews and approves the overall allocation, not specific budgets.

Student Referenda

At all UW institutions, the decision to hold student-wide referenda rests with student government. Since the U.S. Supreme Court decision in *Southworth*, no institutions reported using referenda to allocate segregated fees for student-organized activities, which are mainly supported by the allocable portion of segregated fees. The referenda associated with segregated fees held recently at some UW institutions were related to capital projects funded with the nonallocable portion of segregated fees.

The use of student referenda in other areas varies. UW-Green Bay, Milwaukee, Platteville, River Falls, Stout, and Whitewater rarely use referenda. On the other hand, UW-Madison and UW-Superior use referenda frequently for capital projects. UW-Madison also used a referendum to obtain student approval for the student bus service. These institutions indicated that referenda are the most representative process.

UW-Stevens Point recently expanded the use of referenda. The UW-Stevens Point Student Government Association finance bylaws had prohibited the use of segregated fees for off-campus services; however, students may sometimes benefit from off-campus services and, as a result, the Student Government Association amended its finance bylaws in 2005 to allow segregated fees to be used for such services. Any off-campus proposal for more than \$40,000 must be approved by the Student Government Association and a student referendum. The referendum requirement applies to all off-campus services, which may be funded by both allocable and nonallocable fees.

Student Consultation in Other States

Higher education institutions in other states also routinely consult with students about fee decisions, using a variety of approaches to solicit student opinion. For example, many institutions establish student fee committees, similar to the UW's SUFACs, to review fee proposals. Student governments review and comment on student fee proposals on behalf of the student body or make appointments to a separate student fee committee. In the instances we reviewed, student opinion on whether to institute or increase a fee was advisory, with additional approval required from institutional and system administrators and final approval required by a governing board. Among our findings:

- Minnesota State Colleges and Universities board policy requires institutions to provide students with the opportunity to serve on most system and university committees involving or affecting student interests, including committees that review student fees;

- Iowa, by state law, requires each institution governed by the Iowa State Board of Regents to establish a student fee committee, composed of five students and five university employees, to consider any proposed changes in student activity fees; and
- Illinois Board of Higher Education policies require dialogue between institutional administrators and students when proposing increases to student fees, allowing institutions to solicit student opinion from a student advisory committee, from an elected student government, through a referendum, or through a combination of approaches.

While many institutions allow the use of student referenda as part of the fee approval process, the California State University (CSU) and University of California (UC) Systems require student referenda, except in certain situations. CSU policies indicate that these requirements are designed to assure that institutions achieve “appropriate and meaningful” student consultation by providing students with the opportunity to directly affect fee decisions. The CSU student fee policy requires that institutions conduct a referendum before establishing a new student body association or a new student center fee. Although new fees must be approved by two-thirds of students voting in the referendum, with a simple majority required to approve increases in student body association fees, referendum results are considered advisory.

The UC System also requires a student referendum before establishing or increasing compulsory campus-based student fees, which fund student-related services, construction and renovation of student facilities, student government, and campus organizations. The UC System recently revised its student fee policies to require a minimum voting pool of at least 20 percent of all students eligible to vote in a particular student election, subject to the understanding that a chancellor may change the minimum voting pool in advance of the election.

Approval of Segregated Fee Rates

Once UW students have used each institution’s own process to formulate the funding level for student activities supported by allocable segregated fees and to review the student-services budgets supported by nonallocable segregated fees, completed budgets and any proposed segregated fee rate increases are submitted to the chancellor for approval. Each year, after approval by the chancellor, each institution submits the proposed rates to the UW System Office of Budget Planning and Development. The proposed segregated fee rates include the fees assessed for student programming, as well as for debt service and operations for capital projects that segregated fees support. Also included are justifications for any increases above the UW System reporting threshold and budgets for auxiliary operations, along with an operating budget for each operation or activity that segregated fees support. The reporting threshold is the rolling three-year average of increases in Wisconsin disposable income per capita.

Upon receiving the budgets and proposed segregated fee rates, the UW System Office of Budget Planning and Development performs a range of budgetary reviews. In addition to checking for completeness and accuracy, Budget Planning and Development reviews justifications for increases, determines how institutions with high reserves from previous years have incorporated them into the segregated fee rates being proposed, and resolves any questions with institution

staff. This office compiles the proposed segregated fee rates and tuition rates, in preparation for submitting the annual operating budget to the Board of Regents.

The Board of Regents as a whole approves the segregated fee rates as part of the annual operating budget process. Documentation on segregated fees included in the annual operating budget that Budget Planning and Development submits to the Board includes:

- a summary statement of the average increase in segregated fees among UW doctoral and comprehensive institutions and UW Colleges;
- a summary statement of reasons for the segregated fee increases;
- a chart showing the segregated fee increases compared to the previous year, by institution;
- a table displaying last year's rates, the proposed rates, the percentage increase, and explanations for changes above the reporting threshold, by institution;
- a table displaying last year's textbook rental rates, the proposed rates for textbook rental, the percentage increase, and explanations for changes above the reporting threshold, by institution; and
- the projected revenue from segregated fees, by institution.

We reviewed a sample of annual operating budget materials UW institutions submitted to UW System Budget Planning and Development and materials submitted to the Board of Regents from the past ten years. The budget materials on segregated fees have not changed significantly during this period.

Enhancements to the Segregated Fee-Setting Process

In our interviews with SUFAC chairs and vice chairs and with presidents of student associations, there was general agreement that the structure as established allows for significant student participation in the segregated fee rate-setting process at their institutions. These students also believe that the Segregated University Fee allocation process works well. Some student leaders indicated they would prefer to have students control decisions about nonallocable segregated fees as they do for allocable fees. However, we found that nonallocable segregated fees are used to maintain ongoing programs and pay for personnel, debt, and athletic commitments, and cannot be modified from year to year. UW System and Board of Regents policies grant students the opportunity only to “review and offer advice” on budgets of student-services operations supported by nonallocable fees.

Based on the collective information gathered for this review, an analysis of the fee-review process and methods for student consultation, and suggestions from staff and students, we identified a number of potential enhancements to the fee-setting process. ***We recommend UW institutions that are not currently doing so consider implementing these enhancements:***

- ***Involving students as much as possible in the early stages of budget development for segregated fee-funded operations.*** Segregated fee program directors reported that they normally develop their budgets with consultation from their advisory council, if there is one. However, some program directors also indicated that student participation has been lacking in some instances. For example, one program director reported that the health advisory committee had yet to meet, even though the segregated fee budget-development process was already underway. Another expressed concern about inconsistent attendance at committee meetings by some student members.

Some SUFAC chairs and vice chairs also expressed doubts about the extent to which the existing review process allows SUFACs to influence the budgets of student-services operations funded with nonallocable segregated fees. At some UW institutions, a SUFAC receives the nonallocable budgets in February or March. At this point, the budgets are usually set. While SUFAC members have been able to ask questions and program staff have made themselves available to answer questions, the end result, according to some SUFAC chairs, is that the SUFAC mainly has an opportunity to “rubber stamp” these budgets. Even where the SUFAC has been able to recommend some changes, some SUFAC chairs and vice chairs indicated that the changes represent a small proportion of the budgets.

Some student leaders also expressed concern about fee proposals, especially for some major capital projects, being presented as absolutely necessary. These student leaders indicated that rather than being presented as needs that the campus administration and students must address together, some proposals come to the students, apparently already decided, with cautions that student life will be greatly affected should the proposals be rejected. According to some of the student leaders we interviewed, such an approach limits the student role and capacity to explore alternatives. One option might be to charge the UW System Office of Capital Planning and Budget with an increased role in the early planning of capital projects and to ensure student leaders receive early analyses of project ramifications.

Another option is to increase communication and collaboration between the advisory councils and SUFACs. To promote earlier student involvement without creating another process separate from the SUF allocation process, some UW institutions have made advisory committees or councils an extension of the SUFAC. This is possible when the advisory councils are not established as part of shared governance. For example, at UW-River Falls, the committees advising the student-services operations supported by nonallocable segregated fees are committees of the two boards that function as SUFACs. The chairs of these committees are appointed by these boards and are members of the boards. This configuration enables the two boards to have significant influence over the nonallocable budgets at the early stages of budget development and when the budgets are eventually presented to the SUFACs.

To ensure more SUFAC involvement in and oversight of the health services budget, the UW-Stevens Point Student Senate adopted a resolution in 2005 creating the Oversight Advisory Committee for Health Services (OACHS) as a permanent subcommittee of the SUFAC. OACHS advises the campus administration on health services and consists of students from

the SUFAC, the existing Student Health Advisory Committee which is independent of student government, and the general student body.

Establishing student or shared-governance advisory committees for student-services operations, maintaining active student advisory committees, and finding structures to facilitate communication between SUFACs and advisory committees would help to ensure student involvement in determining the level of need for student services. Involving students early in the budget development process will also allow students to participate in determining the fees needed to meet the identified needs before the fees are calculated.

- ***Customizing and standardizing budget materials for the SUFAC.*** The SUFAC chairs and vice chairs we interviewed agreed that the materials their committees receive on nonallocable budgets are overwhelming. They noted that a single budget for one student service may have multiple pages of numerical tables. SUFACs have from two to five weeks to review all of the budgets, while keeping up with their school and job commitments.

Campus administrations have provided training to SUFAC members on UW policies, viewpoint neutrality requirements, and budgeting concepts. Even so, analyzing budgets of student-services operations supported by nonallocable segregated fees can be a daunting task, unless members have prior knowledge of and experience with budgeting concepts. To make the budget materials easier to understand and analyze for SUFACs, the UW-Stevens Point and UW-Green Bay administrations and their SUFACs agreed to a standard and customized format for all nonallocable budget materials submitted to the SUFAC.

A standard or streamlined format at the institutional level, perhaps one developed by students and administrators together, could enhance the extent to which students could provide meaningful feedback on nonallocable budgets. A streamlined format would also enable students to discern the significance of the budgetary information and to focus their attention on budget items that matter most to them.

- ***Submitting all nonallocable budgets to the SUFAC for review.*** At most UW institutions, the SUFAC reviews all nonallocable budgets, and these institutions have relied on SUFAC for a recommendation on nonallocable budgets. FAP F37 already requires specific action by the SUFAC on capital projects being presented to the Board of Regents for approval. However, the SUFACs at some institutions do not review all of the nonallocable budgets.

