Course Fee Guidelines

Introduction

Course fee guidelines have been created to clarify interpretation of the Regents Policy and assist units to appropriately develop and charge course fees. These basic principles should be applied:

- Submission in the Tuition and Fee Request System (TFMS) – fees in the fee request system should be paid to the University (posted by tuition calculation, posted by department, or collected by the department). Fees collected by an auxiliary (e.g. dormitory housing, parking, food service contract) do not need to be recorded in the fee request system unless they are assessed based on course registration. Fees paid by the student directly to an outside entity (e.g. horse stable) should be listed in the course description but should not be entered in the fee request system and submitted to the Regents for rate approval.

- Fee Threshold – course fees should be charged only when the total annual revenue for the fee equals $500 or more. Expenses related to fees with gross revenues per semester of less than $250 do not warrant the administrative investment required to manage them. Fees with 2 years of total annual revenues below this threshold will be denied.

- Rate Development – rates should be developed to recover only allowable expenses. Only direct or assignable direct costs for items essential to the educational outcomes of a course (and applicable to the term of registration) may be included in the rate development. A course fee does not need to track specific costs student by student, but may be calculated in the aggregate based on overall cost divided by the number of students. Costs assignable to a specific student with significant variance between students taking the same course may be more appropriately recovered as a term fee (e.g. hourly rental of equipment). The most important characteristic of a rate development is fairness to the student.

Allowable Course Fees - Examples

Characteristics and examples of allowable and unallowable fees in general groups are listed below:

Supplies

- Allowable:
  - Unique and essential to the course
  - Fully consumed by the student or retained by the student
  - Bought in bulk and charged at a rate representative of the amount used by one student for one term
  - Scientific analysis supplies (a breakage fee may not be charged if replacement/attrition costs are included in a supply fee)
  - Chemicals consumed
  - Art supplies consumed
  - Software licensing when non-standard software use is required for the course
  - Specialized papers and inks for “digital design” printers

- Unallowable:
  - General classroom supplies (whiteboard markers, overhead projectors, paper/toner for general use, etc.)
  - General printing, copying and copyright clearance of materials (including online)
Course Fee Guidelines

Services

- Allowable:
  - Instructor for individualized instruction when NOT paid to a university employee
  - Guest speaker fees
  - Time & travel for guest speakers
  - Models & accompanists
- Unallowable:
  - Salary & fringe for employees paid through U payroll (including course instructors, TAs, “lab” personnel, instructors for individualized instruction, any instructor of record)
  - Fees for refreshments or social activities

Transportation

- Allowable:
  - Transportation for same-day field trips
  - Transportation for overnight trips
  - Gas for use of department-owned vehicle
  - Travel to foreign countries
- Unallowable:
  - Cost to purchase vehicles used for field trips

Specialized Equipment

- Allowable:
  - Specialized equipment with a useful life of 4 years or less (prorated)
  - Calibration or service contracts required on an annual basis (prorated)
  - Maintenance and purchase of musical instruments (prorated)
  - Replacement, repair, and regular maintenance costs for specialized equipment lasting longer than 4 years for engineering & scientific labs
- Unallowable:
  - Purchase of specialized equipment with a useful life of greater than 4 years
  - Depreciation costs
  - Reserve for later purchase of specialized equipment

Learning Abroad

- Allowable:
  - Academic instruction, including instructor salary and travel costs, if charged in lieu of tuition
  - Travel costs
  - Directly attributable administrative expenses
  - Room and board
  - Direct costs of entertainment (e.g., tickets to a performance or museum)

Fees in Lieu of Tuition
A comprehensive fee in lieu of tuition is allowable under Section II. TUITION GUIDELINES, Subdivision 1. Tuition Assessment of the Regents Policy on Tuition and Fees. A fee in lieu of tuition may apply to a specific course. A fee in lieu of tuition does not apply to a specific student or group of students taking a course.

September 23, 2016
Course Fee Guidelines

- Allowable:
  - Fees for zero credit courses (courses for which students register in PeopleSoft but which do not earn University credit – e.g. English as a Second Language).
  - “Comprehensive Fees” that include a tuition component plus an amount for specific additional goods and services unique to the course or program, as long as the total fee exceeds the tuition rate that would otherwise apply.
  - Fees for the College in the Schools program where the allowable tuition rate is calculated by rules set by the State. (This is an exception to the rule stated in the Regents Policy requirement that “the total fee is equal to or greater than the tuition rate applicable to the credits earned.”)

