

Student Fees

Audit Report # 22-109

January 31, 2023



The University of Texas at El Paso
Office of Auditing and Consulting

"Committed to Service, Independence and Quality"



The University of Texas at El Paso
Office of Auditing and Consulting Services

500 West University Ave.
El Paso, Texas 79968
915-747-5191
www.utep.edu

January 31, 2023

Dr. Heather Wilson
President, The University of Texas at El Paso
Administration Building, Suite 500
El Paso, Texas 79968

Dear Dr. Wilson:

The Office of Auditing and Consulting Services has completed a limited-scope audit of *Student Fees*. During the audit, we identified opportunities for improvement and offered the corresponding recommendations in the audit report. We intend that the recommendations will assist the department in strengthening controls, and help ensure that the University's mission, goals and objectives are achieved.

We appreciate the cooperation and assistance provided by the VPBA, the VPSA, and the Provost's Office staff during our audit.

Sincerely,

A handwritten signature in blue ink that reads 'Lori Wertz'.

Lori Wertz
Chief Audit Executive

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	4
Background.....	4
Audit Objectives	4
Scope.....	4
Strengths.....	4
Challenges	4
BACKGROUND	6
AUDIT RESULTS.....	7
1. Errors in the assessment of student fees are not always detected.	7
2. Many student fee expenditures and transfers are unallowable per Chapter 54 of the Texas Education Code (TEC).....	10
3. The fee approval process is not documented in the Handbook of Operating Procedures (HOP).	12
4. Several nonmandatory fee amounts published in the UTEP Catalog are inaccurate and fee descriptions are not provided.	13
5. Unexpended balances and carryforwards are not monitored.....	14
APPENDIX A.....	18
APPENDIX B.....	19

EXECUTIVE SUMMARY

Background

The University of Texas System (UT System) Board of Regents' Rule 40401 states that all tuition, fees, and other charges will be fixed as prescribed or authorized by statute. The Texas Education Code provides the statutory authority for all student fees.

Audit Objectives

The objectives of this audit are to determine if:

- student fees are properly approved, published, assessed, allocated and expended in accordance with state statutes and UT System and institutional regulations, rules and policies, and
- unexpended student fees are monitored at the end of every fiscal year to determine if the fee is set at an amount that exceeds cost recovery.

Scope

Fee activities for mandatory, incidental, college major, program and course fees in Fiscal Year 2021 and Fiscal Year 2022 through May 31, 2022.

Strengths

The Office of the Vice President for Student Affairs (VPSA) created an online central repository for tuition and fees approval documents to facilitate the monitoring of tuition and fees.

Student Business Services (SBS) conducts an annual meeting with all college administrative officers and other responsible parties to share their summary of new fees and fee increases. The meeting is held to allow departments the opportunity to alert the SBS of any errors prior to the next fee assessment.

Challenges

Student fee management is a high-risk area because fee approvals, assessments, and expenditures are separate functions handled by three different departments and involves many manual transactions.

Summary of Audit Results

Issue	Risk Ranking
1. Errors in the assessment of student fees are not always detected	High
2. Many student fee expenditures and transfers are unallowable per Chapter 54 of the Texas Education Code (TEC)	High
3. The fee approval process is not documented in the Handbook of Operating Procedures (HOP)	Medium
4. Several nonmandatory fee amounts published in the UTEP Catalog are inaccurate and fee descriptions are not provided	Medium
5. Unexpended balances and carryforwards are not monitored	Medium

Conclusion

Based on the results of audit procedures performed, we conclude that stakeholders are unable to monitor fees effectively due to the absence of information from other departments necessary for timely and effective decision making.

We recommend that management designate one department to be accountable for monitoring fee management. In addition, management should provide training and create a master fee template that can be updated every term to assist stakeholders with their duties.

BACKGROUND

The University of Texas System (UT System) Board of Regents' Rule 40401 states that all tuition, fees, and other charges will be fixed as prescribed or authorized by statute ([See Appendix A](#)). There are various types of student fees authorized in the Texas Education Code:

Mandatory fees A fee authorized by statute or the governing board of an institution that is charged to all students upon enrollment, such as the Student Union Fee and the International Education Fee.

Incidental fees Statutory authority to charge incidental fees is granted in Texas Education Code §54.504 (a) Incidental Fees:

“The rate of an incidental fee must reasonably reflect the actual cost to the university of the materials or services for which the fee is collected.”

We audited the following incidental fees in this report per UT System Guidelines:

- **Lab Fees** *A charge in an amount to generally cover the cost of laboratory materials and supplies used by a student.*
- **Course Fees** *Course fees may be assessed to recoup direct instruction costs associated with materials, supplies, equipment and activities that are above and beyond what is required in a typical course and that are necessary to provide a high-quality educational environment for students.*
- **College Major and Program Fees** *College major and program fees may be appropriate when the majority of courses within a particular college or program have a course or lab fee and the department determines that it would be simpler for students to be assessed a composite fee to cover all related expenses for the college and program.*

[See Appendix B](#): UT System Guidelines for Assessing Course Fees, Lab Fees, College and Program Fees and Differential Tuition (Guidelines).