At one UW institution, the student association reviews and recommends the allocation for student-organized activities and the three-year budget for intramurals and intercollegiate athletics. The student association president and the director of financial affairs are invited to participate in meetings to review and discuss each auxiliary operation's proposed operating budget and to receive copies of the auxiliary operation budgets submitted to System Administration. At another UW institution, the operating budgets of student-services operations supported by nonallocable fees do not go to either the SUFAC or the student senate, but staff reported that the student advisory boards at these operations participate in the development of the operating budgets.

Even though the SUFAC has only an advisory role on nonallocable budgets, submitting all nonallocable budgets to SUFACs for review will offer opportunities for student government as a whole, or for an appropriate body of student government, to participate in the budget process and to make consistent use of the SUF allocation process for the nonallocable portion of the segregated fees.

Taken together, these recommended enhancements would serve to offer more opportunities for student consultation in the segregated fee rate-setting process.

SEGREGATED FEES AND MAJOR CAPITAL PROJECTS

The UW has financed student facilities with segregated fees since before merger. For instance, in 1927, the Board of Regents voted to assess segregated fees to support operations and maintenance of the Memorial Union at UW-Madison. The Board of Regents approves all major capital projects, including those funded with segregated fees. The State Building Commission must also approve all UW capital projects over a certain cost and funded with program revenue, including segregated fees.

We examined the number and types of major capital projects funded with segregated fees that were initiated between FY 1996-97 and FY 2005-06 and the segregated fee structure for these projects; the major capital project approval process and student consultation in the process; and practices related to the timing of initial and final fee assessments.

Segregated Fee-Supported Major Capital Projects

Regent Policy Document (RPD) 90-3, "Funding of University Facilities Capital Costs," allows UW institutions to use segregated fees to finance the renovation or construction of student unions, recreation facilities, stadiums/arenas, and parking lots and structures. In the policy, the prescribed funding choice for student unions is user or segregated fees. Facilities supported by segregated fees have included the student unions or student centers at UW-Eau Claire, Milwaukee, River Falls, and Whitewater, and the stadium at UW-Whitewater. We examined the types of fee-supported major capital projects, the fee structure for capital projects, and debt service payments.

Types of Major Capital Projects

UW institutions reported a total of 31 major capital projects, funded either entirely or partially by segregated fees, that were initiated and approved by the Board of Regents between FY 1996-97 and FY 2005-06, as shown in Table 4. Most projects were student centers, recreation centers, or stadiums/arenas, which are not eligible for General Purpose Revenue support because they are for student activities rather than academic purposes. UW-River Falls reported using segregated fees to fund a child care center. RPD 90-3 does not list segregated fees as the prescribed funding choice for child care centers, but it also does not prohibit this use of segregated fees. Also, RPD 90-3 does not allow segregated fees to be used for student health services facilities. The UW-Madison student government and administration jointly requested and received a Board of

Regents waiver of this limitation in 1999, enabling UW-Madison to use segregated fees in combination with other funding sources to build University Square, which will house student health services and student-organized activity offices.

**Table 4: Segregated Fee-Funded Major Capital Projects
Initiated Between FY 1996-97 and FY 2005-06**

Type of Facility	Number of Projects	UW Institution*
Student Union/Center	14	Milwaukee, Eau Claire, Green Bay, Oshkosh, River Falls, Stevens Point, Superior, Parkside, and Whitewater.
Recreation Complex	8	Madison, Milwaukee, La Crosse, Oshkosh, River Falls, Superior, Stout, and Parkside.
Stadium/Arena Related	7	Eau Claire, Green Bay, Oshkosh, Platteville, Superior, and Whitewater.
Child Care	1	River Falls.
Other **	1	Madison.

Source: UW institutions.

*All UW Colleges capital projects are financed through and owned by city/county partnerships. UW Colleges lease the facilities for a nominal fee.

** "Other" is the University Square development that will house University Health Services and student government.

According to campus administrators we interviewed, these projects represent only the most critical needs. Many of these facilities were built in the 1960s and 1970s and are now reaching the point of needing repairs and/or renovations. Some campus administrators we interviewed predicted increased segregated fee rates in the near future because of the deferred maintenance costs for buildings that were built 30 years ago.

Total construction or renovation costs for projects using segregated fee funding often are in the \$10-to-\$20-million range, with amounts ranging from \$500,000 to \$60 million. We obtained information on total construction or renovation costs and the amount of segregated fee support for the 31 segregated fee-funded major capital projects UW institutions reported were initiated between FY 1996-97 and FY 2005-06. Twelve of the 31 projects were funded almost entirely with segregated fees. The remaining projects received funding from other program revenue, state general purpose revenue, foundations, gifts, and grants.

Fee Structure

Segregated fees are structured differently for each project. We found four types of costs paid by segregated fees that are common to many projects: planning and design costs, down payment costs, debt service costs, and costs for operations:

- *Planning and design costs*: UW institutions are expected to pay for project planning, since the State Building Commission does not allocate funding for planning and does not enumerate projects without evidence of planning. A project may cost millions of dollars for the design and planning alone. To finance the planning and design costs, some UW institutions assess a segregated fee before construction or renovation actually begins.
- *Down payment costs*: In order to accumulate cash reserves for a down payment and reduce the cost of borrowing, institutions often assess fees before they start bonding for projects.

- *Debt service costs:* Debt service payments result when UW institutions have to borrow either from other funds within the institution or through bonding. For most projects, UW institutions appear to spread the fees assessed for debt service over the entire period of the loan or bond. Twenty years is typical for bonding.
- *Costs for operations:* Some projects do not require segregated fees for operations, but some do. For new construction, UW institutions do not typically assess fees for operations until after the projects are scheduled to be completed.

Variations in any of the cost components can affect the determination of segregated fee amounts. Table 5 shows the segregated fees assessed or proposed to be assessed for the identified projects.

Table 5: Segregated Fees Assessed for Major Capital Projects Funded in Part with Segregated Fees and Initiated Between FY 1996-97 and FY 2005-06

UW Institution	Project	Total Cost of Construction*	Segregated Fee Assessment
Madison	SERF Addition **	\$6.57 million	\$13 per year for debt service until debt is paid off (20-year bonding).
	University Square	\$56.8 million	\$40 per year for debt service for 20 years or until the debt is paid off. Fees for operations are not yet determined.
Milwaukee	Klotsche Center	\$42 million	\$7 per year and increase to \$34 per year in FY 07-08 for debt service until debt is retired (30-year bonding).
	Union Renovation **	\$2.59 million	No new fees needed, but proceeds from fees assessed for original bond were used to pay for new bond.
Eau Claire	Football Facility Renovation	\$607,000	No new fees needed. Using existing reserves.
	Artificial Turf	\$300,000	No new fees needed. Using existing reserves.
	Davies Center Renovation	\$8.5 million	\$76 per year. (Eau Claire is considering a major renovation/addition to Davies or construction of a replacement for the existing center.)
Green Bay	Phoenix Sports Center Addition	\$32.8 million	Initially \$100 per year in 00-01 and increase to \$400 per year (\$250 for operations and \$150 for debt service in 04-05 for both projects). Fee for debt service will be in effect for 20 years. Bonding will begin in 2007.
	University Union renovation	\$6 million	
La Crosse	Recreational Eagle Center **	\$10.7 million	\$65 per year for debt service (20-year bonding).
	University Center Renovation **	\$2.9 million	\$16.88 per year for debt service (20-year bonding).
Oshkosh	Recreation and Wellness Center **	\$21 million	Initially \$91 per year in FY 06 for debt service and \$120 per year for operations beginning in FY 08. Fees for debt service will increase to \$192 per year in FY 07-08 and remain at this level until debt is paid off.
	Stadium Repair **	\$555,000	\$15 per year for debt service. Students are also assessed \$29.06 per year for operations.
	Project 2000	\$19.8 million	\$95 per year for debt service and \$138.88 per year for operations beginning in FY 06.

UW Institution	Project	Total Cost of Construction*	Segregated Fee Assessment
Parkside	Sports Activities Center	\$13 million	\$16 per year for loan payment. Loan will be paid off in FY 2007.
	Union Expansion **	\$26 million	Initially \$100 per year and increased to \$400 per year until debt is paid off (20-year bonding).
Platteville	Stadium Renovation **	\$2.19 million	\$30 per year for debt service for 20 years and \$12 per year for operations beginning in FY 05.
	Pioneer Student Center	\$16.8 million	Initially \$147 per year for debt service until debt is retired. Initially \$125, increased to \$160 in FY 06 for operations.
River Falls	Union (original building and addition)**	\$32.9 million	Initially \$209 and increased to \$315 per year for both debt service and operations. Debt service for original building will be retired in 2011.
	Health and Human Performance Recreational Facility	\$40.5 million	\$30 per year currently and will increase to \$85 per year for debt service and operations.
	Child Care Center	\$1.1 million	\$16 per year beginning in 2002-03 for debt service for 20 years. Of the \$16, \$9.50 are new fees.
Stevens Point	Union - Phase 1 **	\$475,000	\$5 per year for debt service. Bonding is for 20 years.
	Union - Phase 2 **	\$2.2 million	\$24 per year for debt service and operations until debt is paid off. Bonding is for 20 years.
	Union - Phase 3 **	\$22.7 million	\$50 per year beginning in FY 06 for debt service, will increase to \$239 in four years and remain stable until debt is paid off. Fees for operations not yet determined.
Stout	Recreation Complex	\$9.15 million	Initially \$1.67 per credit beginning in FY 96 and increased to \$1.87 per credit in FY 06 for debt service and operations. Bonding is for 20 years.
Superior	Rothwell Student Center	\$20.8 million	Initially \$80 a year for debt service beginning in FY 06, with an increase to \$513 per student per year in FY 09-10 and staying at \$513 until debt is paid off.
	Wessman Center Expansion	\$1.12 million	\$20 per year for debt service until debt is paid off.
	Gates Physical Education Addition and Remodeling	\$15.7 million	\$42 per year for debt service. Bonding is for 20 years. \$13 was assessed for operations during 2003-04 and 2004-05.
Whitewater	University Center Addition & Renovation	\$20.2 million	Initially \$135 per year beginning in FY 2006 for 20 years.
	West Campus Development Project	\$5.18 million	\$7.80 per year for five years beginning in FY 00 for debt service, and \$4.80 per year for operations.
	DLK Field House and Renovation	\$14 million	Initially \$7.68 per year in FY 1998 for debt service. FY 2005 rate was \$12.12 per year.

Sources of data: UW Institutions, Biennial Capital Budget Requests, and Board of Regents agenda and minutes.