- Unallowable:
  - Fees charged at less than the per credit rate to a defined population (see the ACCOUNTING, Special Cases section below for alternatives).

Institutional Digital Course Material Fees
Beginning in FY2016, a new fee process was developed to manage electronic course materials requested by the faculty through the University Bookstores. These differ from other course fees in that the fee request is initiated by the University Bookstore and routed to the RRC for approval. See Appendix A for a full description of the program and the fee process.

- Allowable:
  - Digital materials that are required by the instructor for participation in a course and not available elsewhere or accessible by from sources other than those provided or authorized by the institution. These materials typically include adaptive learning materials, homework problems, lab manuals, publisher hosted content, etc. These are required fees.
  - Digital materials, typically e-textbooks, which the Bookstore makes available to students below competitive market rates but which could be accessed by the student in ways other than through the Bookstore. These fees have an opt-out option managed by University Bookstores.

ACCOUNTING

Audit Guidelines
The University’s Office of Internal Audit expects to conduct periodic audits of fees. The following recommendations are best practice to help departments avoid audit issues:

- Budget and post expenditures that are supported by course fee income to a unique chartstring distinguished by a distinct Program (e.g. 20585 Credit Inst Course Fee Mgmt) or optional ChartField.
- Ensure that fee income is budgeted and posted in the same chartstring as the expenses and that the chartstring has an appropriate Fund (1026) and Account (see Fund-Account Chart, below).
- Post only expenses allowable by fee policy to the chartstring. Other funding sources may be used in the same chartstring to support fee-related expenses, but total fee-related expenditures should be roughly equal to or greater than fee income.

September 23, 2016
Course Fee Guidelines

Fund and Account

Revenue from fees must be recorded in appropriate chartstrings. Appropriate Fund and Account combinations for course fee revenue are listed below. Account and Fund values are subject to change. Contact the University Financial Helpline at 612-624-1617 to discuss use of Fund-Account combinations not listed below.

<table>
<thead>
<tr>
<th>Fund</th>
<th>Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>1026</td>
<td>402102   Course and Lab Fees</td>
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<tr>
<td></td>
<td>402105   Fees in Lieu of Tuition</td>
</tr>
<tr>
<td></td>
<td>402107   International Program</td>
</tr>
</tbody>
</table>

Special Cases

The guidelines related to fees in lieu of tuition support consistent application of tuition rates for credit instruction. Fees in lieu of tuition should not be set at a rate lower than the per-credit tuition rate, but there are occasions when a college may choose to offer a course at a reduced cost for a defined population. For example, a college may partner with an external organization to present a credit bearing course at an off-campus location for the professional development of a group of employees. The process for assessing tuition may follow one of two paths.

Assessing Tuition for Special Cases

Tuition may be assessed on a per student basis at a negotiated rate that is less than the standard rate:

- The standard tuition rate is billed to each student’s account based on registration. (The department may, but is not required to, register the students.)
- The department sets up a third party contract. The third party contract is set up to be billed for the difference between the total standard tuition amount (the amount assessed based on registration) and the reduced rate. The department funds the third party contract from an EFS chartstring. The chartstring used for the departmental payment should include Account 800101 Dir Tuit Fees Pmt/Waiver. The result is that the net amount charged per student (and received by the University) is the reduced rate.
- The remaining balance on the student accounts may be paid in any of the usual manners, including e-payment, student financial aid, payment by a third party, etc. The tuition for the entire group of students with this arrangement may be paid by the same third party, but the billing is done through each student’s account on a per-student basis.

In the case above, the gross tuition based on registration is distributed via tuition attribution. The negotiated tuition rate is paid by the students or the external party. The reduction in revenue is covered by the department.

