

Universities must increase undergraduate need-based aid over the prior year by 30% of the tuition differential revenue.

In other words, e.g., if University X spent \$1 million on undergraduate need-based aid in 2008-09 and 30% of the 2009-10 differential revenue equals \$300,000, then 2009-10 undergraduate need-based aid must be at least \$1,300,000.

- Whatever is spent on undergraduate need-based aid from all sources in 2009-10 becomes the new base over which the differential revenue will add an incremental increase in the 2010-11 fiscal year.
- If an institution's total undergraduate need-based awards does not meet or exceed the sum of the prior year's undergraduate need-based awards plus 30% of new tuition differential funds, the institution may still be considered in compliance. In such a case, the institution must provide detailed documentation demonstrating that the difference between the threshold (\$1.3 million in the example above) and actual undergraduate need-based awards is no more than can be attributed to a decrease in financial aid fee collections (i.e., enrollment), the direct appropriation for financial aid in the GAA, and foundation endowments that supported undergraduate need-based awards in the prior year.

Universities must maintain the tuition differential-funded financial aid dollars in a separate account.

In order to monitor the distribution of financial aid dollars, the BOG will expect a semi-annual report (at the end of the calendar year and again at the end of the fiscal year) that will provide detail about the most recent term's collection and distribution of tuition differential dollars. To this end, universities will be required to report to the BOG in the fall and spring the number of students currently receiving financial aid awards from the tuition differential funds and the amount of those awards, as well as other financial need and financial aid awards data sufficient to determine the extent to which the differential-funded awards are offsetting the increased unmet need that the tuition differential created.

NOTE:

- 1) Discussion will be held on whether there should be caps on the need-based aid awards provided from tuition differential revenue. For example, if the tuition differential creates an additional \$150 in unmet financial need for 3,000 students, the university must use the financial aid portion of the tuition differential revenues to offset that increased unmet need for as many of the 3,000 students as possible.
- 2) Discussions will continue to be held with university representatives, including financial aid directors, on the implementation of this tuition differential financial aid policy.