*The total construction costs and segregated fees assessed on some projects may change depending on final construction cost approved by the Board of Regents and whether the projects are on schedule for completion. Also, segregated fees may only account for part of the total construction costs.

**Projects funded almost entirely by segregated fees.

The fees assessed depend on a combination of factors, including student enrollment, the amount of segregated fee support for the construction or renovation of the projects, the duration of the debt service, the amount of cash reserves available, and the amount needed for operations, once a

project is completed. Fee increases for capital projects, once approved, become part of the overall segregated fees for each institution.

Debt Service Payments

We reviewed the debt payment schedules or budgets for current UW major capital projects funded with program revenue-supported borrowing, including segregated fees. Table 6 shows the annual debt payments from all program revenue sources scheduled for FY 2005-06 on major capital projects associated with student unions or student centers and recreational facilities. The facilities listed in Table 6 represent only a sample of projects funded with segregated fees.

Table 6: FY 2005-06 Scheduled Annual Debt Payments for Some UW Major Capital Projects Funded in Part with Segregated Fees

UW Institution	Project *	Debt Payment – All Program Revenue Sources**	Fiscal Year of Last Debt Payment
Madison	SERF Addition	522,838	2023
	Union	117,129	2023
Milwaukee	Union	223,107	2023
	Klotsche Center	1,425,456	2025
Eau Claire	Davies Center	94,557	2008
Green Bay	University Union & Phoenix Sports Center	442,616	2013
La Crosse	University Center	197,866	2015
	Recreational Eagle Center	548,587	2020
Oshkosh	Union	950,000	2023
	Recreation and Wellness Center	43,500	2025
Parkside	Student Union	263,856	2006
Platteville	Pioneer Stadium Renovation	57,376	2025
	Pioneer Student Center	958,652	2021
River Falls	Student Union	247,181	2012
	Student Union Addition & Child Care Center	142,869	2025
Stevens Point	Health Enhancement Center	98,861	2012
	Union Renovation - Alumni Room	26,571	2021
	Union Renovation - Elevator	18,122	2018
	Union Renovation - Lower Level	181,353	2025
Stout	Recreation Complex	499,696	2015
	Student Center	202,947	2015
Superior	Gates Physical Education Remodeling	85,337	2025
Whitewater	Field House	81,636	2021
	Athletic Field	53,759	2023
TOTAL		7,483,872	

Sources of data: UW System Financial Administration and Budget Planning and Development

*Includes projects that were initiated and approved by the Board of Regents prior to FY 1996-97.

**Actual debt payments may differ, depending on the interest rate and when the payment is made. Also, segregated fees may account only for a part of the total debt payment.

Although payment schedules are not broken down by funding source, they suggest that segregated fees accounted for a significant proportion of the program revenue used to fund these projects.

Major Capital Project Process

Major capital projects costing more than \$500,000 must be enumerated, or listed by project title and budget amount, in a nonstatutory provision enacted as part of the Legislature's biennial budget bill. In addition, the Legislature must authorize any new bonding or other monies needed to fund the projects. Project enumeration normally occurs only after a project has gone through the necessary planning and approval processes. However, the legislature can and does enumerate projects outside of the biennial budget, and sometimes the governor and the legislature, or even a UW institution, may use a somewhat different process. We reviewed the planning process, student consultation in the process, and the Board of Regents' role.

Planning Major Capital Projects

The UW major capital project process begins at the institutions. UW institutions develop evolving six-year plans of facility uses and needs. Some institutions have developed a 20-year master campus plan. The six-year plan lists the capital projects to be funded with general purpose revenue and program revenue, including segregated fees, in the subsequent three biennia. UW institutions submit their plans and projects to UW System Office of Capital Planning and Budget to be included in the Biennial Capital Budget Request. Generally, projects are included in the biennial request only after the proposed segregated fee rates, which include fee increases from the capital projects, have been approved by students and the Board of Regents.

For each project listed on UW institutions' six-year plans that will cost over \$500,000, UW institutions must submit a project request (Major Project Request) to the UW System Office of Capital Planning and Budget. The request must conform to the format established by the office, which includes: the project description and scope; analysis of needs; estimated costs, including fund sources and amounts; schedule; and previous actions on the project by the Board of Regents and the State Building Commission. The standard format also includes segregated fee impact.

The development of the six-year plan and the project requests involve significant planning, and Capital Planning and Budget staff participate extensively with UW institutions. Each capital project request must conform with accepted space-use criteria, meet architectural and engineering standards, and be within budget constraints.

Student Consultation

We examined current methods for involving students in decisions about using segregated fees for capital projects. UW institutions reported that they consult with students on all major capital projects. The process used for the disposition of nonallocable segregated fees is similar to the process used for capital projects funded with segregated fees. However, the actions with respect

to nonallocable fees may be more formalized, in the form of student senate resolutions or student-wide referenda.

Compared with other methods of student consultation, referenda provide students with the most direct opportunity to affect how their money will be spent and to help determine the types of services and facilities provided on campus. Furthermore, fees assessed for major capital projects represent a significant investment by students and their parents over an extended period of time. Some SUFAC chairs and vice chairs indicated that even though the committees have worked diligently to involve the general student population in capital project decisions, they believe students have taken an interest only after they received bills for their fees. Some student leaders recommended the use of referenda for capital projects, rather than relying on a decision by the SUFAC alone, mainly because of the level of fees and the extended period the fees will stay in effect.

Five UW institutions – UW-Madison, Eau Claire, La Crosse, Oshkosh, and Superior – reported having used referenda in some instances to obtain student input on major capital projects funded with segregated fees, even though referenda are not mandatory. Other UW institutions that have never or rarely used referenda question the benefits of referenda over SUFAC or student senate approval.

At UW institutions, the decision to hold student-wide referenda for segregated fee-supported capital projects rests with student government, with input from campus administrators. The referenda are typically held during student elections. Table 7 shows the voting turnouts for some

Table 7: Student Voting Turnouts for Recent UW Major Capital Project Referenda

Project	Year Referendum Held	Number of Students Voting	Enrollment *	Percentage of Students Voting	Method of Voting
UW-La Crosse Stadium	2006	2,741	8,809	31.1	On-line
UW-Madison Union Master Plan	2005	4,585	40,309	11.4	On-line
UW-Superior Rothwell Student Center	2004	528	2,832	18.6	Paper
UW-Superior Wessman Center Expansion	2004	678	2,832	23.9	Paper
UW-Oshkosh Recreation and Wellness Center	2002	612	10,929	5.6	Paper
UW-Madison University Square Development Project	1999	2,934	39,517	7.4	Paper
UW-Madison Southeast Recreational Facility Addition	1998	2,705	39,700	6.8	Paper

Source of data: UW institutions

*Total headcount enrollment as of the fall semester of the year during which the referenda were held.

capital project referenda held recently at some UW institutions. Students approved funding for all of the projects listed, except the UW-Madison Union Master Plan.

UW institutions use a combination of methods to inform students about the referenda, including flyers, posters, student newspapers, residence hall meetings, and e-mails. At UW institutions that have used referenda consistently for capital projects, the use of referenda is not mandatory. UW institutions that have used referenda consistently for segregated fee-supported capital projects indicated they would continue to use referenda.

Electronic voting may be one valuable tool for increasing voter turnout. Student leaders at UW-Stevens Point, River Falls, and Platteville indicated that turnout at their student elections has increased since they switched to electronic voting. In our research, Carnegie Mellon University, Clemson University, Emory University, and Boston College all reported increased turnout at student elections after switching from paper ballots to on-line voting.

We inquired about the approaches some UW institutions with electronic voting use to reach students. In addition to advertising through posters and other methods, these institutions sent mass e-mail to students, with direct links to the election ballots and referendum. Links to the ballots and referendum also appeared when students logged into their student accounts. While many students chose not to vote, they could not avoid seeing the notices of the election and referendum.

We also researched whether the results of UW student referenda on fee issues are binding. Student association constitutions and student senate bylaws we reviewed do not specifically address the issue. Based on Board of Regents and UW policies, the final decision on nonallocable segregated fees rests with the chancellors. Thus, the result of any capital project referendum would be deemed advisory only. However, in practice, it appears that referendum results are treated by campus administrations as more than advisory. Campus administrators we interviewed reported that they had not acted contrary to the advice of the students.

Our research on institutions in other states revealed that most institutions operate similarly to the UW System. Only a small number of institutions, including the University of California and California State University Systems, actually require the use of student referenda when establishing student fees, including fees assessed for major capital projects. Although required, the referendum results are advisory. The University of California System began to use referenda for student fees more than ten years ago. This system is in the process of revising its policy to allow institutions to assess fees for project planning costs, but pre-funding costs would have to be approved through student referenda. The State of California uses referenda frequently for various public policy decisions.

Staff at several UW institutions expressed concerns about using referenda for major capital projects. They noted that: 1) institutions experience low voter turnout at student elections; 2) holding referenda entails costs; 3) elected student leaders who are knowledgeable about the major capital projects are able to make better informed decisions; and 4) Wisconsin Statutes give students the authority to organize themselves in the manner they choose.

Nevertheless, using referenda is one option for enhancing student participation in the segregated fee-setting process, including the decision-making process for funding major capital projects. A

number of UW institutions are already using referenda. Another option is to obtain student input through surveys, which UW-Green Bay and Eau Claire have done in some instances.

We reviewed the language of some UW capital project referenda questions to determine what information was included in these referenda. We found that the fee amounts, purposes of the fees (debt service versus operations), and the period the fees are expected to be in effect are not always specifically stated in resolutions or in referenda questions. Providing full disclosure of the fees will help to inform students before they vote on the referenda questions.

Board of Regents Approval of Major Capital Projects

UW System Capital Planning and Budget compiles and prepares all budgets and planning materials for the Biennial Capital Budget Request to be submitted to the Board of Regents. Once the Board of Regents approves the capital budget request, Capital Budget and Planning submits the budget to the Division of State Facilities (DSF) in the Wisconsin Department of Administration (DOA). DSF reviews the capital budget and submits its recommendations to the DOA Secretary; the Governor; the State Building Commission (SBC); and finally, once all of the requisite approvals are in place, to the Joint Finance Committee of the Legislature.

After the Legislature approves the projects, UW institutions submit requests to the Board of Regents for approval to begin planning and construction or renovation. Each request includes the project description and scope, justification for the request, total costs, fund sources and amounts, budget and schedule, specific action requested, fee impacts, and verification of student approval.