Controls

Fee Request Process

All course fees collected by a University department must be submitted for approval by the Office of Budget and Finance and included in the proposed budget submitted for final approval to the Board of Regents. The Tuition and Fee Management System (TFMS) is the tool used to September 23, 2016
Course Fee Guidelines

manage the request, approval and set-up process. Chief Financial Managers (CFMs) are responsible for ensuring accuracy and appropriateness of fee requests. Fee requests must be submitted by the deadlines published during the budget development process each year for consideration for the following year.

In rare cases, it may be necessary to request a fee outside of the standard fee request timeline. Fee submissions entered into TFMS after the deadlines will be addressed through an off cycle request process.

(Exception: fees managed by the Learning Abroad Center and entered directly into the Education Abroad module of the PeopleSoft Student system do not need to be entered into TFMS. These fees will be included in the annual budget submission through a separate process.)

Approvals
Submission to University Budget and Finance by the CFM or designee indicates full approval at the college or campus level. CFMs are responsible for all submissions. Submissions will be reviewed and approved in University Budget and Finance. Fees that pass this first stage of review will be compiled for inclusion in the proposed budget submitted to the Board of Regents. Fees are fully approved and may be implemented only after Board of Regents approval of the proposed budget.

Expectations for Preparers
Fee proposals should be developed in coordination with academic officers. Rates should be developed based on actual or expected costs that are allowable based on the Regents Policy and the guideline published by the University Budget and Finance. Primary consideration should be given to impact on students. Fee request preparers should be ready to answer questions about fees submissions.

QUESTIONS
Contact the Emily Larson (e-lars@umn.edu) with questions.
Course Fee Guidelines

Appendix A: Institutional Digital Course Material Fees

The following information was distributed to RRC contacts and Chief Financial Managers for academic units in August, 2016.

Background
The University Bookstores has been consulting with OIT, University Libraries and Student Finance to develop an efficient way to manage access to and bill students for electronic course materials in response to increased demand by instructors and by students. A process has been developed that follows guidance from the National Association of College Stores (NACS) and has been informed by regulations from the US Department of Education with input from the National Association of Student Financial Aid Administrators, the National Association of College and University Business Officers and other national educational organizations.

At the University of Minnesota, All-Acquire digital course materials available through the Bookstore for which students may be charged fees fall into two categories:

1. Digital materials that are required by the instructor for participation in a course and not available elsewhere or accessible by students enrolled in the program from sources other than those provided or authorized by the institution. These materials typically include adaptive learning materials, homework problems, lab manuals, publisher hosted content, etc.

2. Digital materials, typically e-textbooks, which the Bookstore makes available to students below competitive market rates but which could be accessed by the student in ways other than through the Bookstore.

Fee Process
Course Fees may be used to charge students for either type of digital course materials, but the parameters are significantly different. In both cases, keeping down the cost to students, preserving faculty choice, and improving educational outcomes are significant factors in determining allowable fees.

1. Instructor required digital course materials billed as mandatory course fees: The digital course materials must involve a learning component that cannot be replicated in another way. The electronic course materials are accessed through the LMS (Moodle, Canvas, etc.) and are required by the instructor for successful completion of the course. The Bookstores documents that the electronic materials are not available or accessible by students in another manner. Fee requests are submitted in TFMS by the Bookstores and approved by the college’s RRC contact or designee. Fees are submitted during the annual fee review process when possible but may be submitted as off-cycle requests due to timing issues with instructors identifying course materials closer to the start of the semester and negotiations with vendors. Students do not have an option to opt-out of these materials.

2. Digital course materials billed as course fees with an opt-out option: Access to digital course materials is negotiated by the University with the vendor to provide the materials at a rate below competitive market rates, and electronic access is strongly recommended for success in the course. Electronic access to the materials through the University is not required, and students may opt out of the University-arranged access and the fee. The Bookstores manages the opt-out process, coordinates access with the vendor and coordinates the opt-out option for fee billing. Fees are submitted in TFMS by
the Bookstore and approved by the college’s RRC contact or designee. As with required fees, every effort is made to submit the fees in the annual fee review process, but fees may be submitted as off-cycle requests due to timing issues. The Bookstore coordinates the opt-out option with the colleges and instructors to ensure that students have complete information.

The Bookstore is working with University Budget and Finance, Student Finance, the University Libraries to further refine and streamline the fee process for both types of fees.