

# New Jersey Implements New Requirements for Mandatory Fees for Public Institutions of Higher Education

By Joseph N. Russell, CPA, Partner

New Jersey's public institutions of higher education will soon face new requirements for documenting and tracking mandatory fees charged to students. These new requirements are the result of an audit conducted by the State of New Jersey Office of the State Comptroller of three higher education institutions and their processes for documenting and monitoring the establishment and use of mandatory fees. While the audit findings did not reveal that mandatory fees were not being used for their stated purpose, it did recommend internal controls be developed and accounting procedures be implemented to increase the transparency of the assessment and use of mandatory fees.

## Requirements of P.L. 2019, Chapter 201

Mandatory student fees have long been used as a means for institutions to offset the cost of providing student activities and services. In conducting its audit, the State Comptroller's office reviewed the laws and regulations which apply to mandatory fees as well as each institutions policies and procedures that govern the assessment of those fees. Based on the findings of the comptroller's office the State Assembly enacted P.L. 2019, Chapter 201 thereby signing into law those recommendations. Under the provisions of the bill each institution must:

- Develop a system of internal control to ensure that student fee revenue is used for its intended purpose.
- Assess each mandatory student fee individually and document the justification for any changes in fees.
- Establish separate funds in the institutions budget as a means for increasing transparency over mandatory fee revenue and expenditures.
- Establish accounting procedures to identify expenditure activity related to mandatory student fees.
- Provide a description as to the uses of mandatory student fees including the payment of salaries.

Included in the bill was the requirement that each institution develop and provide to each student a financial aid "Shopping Sheet." The purpose of the sheet is to provide each student with clear information as to the cost of attendance, loans and aid available as well as the estimated level of debt that the student will incur by attending the institution. Requirements of the shopping sheet are to include:

- Total cost of one year of attendance including all tuition, fees and other educational costs.
- The total amount of grants and scholarships awarded to the student.
- The net amount the student will owe for attending the institution for one year.
- A breakdown of all aid programs for which the student is eligible, including loans and work study funds.
- The median borrowing in federal loans at the institution and the average monthly payment over ten years for payment of those loans.
- The percentage of students who have defaulted on their student loans.

- Four-year institutions must report the percentage of students who graduate from the institution within six years compared to the average rate at other four-year public and independent institutions.
- County colleges and proprietary institutions licensed to offer associate degrees must report the percentage of students which graduate their institution within three years as compared to the average rate at comparative institutions

The Secretary of Higher Education is developing a format for the shopping sheet but use of the financial aid shopping sheet developed by the U.S. Department of Education or the Consumer Financial Protection Bureau is considered acceptable.

## Implementation Considerations

The required date of implementation of the new requirements related to mandatory student fees is the first full academic year following the enactment of the bill. For most institutions that will be the year ending June 30, 2021. Many institutions will want to act now to begin documenting procedures and include those procedures in the budget process.

## Contact Us

The Higher Education Practice Group at PKF O'Connor Davies is available should you have any questions about P.L. 2019, Chapter 201 or would like assistance implementing its requirements. We also provide the full spectrum of audit, tax and risk advisory services to public and private institutions of higher education. Please contact any of the following individuals on PKF O'Connor Davies Higher Education team.

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