We reviewed a sample of segregated fee-supported capital project requests provided to the Board of Regents each year during the last five years. All of the 11 requests we reviewed identified the program revenue amount of the construction or remodeling costs, but the segregated fee amount of program revenue for the projects was not specifically enumerated. All but one request contained a statement about the method of student approval and a general description of the segregated fee impact. However, the purposes of the fees, such as debt service or operations, amount of fees, and duration of the fees were not specified.

According to Capital Planning and Budget staff, major capital projects funded with program revenue, including segregated fees, are not included in the Capital Budget Request until students have approved these projects and the Board of Regents has approved a segregated fee plan, which includes increases for these projects. Project scope and costs may change after a project has been approved, which affects the amount of the fee initially approved by the students and the Board. To enable the Board to have enhanced oversight of segregated fee rates, Capital Planning and Budget staff have committed to ensuring that UW institutions include segregated fee impacts on capital projects requests. Thus, when the Board reviews and approves a capital project supported by segregated fees, the Board could also review the associated increase in segregated fees.

UW System Budget Planning and Development does not require UW institutions to include in their auxiliary budget materials a breakdown of segregated fee rates by activity. All UW

institutions maintain this information, and some include it with materials they submit to Budget Planning and Development. A reporting line lists capital projects as one of the activities (see Table 1), but few UW institutions report any fees on this line, instead combining fees assessed for capital projects with fees assessed for regular student services.

Based on our review of the budget documents UW institutions submit to UW System Administration, materials UW System Administration includes in the annual operating budgets submitted to the Board of Regents, and UW institutions' records on segregated fee rate information, and in order to enhance the Board of Regents' oversight of capital projects supported by segregated fees, *we recommend the following changes for consideration:*

- *When UW institutions request Board of Regents approval of capital projects funded with segregated fees, the institutions would incorporate the amount of segregated fees included in program revenue, as well as a schedule of estimated fees that will be assessed for the projects.* Specifically identifying the amount of program revenue that is segregated fees and a schedule of the fees would help UW System Administration and the Board of Regents to identify projects that will be supported with any segregated fees, as well as the impact of these projects on student segregated fees.
- *When UW institutions submit their proposed segregated fee rates to the Board of Regents for approval, the institutions would include a breakdown of rates by program/activity, identifying fees assessed for debt service on capital projects separately from fees for regular student services.* Fees assessed specific to capital projects could be reported on the "capital project" activity line or as a subactivity under the program or activity with which the capital project is associated. This would allow UW System Administration and the Board of Regents to distinguish segregated fee increases resulting from capital projects from those resulting from student services.

Timing of Initial and Final Fee Assessments

We examined the question of when UW institutions begin to assess a fee for a capital project in relation to when the project is approved by the students, the Board of Regents, and the State Building Commission. We also examined when fees are discontinued, in relation to when the project is completed or the building occupied.

Initial Fee Assessment

UW institution staff we interviewed indicated their institutions do not have policies on when new fees for capital projects should go into effect or on how far in advance of a capital project a new fee can be collected. According to UW System Financial Administration staff, the informal operating guideline for when to begin assessing a fee for capital projects is when a project appears in the institution's six-year plan, which is provided to the Board of Regents.

Information UW institutions provided was not sufficiently complete to allow us to perform a comprehensive analysis but, based on the information we did gather, there appears to be no consistency in how far in advance of construction UW System institutions begin to assess a new

fee. However, UW institutions assure that no fees have been assessed until after the students and the Board of Regents have approved the fee rates. Practices for assessing new fees include:

- Assessing fees the fall semester after students have approved the fees. Beginning to assess fees in the fall semester after the fees have been approved is the most common practice. An example is the student union addition at UW-River Falls. Students approved the project in February 2000, and the fees were first assessed in the 2000-01 academic year. UW institutions commonly phase in the fees over several years in order to help students accommodate the higher fees.
- Assessing fees when payment for debt service is expected to begin. Bonding does not begin immediately after a project has been approved by the Board of Regents and the State Building Commission. UW-Oshkosh's practice is to try to tie the initial fee assessment to the time when the first debt payment is expected to be made. The practice ensures that UW-Oshkosh has enough money to meet the debt payment, while avoiding fee collections long before payments begin.
- Assessing fees when construction or renovation is expected to begin. This practice appears to be unique to UW-Madison. The University Square development, which will house University Health Services and student government, was approved by students in 1999. The fees won't be assessed until the 2006-07 academic year, and construction is scheduled for the summer of 2006.
- Rolling fees from existing projects to pay for new projects. Rather than assessing new fees for newly approved capital projects, the fees assessed for debt service from one project are rolled into another project after the debt is retired. UW-Whitewater used fees assessed for previous capital projects to cover the fees for the fieldhouse, for example.

UW institutions also assess fees for the operating costs of capital projects, but they do not begin to assess fees for operations until the project is completed. For example, UW-Oshkosh assessed a fee increase of \$91 per year per student for debt service in 2005-06 for its Recreation and Wellness project, but it will not assess a fee increase for operations until 2007-08, when the building is scheduled to be completed.

We researched the policies and practices at institutions in other states and found that the practices are similar to the UW's. However, we also found some unique practices that add to the list of available options:

- Assessing the fees only after a project has opened its doors. The University of California-San Diego, the University of Illinois-Urbana-Champaign, and the University of Texas-Austin do not charge the fees until the facilities have opened their doors. The advantage of this practice is that students get to use the facility when they are assessed the fees. A major disadvantage of this practice is that some institutions do not have the resources needed to pay for planning and design and initial construction costs.

- Assessing the fees only after the project has been approved by the students in two consecutive years: Students at University of Washington are considering lengthening the time it takes to approve a capital project for student funding. Under the plan, students would have two years before making a final recommendation to the board of regents. The fees would be assessed only after the final recommendation.
- Assessing a lump sum building fee to cover the costs of all capital projects: The Oregon University System and the University of Michigan assess fees for the infrastructure of a student facility project. All student facility projects are paid out of this pool.

In general, the decision to begin to assess a fee should be examined with an eye toward the total costs. Thus, it may be most economical to start assessing a fee early, as it would reduce the cost of borrowing and ultimately the total cost. At the same time, students may have a greater incentive to participate in the fee-setting process if they know they might be able to use the facilities while still in school.

Student leaders we interviewed generally understood the need to assess fee increases for planning and design and to accumulate certain levels of cash reserves in order to reduce the costs of borrowing. They also did not have concerns about paying for a facility that they will not get to use. However, some student leaders expressed concerns about the wisdom of assessing a fee before the Board of Regents or the State Building Commission has approved the project, and also about whether students bear a disproportional share of the cost for planning and design. For example:

- Phoenix Sports Center at UW-Green Bay: The Board of Regents approved the UW-Green Bay Phoenix Sports Center addition for planning in 2000 and included the project in the 2001-03 Biennial Capital Budget. However, the State Building Commission did not approve the project in that year. The project was resubmitted and later approved in the 2003-05 Biennial Capital Budget. The Board of Regents approved the project for construction in 2005, and construction began in November 2005. UW-Green Bay first assessed the fees for the project in the fall semester of 2000. The final fee amount of \$400 per year per student was phased in over several years to establish a reserve for planning costs. UW-Green Bay is scheduled to bond for the project in 2007.
- Davies Center at UW-Eau Claire: The Board of Regents approved the UW-Eau Claire student center expansion/renovation at a total cost of \$8.5 million in FY 1999-2000. The project was enumerated in the 2001-03 capital budget. UW-Eau Claire began to assess a fee in the fall of 2002, and the fee was phased in over a period of three years. The final fee rate was \$76 per student per year. As a result of a planning study and detailed building analysis, it was determined that renovation would not be feasible. In 2003, UW-Eau Claire held a student referendum to consider constructing a new center, rather than renovating the existing building. The referendum was defeated. In 2005, UW-Eau Claire conducted a survey of students. A majority of students who responded to the survey supported the construction of a new center. UW-Eau Claire continues to collect the \$76 fee assessed for the originally planned renovation/expansion of the center. The Board of Regents has not been asked to approve the construction.

In order to achieve some consistency among UW institutions, *we recommend that the Board of Regents and UW System Administration provide guidance to UW institutions on pre-funding of capital projects.*

Final Fee Assessment

Some staff we interviewed indicated that for capital projects for which a fee increase is assessed for operations, the fees do not return to their original level when the debt is retired, since the fees assessed for operations would have surpassed any fee increases originally assessed for the debt service. Some UW staff also indicated that dropping the fee back to the original level when a debt is retired is not desirable, as it will result in fee spiking.

We examined the changes in segregated fees for some projects for which the debts have been retired. As noted earlier, current recordkeeping procedures do not allow for tracking fee increases by project, broken down by debt service and operations.

Tracking when a fee ends is also made more complicated by some projects involving multiple bonding. For instance, the renovation of the student union at UW-Stevens Point has three phases, with each phase having separate bonding. We reviewed two other examples of how institutions address segregated fees when multiple bonding is involved in capital projects:

- *Student Union expansion project at UW-Parkside:* In the early 1970s, UW-Parkside built its student union and assessed \$38 per student per year for debt service; this debt was scheduled to be retired in FY 2007. In FY 2001, UW-Parkside renovated its Sports Activities Center and assessed \$16 per student per year for debt service; this debt was also scheduled to be retired in FY 2007.

In 2002, UW-Parkside received student and Board of Regents approval to expand the student union. The fees to be assessed for debt service for the expansion alone were \$100 for the first year and will increase by \$100 a year until the fees reach \$400 per year. Students were given a choice: they could pay the entire amount for the expansion in new fees until the debt for the original union and Sports Activities Center is retired, or use the existing fees to offset the fees for the new project. Students decided on the latter.

After FY 2007, the fees assessed for debt service on the Union expansion will be \$400 per year. The debt for the original union and the Sports Activities Center will be retired, but the fees originally assessed for these purposes will continue as part of the \$400.

- *Hunt Arena at UW-River Falls:* The Hunt Arena was built with segregated fees in 1973. The increase in segregated fees assessed for debt service was \$11. The debt was retired in FY 2003-04.

In 2002-03, the Facilities and Fees Board, one of the two SUFACs at UW-River Falls, approved a \$9.50 increase in segregated fees to pay for the debt service for the child care center. However, the final estimate for the child care center was higher than projected, and

\$16 would have been needed to cover the debt service, instead of the \$9.50 initially approved.

In 2003-04, the Facilities and Fees Board voted to transfer \$6.50 from the \$11 assessed for the debt service of the arena to cover the increases in the child care center. Therefore, \$4.50 of the \$11 assessed for the arena debt service remains in effect but is now used to cover operations and future projects.