The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards*.

AUDIT RESULTS

A. Fee Revenue

1. Errors in the assessment of student fees are not always detected. High Risk

1.1. Several fees are inaccurately assessed, resulting in overcharges to student invoices or lost revenue for the University.

Fee	Students Overcharged	Students Undercharged
Major Fees	\$130,299	(\$20,942)
Course, Program and Lab Fees	\$26,420	(\$6,700)

*OACS also noted an additional out-of-scope underassessment of \$15,230, and overassessments of \$47,500.

We noted that the current process for requesting, approving, and assessing nonmandatory fees involves several manual processes and different business units. Employees in Student Business Services, the Registrar and the Vice President for Student Affairs (VPSA) work diligently to approve and assess fees accurately, but the process needs to be simplified to reduce errors and increase efficiency. One department is not assigned the responsibility to monitor all fee assessments before student invoices are created.

Students were overcharged as much as \$450/semester, a significant amount that could cause financial hardship and prevent students from graduating or graduating timely. Additionally, the University lost approved fee revenue that cannot be recovered.

1.2. Some mandatory and incidental fee amounts exceed statutory limits, do not comply with UT System Guidelines, or were not assessed every term.

Mandatory Fees

OACS verified that all mandatory fees were assessed accurately except for the Summer 2021 term for the Student Health and Wellness Center Fee.

Per the Texas Education Code Sec. 54.50891. MEDICAL SERVICES FEE; THE UNIVERSITY OF TEXAS SYSTEM COMPONENTS:

“(f) The board shall prorate the amount of a fee charged to a student under this section based on the length of the semester or term for which the student is enrolled.”

Mandatory Fee	Fall Term	Spring Term	Summer Term
Student Health Center Fee	\$14.40	\$14.40	\$14.40

College Major Fees

College major fees are assessed per term instead of per semester credit hour.

UT System Guidelines state:

“College and program fees should be assessed on a per SCH or a full-time/part-time basis and applied only to courses within the applicable college or program. Alternatively, institutions may assess college and program fees on a per semester headcount basis when full-time enrollment is usual and customary.”

New Entering International Student Fee and Add/Drop Fee

The New Entering International Student Fee (\$200/student/semester) and the Add/Drop Fee* (\$7/per instance) were not assessed in Summer 2021.

*The Add/Drop Fee was also not assessed in Summer 2022, which is not in our scope.

Other Incidental Fees

The following fees were approved by UT System but were never assessed:

OIP - Case Management & Processing Fee for J-1 Program (\$125/J-1 Visitor)
Speech-Language Pathology Admission Deposit Fee (\$200/student)

Recommendation:

The University should create a master list of all approved fees every fiscal year and designate one department to be accountable for the overview of fee management. The responsible department should:

- *document all policies and procedures regarding fee management and approval,*
- *monitor fee assessments for accuracy and compliance with relevant statutes, and UT System Guidelines, and*
- *maintain and publish a master list of fees.*

Management Response:

The Vice President for Business Affairs has asked the Office of Auditing and Consulting Services to assist with the creation of a master list of approved fees that will be designated to the AVP for Budget and Payroll Services to maintain and monitor per the recommendation. Student Business Services will process refunds for students who were overcharged. Student accounts will be reviewed and refunds processed prior to the Spring semester.

Responsible Party:

*Joanne Richardson, AVP for Budget and Payroll Services
Charlie Martinez, AVP/Comptroller
Juan Gonzalez, Director Student Business Services*

Implementation Date:

August 31, 2023

B. Unallowable Fee Expenditures and Transfers

2. Many student fee expenditures and transfers are unallowable per Chapter 54 of the Texas Education Code (TEC).	High Risk
---	------------------

2.1. Unallowable payroll expenditures account for over 20 percent of college, program and course fee transactions.

UT System provides specific guidance for nonmandatory fees to assist the University in the determination of appropriate expenditures. The latest guidance was issued in March 2020. The guidance emphasizes that payroll expenses and other normal operating expenditures are not allowed to be paid from course, lab, college major and program fees.

UT System Guidelines state:

“College and program fees should not be assessed to cover any costs relating to the provision of facilities or services required for the general operation of the institution (e.g., salaries and benefits or building maintenance).”

Fiscal Year	Unallowable Payroll Expenditures	Total Fee Expenditures
2021	\$1,232,532	\$4,527,236
2022	\$1,604,120	\$4,860,926

2.2. Unallowable operating expenditures include building and equipment maintenance and recurring operating expenses.

1. Building and equipment maintenance and repairs:

Testing was based on account descriptions, with the following results:

FY 2021: \$82,815

FY 2022: \$39,724

2. Recurring Operating Expenses:

Detailed testing was also performed on a sample selection of recurring operating expenses with the following results:

FY 2021: \$2,192 unallowable of \$13,707 tested

FY 2022: \$15,819 unallowable of \$102,575 tested

The use of major fees for unallowable expenses reduces the amount of fee revenue available to spend on enhancements to the student learning experience that were proposed when the fee was approved.

