

Contact: Diana Gonzalez

**TUITION SET-ASIDE DISCUSSION**

**Executive Summary:** The Board of Regents will continue the discussion begun in March 2012 about the use of tuition set-aside as described in Board Policy §8.02C (5i), adopted in September 2004, which requires the public universities “to set-aside a minimum of 15% of gross tuition proceeds for student financial aid.” Prior to formalizing the practice as Board policy in 2004, the universities used a portion of tuition revenues for financial aid as far back as FY 1989.

In FY 2011, a total of \$144,391,499, or 21.3% of tuition proceeds, was set-aside and awarded to undergraduates and graduate/professional students as need-based and merit-based aid. A total of \$100,880,468 was awarded to 25,583 undergraduate students as student financial aid through the tuition set-aside funds. The following table describes the funds that were allocated to undergraduate Iowa residents in FY 2011.

2010-11	Total UG TSA Awarded	Percent of UG TSA TO UG Total TSA	Number of Students	Average Award
Residents	\$42,598,686		16,942	\$2,514
Demonstrated Need	\$34,997,992	34.7%	13,506	\$2,591
Did not Demonstrate Need	\$7,600,694	7.5%	3,436	\$2,212

To gain a national perspective regarding student financial aid and tuition set-aside, specifically, the Board of Regents received a presentation from Dr. Sandy Baum, senior fellow at George Washington University, at its March 2012 meeting. Dr. Baum described the practice of using tuition set-aside as a source of student financial aid, its practice in other states, and its policy implications. At the June 2012 Board meeting, the Board will continue its discussion about the use of tuition set-aside to fund scholarships for undergraduate Iowa residents and other possible options.

**Action Requested:** To provide as comprehensive an analysis as possible about tuition set-aside, alternative funding sources for student financial aid, state support, and policy implications, consider creating a Board of Regents Student Financial Aid Committee which includes the membership proposed below, the proposed charge to the Committee identified on the following page, and the proposed timeline.

**Proposed Membership:**

Bob Donley – Board of Regents Executive Director  
Diana Gonzalez – Board of Regents Chief Academic Officer  
Patrice Sayre – Board of Regents Chief Business Officer  
Barry Butler – University of Iowa Provost  
Mark Braun – University of Iowa President Chief of Staff  
Tiffani Shaw – University of Iowa Foundation Executive Vice President & Chief Operating Officer  
Terry Hogan – University of Northern Iowa Vice President of Student Services  
Joyce Morrow – University of Northern Iowa Financial Aid Director  
Bill Calhoun – University of Northern Iowa Foundation President & Spec. Assist. to the President  
Roberta Johnson – Iowa State University Financial Aid Director  
Pam Elliott Cain – Iowa State University Assoc. Vice President-Business & Finance & Univ. Secretary  
Larissa Holtmyer Jones – Iowa State University Foundation Vice President for Development

**Charge to Committee:** The Board of Regents proposes the following charge for the Board of Regents Student Financial Aid Committee:

- ◆ Propose a five-year plan/model which will result in Board policy to eliminate the use of tuition set-aside and replace need-based grant aid for undergraduate Iowa residents through alternative funding sources, including state grants, foundation allocations, and other appropriate sources. Identify year-by-year action steps.
  - ⇒ The Board requests that the university foundations develop and propose a five-year plan aimed at increasing the annual foundation contribution for student financial aid.
  - ⇒ The Committee will develop strategies which will result in legislative action to create and adequately fund a state financial aid grant program dedicated to Iowa students attending Iowa public universities.
- ◆ Review and discuss current practice of tuition set-aside, including current Board of Regents policy and strategic plan.
- ◆ Collect and analyze other appropriate data and information regarding the need for institutional/state support for need-based grant aid for undergraduate Iowa residents.

**Proposed Timeline:** The Committee will prepare a preliminary report by August 24, 2012 and present the preliminary report at the September 11-12, 2012 Board of Regents meeting. The Committee will revise and edit the preliminary report using Board of Regents feedback at the September 2012 meeting and other pertinent information and prepare the final report by October 4, 2012 and present the final report at the October 24-25, 2012 Board meeting. The report will include a five-year plan/model that identifies alternative approaches to funding need-based student financial aid for undergraduate Iowa residents.