As the examples illustrate, decisions about future projects sometimes complicate the timing of when a fee for one project ends. UW institution staff indicated that when a fee is assessed only for debt service, the fee ends when the debt is retired. However, the current reporting format does not allow this to be reported.

We found that institutions in other states routinely use student fees to finance debt service to pay for renovation and construction of student-services-related buildings. In Iowa, the Board of Regents allows institutions to roll the amount assessed for debt service into new projects approved by the Board, thus keeping the fee stable. However, Colorado statutes and system policies from North Carolina and Illinois require debt service fees to expire when the debt is retired. The University of California System plans to require that referendum language disclose whether fees for debt service will be continued after a debt is retired. If the institutions plan to continue to collect the fee after the debt is retired, then institutions will be required to disclose as part of the referendum question the purposes for which the fee will be used and the process that will be used to establish the fee.

Increasing fees to support the operations of a student-services facility is justifiable; but continuing a fee after the debt is retired, when the fee was assessed specifically for debt service, raises some concerns. An option would be to discontinue the fees. However, should UW institutions decide to use the fees for operations or other capital projects, rather than discontinuing them, UW institutions should obtain additional input from students and approval from the Board of Regents at that time. Even though the fees assessed for debt service may eventually go to support operations of the facilities or student-services programming, *we recommend that UW campus administrators, if they are not currently doing so, request student advice before using segregated fees for other purposes when the debt for which the fees were being collected is retired.* Providing information about the eventual plan for the fees in the resolutions or referenda might also help to ensure that the students are informed when they vote.

GROWTH IN SEGREGATED FEES

Since student services funded with segregated fees, including segregated fee-supported capital projects, are expected to be managed as solvent business enterprises, it is expected that some changes will occur based on economic fluctuations and demand from students. We examined the trends in segregated fee rates, how the changes in segregated fee rates compare to other costs, what has contributed to the changes in segregated fee rates, and growth-limiting measures.

Changes in Segregated Fees

An analysis of segregated fee rates shows a range of growth rates in the past ten years. Between FY 1996-97 and FY 2005-06, increases in segregated fee rates, excluding textbook rental fees, ranged from 47 percent at UW-Stout to 185 percent at UW-Green Bay, among UW doctoral and comprehensive institutions. The average increase during this period was 95 percent. At UW Colleges, fee increases ranged from eight percent at UW-Fox Valley to 87 percent at UW-Baraboo.

We also compared the changes in allocable and nonallocable segregated fees for all institutions except UW Colleges, which do not separate allocable and nonallocable segregated fee rates:

- on average, nonallocable fees increased 96 percent during the past ten years, 37 percent during the past five years, and nine percent in the past year;
- on average, allocable fees increased 50 percent during the past ten years, ten percent during the past five years, and six percent in the past year;
- all but five UW institutions reported larger increases in nonallocable than allocable fees between FY 1996-97 and FY 2005-06, as detailed in Appendix 3; and
- UW-Platteville and UW-Superior reported a rate decrease in allocable segregated fee rates between FY 1996-97 and FY 2005-06, as shown in Appendix 3.

Table 8 on the following page shows increases in total segregated fee rates for all UW institutions.

We also analyzed changes in segregated fees specifically for student-organized activities, to determine whether the Supreme Court's decision in the *Southworth* case appeared to have any affect on the growth in fees. The policy changes resulting from *Southworth* could have increased the extent to which certain student organizations sought segregated fee funding, because the changes removed prohibitions on funding student activities that are politically partisan or religious in nature. Also, viewpoint neutrality does not allow for consideration of past years' funding for a particular organization, so an organization could request significantly more than it did in a prior year.

Some institution staff reported that new student organizations were funded in recent years. Also, annual allocations to some student organizations change from year to year. We could not determine to what extent the new student organizations receiving segregated fee support and the changes in the allocation were attributable specifically to *Southworth*. We did find instances at one UW institution in which the student judiciary reversed two SUFAC decisions to reject segregated fee funding requests for two student organizations. The reversals reflect the challenge of applying viewpoint neutrality to student organizations with religious or politically partisan purposes. A systemwide review of the 2001 post-*Southworth* changes to FAPs F20 and F37 could help to assess the effects of the policy changes and any challenges in applying the changes, as well as the extent of growth in segregated fees for student-organized activities.

**Table 8: Changes in Total Segregated Fee Rates
(Excluding Textbook Rental Fees)**

UW Institution	Current (FY 2005-06) Segregated Fee Rate	One-Year (FY 2004-05 to FY 2005-06) Change (%)	Five-Year (FY 2001-02 to FY 2005-06) Change (%)	Ten-Year (FY 1996-97 to FY 2005-06) Change (%)
Doctoral and Comprehensive				
Madison	662.00	8.9	27.8	74.7
Milwaukee	725.60	4.7	22.6	57.4
Eau Claire	599.50	4.2	30.9	86.8
Green Bay	1,148.02	-0.5	31.7	185.5
LaCrosse	742.47	5.1	19.0	86.3
Oshkosh	590.00	17.5	31.4	116.9
Parkside	720.00	11.1	39.5	90.5
Platteville	704.00	4.8	22.4	93.9
River Falls	685.25	8.8	39.8	101.5
Stevens Point	650.50	14.4	33.5	71.8
Stout	559.68	6.0	18.1	46.9
Superior	754.56	15.7	66.2	137.2
Whitewater	702.72	26.5	43.1	95.6
AVERAGE	711.10	8.8	32.1	94.6
UW Colleges				
Baraboo	315.30	12.1	50.1	87.3
Barron	252.80	6.4	29.3	71.4
Fond du Lac	253.12	3.1	14.6	39.2
Fox Valley	215.58	-2.0	7.8	8.1
Manitowoc	207.38	16.6	21.3	51.9
Marathon	220.16	4.7	15.9	26.2
Marinette	200.40	19.3	36.3	60.7
Marshfield	229.74	3.9	7.4	45.8
Richland	272.30	7.0	15.8	41.1
Rock	250.62	19.5	34.8	66.6
Sheboygan	248.08	0.0	15.7	55.1
Washington	242.60	-0.2	6.8	25.1
Waukesha	228.98	4.7	54.1	65.7
AVERAGE	241.31	6.8	22.6	47.6

Sources of data: UW System Budget Planning and Development and UW Colleges.

Growth in Segregated Fees Compared with Growth in Tuition and Other Costs

We conducted several analyses to determine how the growth in segregated fees compares with growth in selected other costs. We examined:

- *Growth in segregated fees compared with resident undergraduate tuition, room, and meal rates:* We compared the changes in segregated fees with changes in the costs of resident undergraduate tuition, room, and meals at UW doctoral and comprehensive institutions. In comparison to resident undergraduate tuition, segregated fees grew faster in the past year, but

had smaller five-year and ten-year growth. However, the growth in segregated fees was significantly larger than the growth in both room and meal rates, as shown in Appendix 4. Some UW administrators indicated that their institutions had not constructed new residence halls for many years, but when new or replacement residence halls under construction are completed, room rates will increase.

- Segregated fees as a proportion of total UW tuition and fees: In FY 2005-2006, segregated fees represent from ten to 21 percent of the total tuition and fees at UW doctoral and comprehensive institutions, and from five to seven percent of the total resident undergraduate tuition and fees charged by UW Colleges, as shown in Appendix 5. In comparison to five and ten years ago, the average proportion of segregated fees among UW doctoral and comprehensive institutions has not changed significantly but is down slightly. Segregated fees represented a smaller proportion of the tuition and fees at all UW Colleges compared to five and ten years ago.
- UW segregated fees compared with peer institutions' fees: We compared UW segregated fees with the amount of student fees charged by peer institutions in other states. We found that Wisconsin's student fees appear to be less than peer institutions' fees, as shown in Appendix 6. For example, UW-Madison's annual segregated fees of \$662 in 2005-06 were \$312 less than the average amount charged by its peer institutions; UW-Milwaukee's fees of approximately \$726 were \$528 less than the average of its peers; and the average segregated fees at comprehensive institutions, which were \$715, were approximately \$143 less than the average of their peers. However, the types of fees vary significantly, so a direct comparison of these amounts may be misleading.
- Peers' student fees as a proportion of total tuition and fees: As an alternative to examining the amount charged for student fees, we compared fees with total tuition and fees and found that UW institutions charge approximately the same proportion of fees to total tuition and fees as do peer institutions. For example, UW-Madison's fees are 10.5 percent of tuition and fees, while fees at peer institutions represent 11.4 percent of these costs. UW-Milwaukee's segregated fees represented approximately 12 percent of the total cost of tuition and fees, compared to 15 percent of that cost at its peer institutions. The proportion of fees to tuition and fees was also roughly similar between UW comprehensive institutions and their peers.
- Growth in UW segregated fees compared with growth in peers' fees: We examined the growth of student fees over the five-year period between 2001 and 2005 and found that fee increases at UW institutions were less than at their peers. For example, fees increased by 28 percent at UW-Madison between 2001 and 2005, while fees at peer institutions grew by 44 percent. UW-Milwaukee increased its segregated fees by 23 percent, while student fees at UW-Milwaukee's peers increased by 38 percent during the same time period. Fees increased 34 percent at UW comprehensive institutions, compared to 45 percent at their peer institutions between 2001 and 2005.

Factors Contributing to Growth in Segregated Fees in the UW System

We analyzed segregated fee increases and interviewed staff at the six UW institutions we visited to examine what factors contributed to the growth in segregated fees at these institutions. Our analysis of segregated fee increases between FY 1996-97 and FY 2005-06 reveals that increases in certain program operations, capital projects, and new program initiatives contributed to the growth in segregated fees at these institutions.

The programs with the largest increases were intramurals at UW-Madison and UW-Stout; organized activities at UW-Madison, Milwaukee, and Stout; health services at UW-Milwaukee; intercollegiate athletics at UW-Milwaukee, Green Bay, and Stout; and the student union at UW-Madison and Stevens Point. Table 9 shows the changes in the projected revenue sources and proposed expenditures that accounted for large increases in these programs.

