

State of New Jersey

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

OFFICE OF THE STATE COMPTROLLER
P.O. BOX 024
TRENTON, NJ 08625-0024
(609) 984-2888

PHILIP JAMES DEGNAN
State Comptroller

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Contact: Jeff Lamm
609-633-2377

State Comptroller Audit Finds New Jersey Public Colleges and Universities Rely Heavily on Mandatory Fees

TRENTON -- An Office of the State Comptroller (OSC) audit of three State colleges and universities found that mandatory fees account for approximately one-third of the cost of attending undergraduate school. Despite the heavy reliance on such fees, none of the three schools had established written policies or procedures to govern how mandatory fees are assessed, OSC found.

OSC's audit looked at The College of New Jersey (TCNJ), Kean University and William Paterson University (WPU) and found the three schools charged its full-time undergraduate students more than \$115 million in mandatory fees in Fiscal Year (FY) 2013.

On average, students at the three schools paid between \$3,600 and \$4,600 in annual mandatory fees.

Only one school, WPU, was able to provide documentation to OSC justifying its mandatory fee increases. At TCNJ, school officials told OSC that mandatory fees were not assessed on an individual basis but instead increased at the same percentage as tuition in order to balance the school's budget.

State Comptroller Philip James Degnan said that, while not currently required by law, written policies would improve oversight of the process used to determine when and how mandatory fees are assessed.

"If students are going to be charged thousands of dollars a year on top of their tuition, they deserve to know how their money is going to be spent," Degnan said. "Establishing public guidelines would allow students to determine whether mandatory fee revenue is being used efficiently and for its intended purpose."

State colleges and universities in New Jersey have the power to assess mandatory fees as a means to offset expenditures for various student services and activities. Schools are required, however, to provide "comprehensive information" on the costs associated with such fees as well as tuition.

Combined, the three schools audited by OSC collected 25 different fees, with names such as “student activity,” “technology,” “athletics and recreation” and “student government association.” While each fee includes a description of how the revenue would be used, OSC found that all three schools failed to include “payroll” within those descriptions. Notwithstanding that fact, each school dedicated a portion of its fee revenue toward payroll expenditures and at two of the schools – TCNJ and Kean – payroll represented at least 30 percent of fee revenue.

The audit also found that Kean and TCNJ did not maintain separate funds for each mandatory fee. While not required to maintain such separate accounts, OSC found that the commingling of funds resulted in a lack of transparency about how the funds are spent.

In response to OSC’s findings, both WPU and TCNJ officials said their schools would develop more formal written policies and procedures for mandatory fees assessed in the current fiscal year. All three schools said they would update the fee descriptions on their website to indicate that a portion of the funds could be used toward personnel costs related to the relevant fees.

The audit covered the period of FYs 2012 and 2013. During FY 2013, the State of New Jersey provided approximately \$95 million in appropriations to the three schools.

OSC, an independent State agency, serves the public by conducting audits and investigations of government agencies throughout New Jersey. The Office also reviews government contracts and works to detect and prevent Medicaid Fraud. The Office strives to enhance the efficiency and transparency of government and to ensure public funds are spent effectively and efficiently.

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