Table 9: Factors Contributing to Increases in Some Segregated Fee-Supported Programs Between FY 1997 and FY 2006 at UW Institutions Visited

UW Institution	Program	Budgeted Cost Increases	Projected Revenues
Madison	Organized Activities	Salaries and wages, and supplies and expenses.	Non-factor, as revenue from other sources is very small.
	Intramurals	Fringe benefits and debt service.	Increased revenue from sales and user charges may have kept increases lower than it they would have been.
	Union	Fringe benefits and municipal charges.	Slower revenue growth from sales and charges.
Milwaukee	Organized Activities	Allocation to student-organized activities.	Non-factor, as revenue from other sources is very small.
	Health Services	Fringe benefits.	Non-factor, as revenues from both segregated fees and sales/charges are proportional to total revenues.
	Intercollegiate Athletics	Fringe benefits.	Increased revenue from sales and user charges may have kept increases lower than it they would have been.
Green Bay	Intercollegiate Athletics	Supplies and expenses, and fringe benefits.	Significant drop in revenue from sales/charges.
Stevens Point	Union	Fringe benefits.	Increased revenue from sales and user charges may have kept increases lower than they would have been.
Stout	Intramurals	Fringe benefits.	Drop in revenue from other sources.
	Intercollegiate Athletics	Salaries and wages, and fringe benefits.	Significant drop in revenue from sales/charges.
	Organized Activities	Allocation to student-organized activities.	Non-factor, as revenue from other sources is very small.

At all UW institutions we visited, segregated fee increases resulting from capital projects accounted for a significant proportion of the growth. For instance, segregated fees assessed for capital projects account for 35 and 26 percent of the FY 2005-06 segregated fee rates at UW-Green Bay and UW-Platteville, respectively.

UW-Green Bay, Madison, and Milwaukee also reported new initiatives that contributed to the increases in their institutions' segregated fees. In FY 1997-98, UW-Green Bay implemented a fee to enhance student life. The fee represented 17 percent and 9 percent of total segregated fees in FY 1997-98 and FY 2005-06, respectively. The Madison City Metro Bus Pass, implemented in FY 1996-97, added \$40 (or 11 percent) to UW-Madison's segregated fee rate in FY 1996-97 and \$62 (or 10 percent) to the rate in FY 2005-06. Be On the Safe Side (BOSS), the student advisor position to the Student Association, and the Peer Outreach and Mentoring Center were implemented in FY 1999-00 at UW-Milwaukee. These programs added \$13 to UW-Milwaukee's segregated fee rate in FY 1999-00 and in FY 2005-06.

Staff indicated that students initiated many of the activities that have led to increases in segregated fees. Some student leaders we interviewed reported that recent initiatives were intended to address unmet needs and to fund new student organizations and activities associated with campus mission and diversity goals.

Growth-Limiting Measures

We examined measures to limit the growth in segregated fees. The practice comes closest to limiting the growth in segregated fees is the reporting threshold.

Prior to FY 1996-97, UW institutions provided justifications for all segregated fee increases, no matter how small. In FY 1996-97, UW System Administration established a reporting threshold for auxiliary operations. UW institutions whose proposed segregated fee rate is above the reporting threshold are required to include in their requests justifications for the increases. As mentioned previously, the threshold is calculated based on a rolling three-year average of increases in Wisconsin disposable income per capita. The threshold is applied to an institution's total segregated fees.

All but two UW doctoral and comprehensive institutions had increases larger than the threshold in at least half of the ten years between FY 1996-97 and FY 2005-06. However, only four of the 13 UW Colleges had increases above the threshold during five of the last ten years.

We inquired about how the threshold is applied at UW institutions. Although UW administrators we interviewed understand that the threshold is a reporting threshold, some UW institutions have chosen to apply the threshold as a measure to hold down segregated fee increases. Administrators at UW-Milwaukee and UW-Stout reported that their institutions have applied the threshold more as a cap when developing their budgets and setting segregated fee rates.

Most UW administrators we interviewed agreed that using the reporting threshold as a cap is not an appropriate means for limiting growth in segregated fees, as the annual allowable increases for pay plan, fringe benefits, and other charges easily exceed the reporting threshold in some years. Some administrators also expressed concerns about imposing a fee limit, as the UW institutions need flexibility to respond to the changing needs of students and the increasing costs of maintaining student-services facilities.

We reviewed efforts other states use to monitor and limit increases in student fees. While not all of the institutions in other states that we examined implement measures to limit growth in student fees, some approaches we identified include:

- *Establishing dollar limits:* Several systems set dollar limits for fee increases: 1) the Board of Trustees of the Minnesota State Colleges and Universities (MnSCU) System establishes maximum dollar limits for various fees, with individual institutions requesting an increase in the limit if necessary, although MnSCU staff report that the board has not increased the limits in recent years; 2) state statutes allow the Board of the Oregon University System to charge all students within the system the same building fee, up to a maximum of \$45 per quarter or \$67.50 per semester, with projects developed within the constraints of the building-fee revenue for each individual campus; and 3) the Texas Education Code and University of Texas System policies establish dollar limits for various types of fees, with a student vote required before a higher education institution may exceed a fee limit.
- *Establishing growth limits:* Some systems limit the percentage that fees may be increased each year: 1) Idaho restricts increases to ten percent per year; and 2) the Texas Education Code and University of Texas System policies also require a student vote to approve fee increases above ten percent per year. As a comparison, segregated fees increased within the UW System by approximately 9 percent last year, as shown in Appendix 4.
- *Monitoring against price indices:* Several systems monitor fees, sometimes in combination with tuition, against various consumer price indices, with institutions typically required to justify student fees that increase above the index. For example, the Iowa State Board of Regents monitors tuition and fees against the Higher Education Price Index (HEPI), which is a price index specifically designed to monitor costs in higher education; and the Nevada System of Higher Education uses the median of tuition and fees for western states, as reported by the Western Interstate Commission on Higher Education, as a benchmark for monitoring its tuition and fee increases.

We noted that despite measures to limit growth in student fees at these institutions, their student fees have increased.

A possible alternative to setting a fee limit is to establish a process for UW institutions to use to assess the activities and operations supported by segregated fees. Some UW segregated fee-supported operations periodically survey students to obtain their feedback on existing services and to identify new service needs, and some perform analyses of operations as part of the annual budget development process. However, these surveys and analyses are not done regularly and consistently across all operations within an institution and across the UW System.

Implementing a periodic process for assessing segregated fee-supported activities could provide an opportunity to determine whether changes are needed in institutions' fee-setting processes, in student involvement, or in student services. Specific components of a review could include: examination of the level of funding relative to the demands and needs of students; examination of strategies and plans to meet the demand for services; or an assessment of alternative funding options, in lieu of establishing a fee. Numerous possible methodologies exist, including

conducting cost-benefit analysis, surveying students, focusing on higher-cost program areas, or comparing services and fees to other institutions. Since it is expected that students would be active participants, these reviews would provide another mechanism for student participation in determining student needs and setting segregated fees. The reviews could be structured to suit each individual UW institution.

While a review process would not ensure that growth in segregated fees will be restrained, it would enable UW institutions to develop programming that reflects and is relevant to the demands and needs of students, is of high quality, and is efficient. In addition, such an analysis could help the UW System examine the reasons that costs for certain common activities vary significantly across UW institutions and develop an assessment of the appropriate range of fees for selected activities.

We found that some institutions in other states have conducted reviews of certain activities and student services supported by student fees. For example, a University of North Carolina policy requires the establishment of a review committee with representatives of all aspects of campus life to review student fees. Ohio State University conducted a review of how resources were allocated to student organizations. The review resulted in the university's overhauling the system for registering student organizations and allocating university resources to these activities.

CONCLUSION

This review found that UW institutions have used segregated fees for student activities and services as defined by UW policies, and students participate in setting the segregated fees through a number of mechanisms. These mechanisms vary across the UW System. The review also found that all UW institutions have established a Segregated University Fee (SUF) allocation process, as required by UW policies. Even though the SUF allocation process is sound, we have recommended the following enhancements:

- involving students as much as possible in the early stages of budget development for segregated fee-funded operations;
- customizing and standardizing budget materials submitted to the Segregated University Fee Allocation Committees; and
- submitting all operating budgets of student-services operations funded with the nonallocable portion of segregated to the Segregated University Fee Allocation Committees for review.

The review found that students and the Board of Regents approve all major capital projects supported by segregated fees. The methods used to obtain student input vary within individual UW institutions and across the UW System. To enhance the Board's oversight of major capital projects funded with segregated fees, we have recommended that UW institutions consider:

- incorporating the amount of segregated fees included in program revenue, as well as a schedule of estimated fees that will be assessed for the projects, when UW institutions request Board of Regents approval for capital projects funded with segregated fees; and
- including a breakdown of the segregated fee rates by activity and identifying fees assessed for debt service on capital projects separately from fees for regular student services when UW institutions submit their proposed segregated fee rates to the Board of Regents for approval.

Fee assessment practices also vary from project to project. In order to achieve some consistency among UW institutions on how far in advance of a major capital project a new fee can be assessed, we have recommended that the Board of Regents and UW System Administration provide guidance to UW institutions on collecting fees in advance for capital projects. We have also recommended that UW institutions, if they are not currently doing so, request student advice before using segregated fees for other purposes when the debt for which the fees were being collected is retired.

Finally, the review found that segregated fees have increased since FY 1996-97. Contributing factors have included growth in student-services costs, capital projects, and new initiatives. Except for the reporting threshold, the review did not find particular measures to limit growth. However, the student fees at institutions in other states that have implemented fee-limiting measures have also increased. We have suggested UW institutions conduct periodic assessments of activities and services supported by segregated fees, with the assessments structured to suit each individual UW institution.

Appendix 1

Board of Regents and UW System Policies Applicable to Segregated Fees

Policy	Year Adopted/ Revised	Summary
Regent Policy Document 78-9, Basic Health Module.	1978	Establishes the basic student health module. The basic health module can be funded with segregated fees.
Regent Policy Document 90-3, Funding of University Facilities' Capital Costs.	1990	States the Board of Regents' position and preference for the appropriate funding sources for various UW facilities' capital costs and lists the criteria the Board of Regents uses to evaluate the appropriateness of funding proposed for UW facilities' capital costs.
Financial and Administrative Policies, Child Care Centers (G38).	1994	Sets the expectations for child care centers and the appropriate funding sources for child care centers. Segregated fees should be used for student parents only.
Financial and Administrative Policies, Auxiliary Enterprises Support Services Chargeback (F42).	1996	Allows certain administrative and physical plant support services, such as payroll services, building maintenance, and utilities to be charged to auxiliary enterprises when these services provide a direct benefit to the auxiliaries. Segregated fee-supported operations are auxiliary enterprises.
Financial and Administrative Policies, Student Services Funding (G15).	1998	Defines student services and delineates the appropriate funding sources for various student services.
Financial and Administrative Policies, Financial Management of Auxiliary Operations (F43).	1999	Provides guidance to UW System institutions to ensure that auxiliary operations are managed in a programmatically and fiscally sound fashion. The policy addresses rate setting, competition with the private sector, reserves, multi-year budgeting and planning, and fund transfers.
Financial and Administrative Policies, Segregated Fee Determination and Distribution (F37).	2000	Defines the purposes for which segregated fees can be used and differentiates the roles of students and campus administration pertaining to segregated fees.
Financial and Administrative Policies, Segregated Fee Expenditures (F20).	2001	Provides guidance on appropriate and inappropriate expenditures of segregated fees and requires student government, in consultation with the chancellor, to develop policies and procedures for the Segregated University Fee (SUF) allocation process.
Financial and Administrative Policies, Charging Fuels and Utilities – Auxiliary Enterprises (G3).	2003	Provides guidance on determining and assessing fuel/utilities costs. Programs and support services funded with segregated fees are exempt from charges. Programs funded by a combination of user and segregated fees are to prorate the charges.

Appendix 2

Segregated Fee Rates * FY 1996-97 to FY 2005-06

UW Institution	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Doctoral and Comprehensive										
Madison	379.00	380.00	404.00	445.00	498.00	518.00	569.00	582.00	608.00	662.00
Milwaukee	460.90	478.50	492.10	546.60	566.90	591.90	614.90	665.60	693.00	725.60
Eau Claire	321.00	344.30	365.40	391.60	427.20	458.00	479.75	538.00	575.50	599.50
Green Bay	402.10	423.60	490.00	556.00	711.50	872.00	1,023.00	1,154.00	1,154.00	1,148.02
LaCrosse	398.50	456.14	453.00	519.00	592.00	624.00	669.89	682.21	706.19	742.47
Oshkosh	272.00	293.00	352.00	404.00	427.00	449.00	460.01	490.00	502.00	590.00
Parkside	378.00	392.00	412.01	448.00	496.17	516.02	532.00	572.01	648.00	720.00
Platteville	363.00	368.00	380.00	414.00	561.00	575.00	584.00	615.00	672.00	704.00
River Falls	340.00	351.50	370.50	382.00	435.00	490.00	551.50	606.50	630.00	685.25
Stevens Point	378.60	395.20	415.80	453.40	466.60	487.30	510.40	521.20	568.80	650.50
Stout	380.88	395.76	410.16	428.40	454.08	473.76	490.56	507.60	528.24	559.68
Superior	318.10	338.10	342.10	377.10	407.30	454.10	461.30	620.20	652.34	754.56
Whitewater	359.28	374.40	404.64	422.16	459.84	491.04	528.00	545.80	555.64	702.72
UW Colleges										
Baraboo	168.30	191.00	196.40	205.72	205.16	210.06	216.60	257.80	281.20	315.30
Barron	147.50	152.50	174.00	180.40	187.10	195.46	200.00	208.00	237.70	252.80
Fond du Lac	181.80	189.00	198.46	205.64	211.32	220.92	229.50	238.40	245.60	253.12
Fox Valley	199.40	195.20	208.90	208.90	208.90	199.90	205.70	211.80	220.00	215.58
Manitowoc	136.50	144.50	152.50	154.20	165.50	171.00	163.00	168.20	177.80	207.38
Marathon	174.40	184.80	184.80	184.80	180.02	190.00	203.80	206.20	210.30	220.16
Marinette	124.70	128.30	135.30	136.00	142.56	147.06	153.80	166.70	168.00	200.40
Marshfield	157.60	163.60	163.40	168.48	178.42	213.88	213.76	219.30	221.20	229.74
Richland	193.00	199.50	209.50	219.00	227.62	235.20	232.46	241.40	254.60	272.30
Rock	150.40	160.70	170.70	176.82	185.64	185.98	193.40	200.80	209.80	250.62
Sheboygan	159.90	166.00	191.10	197.84	205.12	214.40	222.70	231.40	248.10	248.08
Washington	193.90	202.10	200.50	214.66	219.60	227.22	228.40	239.10	243.00	242.60
Waukesha	138.20	142.20	140.70	143.12	142.82	148.58	162.60	194.20	218.70	228.98

Sources of data: UW System Budget Planning and Development and UW Colleges.

*Excludes textbook rental fees. Textbook Rental is reported separately from segregated fees in UW institutions' auxiliary budgets.

Appendix 3

Changes in Allocable and Nonallocable Segregated Fees

UW Institution	FY 2005-06 Rate	One Year (FY 2004-05 to FY 2005-06) Change		Five-Year (FY 2001-02 to FY 2005-06) Change		Ten-Year (FY 1996-97 to FY 2005-06) Change	
		\$	%	\$	%	\$	%
Allocable							
Madison	161.00	20.92	14.9	57.70	55.9	88.08	120.8
Milwaukee	211.30	9.30	4.6	33.10	18.6	91.90	77.0
Eau Claire	126.92	6.41	5.3	4.10	3.3	44.43	53.9
Green Bay	63.36	-7.93	-11.1	-11.01	-14.8	20.48	47.8
LaCrosse	94.28	2.05	2.2	7.56	8.7	23.43	33.1
Oshkosh	79.30	-4.46	-5.3	15.55	24.4	36.02	83.2
Parkside	136.02	24.47	21.9	4.21	3.2	69.47	104.4
Platteville	94.00	0.00	0.0	4.00	4.4	-27.00	-22.3
River Falls	70.50	5.12	7.8	5.12	7.8	11.41	19.3
Stevens Point	102.60	14.49	16.4	36.85	56.0	57.05	125.2
Stout	49.44	2.16	4.6	6.72	15.7	19.20	63.5
Superior	55.61	0.00	0.0	-21.42	-27.8	-5.32	-8.7
Whitewater	60.54	2.40	4.1	-21.06	-25.8	7.74	14.7
AVERAGE	100.37	5.76	6.1	9.34	10.3	33.61	50.3
Nonallocable							
Madison	501.00	33.08	7.1	86.30	20.8	194.92	63.7
Milwaukee *	514.30	23.30	4.7	100.60	24.3	172.80	50.6
Eau Claire	472.58	17.59	3.9	137.40	41.0	234.07	98.1
Green Bay	1084.66	1.95	0.2	287.03	36.0	723.04	199.9
LaCrosse	648.19	34.23	5.6	110.94	20.6	229.04	54.6
Oshkosh	510.70	92.46	22.1	125.45	32.6	281.98	123.3
Parkside	583.98	47.53	8.9	199.77	52.0	272.52	87.5
Platteville	610.00	32.00	5.5	125.00	25.8	368.00	152.1
River Falls	614.75	50.13	8.9	190.13	44.8	253.84	70.3
Stevens Point	547.90	67.21	14.0	126.35	30.0	214.85	64.5
Stout	510.24	29.28	6.1	79.20	18.4	159.60	45.5
Superior	698.95	102.22	17.1	321.88	85.4	441.78	171.8
Whitewater	642.18	144.68	29.1	232.74	56.8	335.70	109.5
AVERAGE	610.73	51.97	9.3	163.29	36.5	298.63	95.7

Sources of data: UW Institutions.

Note: UW-Green Bay reported capital projects under allocable; these numbers were moved to nonallocable. UW-Oshkosh reported all intercollegiate athletics under allocable; these numbers were moved to nonallocable. UW-Parkside reported intercollegiate athletics in allocable for 1996-97 and in nonallocable for all other years; the number for 1996-97 was moved to nonallocable. UW-Stevens Point reported child care as nonallocable in 2000-01 and in allocable for all other years; the number was moved to allocable.

Appendix 4

Change in Segregated Fees Compared to Changes in Resident Undergraduate Tuition, Room, and Meal Charges

UW Institution	Segregated Fees *			Undergraduate Resident Tuition			Room (Regular Double)			Meals**		
	(%) One- Year	(%) Five- Year	(%) Ten- Year	(%) One- Year	(%) Five- Year	(%) Ten- Year	(%) One- Year	(%) Five- Year	(%) Ten- Year	(%) One- Year	(%) Five- Year	(%) Ten- Year
Madison	8.9	27.8	74.7	6.9	57.5	111.8	6.2	29.3	65.8	6.9	5.4	24.0
Milwaukee	4.7	22.6	57.7	6.9	58.7	108.1	11.9	36.2	49.5	3.1	14.0	46.2
Eau Claire	4.2	30.9	86.8	6.9	53.5	105.9	2.4	18.1	52.1	4.6	22.4	39.9
Green Bay	-0.5	31.7	185.5	6.9	54.1	99.5	4.1	29.6	70.3	0.0	15.0	27.8
La Crosse	5.1	19.0	86.3	7.2	56.0	102.0	7.5	43.2	94.3	3.0	29.7	46.4
Oshkosh	17.5	31.4	116.9	6.7	58.0	104.6	10.0	38.1	79.5	3.8	8.4	92.7
Parkside	11.1	39.5	90.5	6.9	54.1	99.5	0.0	6.2	39.5	6.3	13.3	61.9
Platteville	4.8	22.4	93.9	6.9	54.1	99.5	6.8	30.2	89.5	0.1	9.5	35.3
River Falls	8.8	39.8	63.2	6.9	54.1	99.5	6.5	24.6	61.6	3.7	16.5	34.6
Stevens Point	14.4	33.5	71.8	6.9	54.1	99.5	7.0	17.0	41.0	3.6	13.7	36.6
Stout	6.0	18.1	46.9	6.9	54.0	109.5	11.6	37.0	82.8	1.5	13.0	35.6
Superior	15.7	66.2	137.2	6.7	59.5	106.5	2.0	23.8	69.5	1.6	8.2	18.7
Whitewater	26.5	43.1	95.6	6.9	59.5	106.5	4.6	17.9	56.8	7.7	20.0	51.1
AVERAGE	8.8	32.1	94.6	6.9	56.0	104.2	6.1	26.2	63.5	3.6	14.1	40.2

Sources of data: Annual Operating Budgets for the rates.

* Excludes textbook rental fees. Textbook Rental reported separately from segregated fees in UW institutions' auxiliary budgets.

** Most popular meal plan or average spending per student for meal at each institution.

Appendix 5

Segregated Fees as a Proportion of Tuition and Fees

UW Institution	Current (FY 2005-06)			Five Years Ago (FY 2001-02)			Ten Years Ago (FY 1996-97)		
	Segregated Fees * (\$)	Tuition & Fees (\$)	Seg Fees %	Segregated Fees * (\$)	Tuition & Fees (\$)	Seg Fees %	Segregated Fees * (\$)	Tuition & Fees (\$)	Seg Fees %
Doctoral and Comprehensives									
Madison	662.00	6,280.00	10.5	518.00	4,086.00	12.7	379.00	3,030.00	12.5
Milwaukee	725.60	6,219.60	11.7	591.90	4,053.90	14.6	460.90	3,099.90	14.9
Eau Claire	599.50	5,013.50	12.0	458.00	3,334.00	13.7	321.00	2,464.00	13.0
Green Bay	1,148.02	5,425.02	21.2	872.00	3,648.00	23.9	402.10	2,545.10	15.8
La Crosse	742.47	5,073.47	14.6	624.00	3,400.00	18.4	398.50	2,541.50	15.7
Oshkosh	590.00	4,977.00	11.9	449.00	3,225.00	13.9	272.00	2,415.00	11.3
Parkside	720.00	4,997.00	14.4	516.02	3,292.02	15.7	378.00	2,521.00	15.0
Platteville	704.00	4,981.00	14.1	575.00	3,351.00	17.2	363.00	2,506.00	14.5
River Falls	685.25	4,962.25	13.8	490.00	3,266.00	15.0	340.00	2,483.00	13.7
Stevens Point	650.50	4,927.50	13.2	487.30	3,263.30	14.9	378.60	2,521.60	15.0
Stout	559.68	5,050.68	11.1	473.76	3,389.76	14.0	380.88	2,523.88	15.1
Superior	754.56	5,181.56	14.6	454.10	3,230.10	14.1	318.10	2,461.10	12.9
Whitewater	702.72	5,129.72	13.7	491.04	3,267.04	15.0	359.28	2,502.28	14.4
AVERAGE	711.10	5,247.56	13.6	538.47	3,446.62	15.6	365.49	2,585.72	14.1
UW Colleges									
Baraboo	315.30	4,292.30	7.3	210.06	2,632.06	8.0	168.30	1,947.30	8.6
Barron	252.80	4,229.80	6.0	195.46	2,617.46	7.5	147.50	1,926.50	7.7
Fond du Lac	253.12	4,230.12	6.0	220.92	2,642.92	8.4	181.80	1,960.80	9.3
Fox Valley	215.58	4,192.58	5.1	199.90	2,621.90	7.6	199.40	1,978.40	10.1
Manitowoc	207.38	4,184.38	5.0	171.00	2,593.00	6.6	136.50	1,915.50	7.1
Marathon	220.16	4,197.16	5.2	190.00	2,612.00	7.3	174.40	1,953.40	8.9
Marinette	200.40	4,177.40	4.8	147.06	2,569.06	5.7	124.70	1,903.70	6.6
Marshfield	229.74	4,206.74	5.5	213.88	2,635.88	8.1	157.60	1,936.60	8.1
Richland	272.30	4,249.30	6.4	235.20	2,657.20	8.9	193.00	1,972.00	9.8
Rock	250.64	4,227.64	5.9	185.98	2,607.98	7.1	150.40	1,929.40	7.8
Sheboygan	248.08	4,225.08	5.9	214.40	2,636.40	8.1	159.90	1,938.90	8.2
Washington	242.60	4,219.60	5.7	227.22	2,649.22	8.6	193.90	1,972.90	9.8
Waukesha	228.98	4,205.98	5.4	148.58	2,570.58	5.8	138.20	1,917.20	7.2
AVERAGE	241.31	4,218.31	5.7	196.90	2,618.90	7.5	163.51	1,942.51	8.4

Sources of data: System Budget Planning and Development, UW Colleges, and UW System Budget Summaries.

*Excludes textbook rental fees. Textbook Rental is listed separately because it is reported separately from segregated fees in UW institutions' auxiliary budgets.

Appendix 6

Comparison of Segregated Fees to Student Fees at Peer Institutions

Resident Tuition and Fees at Selected Doctoral Peer Institutions

Institution	FY 2005-06			FY2001-02			Percent Change in Fees
	Fees (\$)	Tuition & Fees (\$)	Percent	Fees (\$)	Tuition & Fees (\$)	Percent	
Illinois-UC	1,592	9,536	16.7	1,344	5,754	23.4	18.5
Indiana	821	7,651	10.7	539	4,734	11.4	52.3
Iowa	722	5,612	12.9	406	3,522	11.5	77.8
Michigan	914	9,213	9.9	852	6,935	12.3	7.3
Mich. State	1,156	8,346	13.8	694	5,666	12.2	66.5
Minnesota	1,431	8,599	16.6	871	5,723	15.2	64.3
Ohio State	573	8,082	7.1	378	4,788	7.9	51.6
Penn State	582	11,508	5.1	342	7,396	4.6	70.2
AVERAGE	974	8,568	11.4	678	5,565	12.2	43.7
UW-Madison	662	6,280	10.5	518.00	3,808.00	13.6	27.8

Sources of data: UW System Budget Planning and Development data, institutional websites, and Integrated Postsecondary Education Data System Peer Analysis data.

Comparison of Resident Tuition and Fees for Selected UW-Milwaukee Peer Institutions

Institution	FY 2005-06			FY 2001-02			Percent Change in Fees
	Fees (\$)	Tuition & Fees (\$)	Percent	Fees (\$)	Tuition & Fees (\$)	Percent	
Georgia State	826.00	4,464.00	18.5	660.00	3,292.00	20.0	25.2
Rutgers-Newark	1,475.50	8,811.50	16.7	1,126.00	6,376.00	17.7	31.0
SUNY-Buffalo	1,718.00	6,068.00	28.3	1,329.50	4,729.50	28.1	29.2
Temple	500.00	9,640.00	5.2	350.00	7,324.00	4.8	42.9
U of Akron	1,123.68	7,933.68	14.2	577.70	4,796.50	12.0	94.5
U of Cincinnati	1,425.00	8,877.00	16.1	954.00	5,823.00	16.4	49.4
Illinois-Chicago	2,298.00	7,576.00	30.3	1,640.00	4,934.00	33.2	40.1
Missouri-KC	870.00	7,365.00	11.8	638.64	4,883.64	13.1	36.2
U of Toledo	1,048.32	7,478.16	14.0	929.52	5,105.68	18.2	12.8
AVERAGE	1,253.83	7,579.26	16.5	911.71	5,251.59	17.4	37.5
UW-Milwaukee	725.60	6,219.92	11.7	591.90	4,053.90	14.6	22.6

Sources of data: UW System Budget Planning and Development data, institutional websites, and Integrated Postsecondary Education Data System Peer Analysis data.

Appendix 6 (continued)

Comparison of Resident Tuition and Fees for Selected Comprehensive Institutions

Institution	FY 2005-06			FY 2001-02			Percent Change in Fees
	Fees (\$)	Tuition & Fees (\$)	Percent	Fees (\$)	Tuition & Fees (\$)	Percent	
Bemidji State	767.70	6,013.70	12.8	694.00	4,164.00	16.7	10.6
Central Michigan	765.00	5,374.50	14.2	680.00	4,247.00	16.0	12.5
Chicago State	1,405.00	6,625.00	21.2	950.00	4,355.00	21.8	47.9
Eastern Illinois	1,743.90	6,372.90	27.4	1,307.60	3,701.60	35.3	33.4
Eastern Michigan	1,077.50	6,540.50	16.5	980.00	4,602.50	21.3	9.9
Governor's State	771.00	6,135.00	12.6	291.00	3,819.00	7.6	164.9
Indiana State	108.00	6,820.00	1.6	50.00	3,740.00	1.3	116.0
Ind. U-Northwest	427.28	4,901.78	8.7	242.50	3,463.00	7.0	76.2
Ind. U-South Bend	405.60	4,988.10	8.1	394.70	3,672.20	10.7	2.8
Ind. U-Southeast	405.12	4,879.62	8.3	238.80	3,459.30	6.9	69.6
Mankato	720.00	5,402.00	13.3	569.00	3,619.00	15.7	26.5
Moorhead	761.42	5,225.42	14.6	501.60	3,375.90	14.9	51.8
Northeastern Ill	846.00	5,646.00	15.0	474.00	2,898.00	16.4	78.5
Oakland U	486.00	6,122.26	7.9	472.00	4,638.00	10.2	3.0
Purdue U-Calumet	401.00	5,081.00	7.9	223.10	3,494.60	6.4	79.7
St. Cloud	702.30	5,461.80	12.9	498.00	3,561.00	14.0	41.0
Southern Ill-Edwardsville	859.00	5,209.00	16.5	717.10	3,291.10	21.8	19.8
U of Akron	1,123.68	7,933.68	14.2	577.70	4,796.50	12.0	94.5
U of Ill-Springfield	1,382.00	5,965.00	23.2	626.00	3,611.00	17.3	120.8
Michigan-Dearborn	397.90	6,869.80	5.8	291.10	5,205.70	5.6	36.7
Michigan-Flint	316.00	6,111.00	5.2	226.00	4,584.00	4.9	39.8
Minnesota-Duluth	1,913.44	9,069.94	21.1	821.88	5,741.88	14.3	132.8
Northern Iowa	712.00	5,602.00	12.7	324.00	3,440.00	9.4	119.8
Western Ill	1,442.70	6,410.70	22.5	1,300.00	4,282.00	30.4	11.0
W. Michigan	752.00	6,884.00	10.9	602.00	4,730.60	12.7	24.9
Winona State	732.50	5,672.50	12.9	604.50	3,714.50	16.3	21.2
Wright State	1,290.00	6,621.00	19.5	894.00	4,596.00	19.5	44.3
Youngstown	1,332.00	6,332.00	21.0	1,012.00	4,204.00	24.1	31.6
AVERAGE	858.79	6,081.08	14.1	591.52	4,035.98	14.7	45.2
UW Comp Avg	715.40	5,058.83	14.1	535.45	3,333.27	16.1	33.6

Sources of data: UW System Budget Planning and Development data, institutional websites, and Integrated Postsecondary Education Data System Peer Analysis data.

Note: Student fees in other states may include costs, such as technology or health insurance fees, which are not included in Wisconsin's segregated fees. UW tuition includes a 2.5 percent tuition surcharge at UW-Madison and 2 percent at all other UW institutions for technology, which amounted to \$137 per year at UW-Madison, \$108 at Milwaukee, and an average of \$85 per year at the comprehensive institutions in 2005-06. In comparison, of the five Big Ten institutions that charge a separate technology fee, the fees ranged from \$60 at the University of Michigan to \$372 at Indiana University.