2.3. Unallowable college major fee transfers to cost sharing accounts for federal grants exceeded \$240,000 in FY 2021 and FY 2022.

For the period of FY 2021 and FY 2022 (Q1-Q3), auditors tested all course, college major, program and lab fee transfers over \$1,000 and found \$244,654 in unallowable transfers. The transfers were made from major fee cost centers to federal grant cost sharing accounts to pay for grant salaries and capital equipment.

Currently, transfers initiated by the departments are approved if funds are available without determining the allowability of the transfer. Most nonmandatory fee transfers are prohibited because these fees are “required to reasonably reflect the actual cost to the institution of the material or services” per the Board of Regents’ Rule 40401.

The Budget Office agrees that student fees cannot be used for grant cost sharing and will work with the departments in question to transfer the cost sharing amounts back to the college major fee accounts.

Recommendation:

UT System Guidelines pertaining to student fees should be distributed and made readily available to relevant parties (such as departmental Chief Administrative Officers) to prevent unallowable expenditures and transfers out of student fee accounts in the future.

Transfers of college major fees to federal grants are prohibited, and the money transferred must be returned to the major fee account to support the student initiatives for which the major fee is intended.

Transfers, if any, should be infrequent. All fee transfers should be routed to a designated responsible party to determine if the transfer is allowable.

Management Response:

Budget and Personnel Services will work on a process to provide additional guidance to College Administrative officers related to allowability of expenditures on student fee accounts as well as monitor and notify CAOs’ of unallowable expenses. The department will also work with U.T. System to determine if some fee funded salaries are allowable based on the fee approval.

The department will also work with the college to move these expenses to their Operating cost center by May 31, 2023. Please note that the total expense from these cost share transfers was \$121,282.92 in FY 2022 and \$14,125.50 in FY 2023. The amount not expensed was returned back to the fee. VPBA will work with Office of Research and Sponsored Programs to develop guidelines to prevent cost shares on unallowable funding sources.

Responsible Party:

*Joanne Richardson, Assistant Vice President for VPBA, Budget and Personnel Services
Monica Rayos, Director, Office of Budget and Fiscal Management
Brandon L Jones, Assistant Director, Employment Data Management*

Implementation Date:

August 31, 2023

C. Fee Approval Process

3. The fee approval process is not documented in the Handbook of Operating Procedures (HOP).	Medium Risk
---	--------------------

UTEP follows a documented fee approval process but has not outlined the process in the HOP as required by Regents’ Rule 40401:

“Each institution shall adopt provisions in the institutional Handbook of Operating Procedures to incorporate institutional procedures for proposing and approving the fees and charges listed in this section.”

Recommendation:

Document the fee approval process in the HOP and include all applicable TEC requirements within the written procedure to ensure compliance with relevant statutes.

The VPSA submitted a draft policy to the UTEP Handbook of Operating Procedures Committee for review and approval during the audit. The policy addressed applicable TEC requirements. The recommendation has been fully implemented.

D. Fee Publication

4. Several nonmandatory fee amounts published in the UTEP Catalog are inaccurate and fee descriptions are not provided.	Medium Risk
--	--------------------

We found that college major fee amounts listed in the catalog are often inaccurate. Course fees and course fee descriptions are not available in the catalog as required by Texas Education Code Chapter 54.0051:

“Each institution of higher education shall include in the institution's online course catalog, for each course listed in the catalog, a description and the amount of any special course fee, including an online access fee or lab fee, to be charged specifically for the course.”

It is difficult for students to understand the total charges they will be assessed without a comprehensive list of course fees and a description of each course fee. Course fee lists were last provided in the catalog in FY 2011.

Recommendation:

Publish a current list of all course fees with fee descriptions in the catalog.

Management Response:

Once the current master list of all course fees and fee descriptions is made available to the Office of Academic Affairs, we will assure that the list is published in or available in one click through the Academic Course Catalog. Two potential methods for this publication are possible: 1) through a link to a public website; or 2) through a custom table within the catalog. We prefer option #1, so that the fees can be kept updated. We recommend that this list be published on the website for Student Business Services and we will create a dedicated link to that list in the course catalog. If the list will not be published on the UTEP website, we will require the list to be sent to us by March 1, 2023, so that the custom table can be prepared for the catalog in time for the targeted publication date of April 3, 2023.

Responsible Party:

Israel Perez, Catalog Coordinator, Office of the Provost

Implementation Date:

April 30, 2023

E. Unexpended Balances and Carryforwards

5. Unexpended balances and carryforwards are not monitored.

Medium Risk

We found several nonmandatory fees with high unexpended balances which may indicate that the fee is too high or that necessary services are not provided, since TEC Section 54.504 states:

"The rate of an incidental fee must reasonably reflect the actual cost to the university of the materials or services for which the fee is collected."

A documented process describing the monitoring process to ensure that nonmandatory fee balances reflect the cost recovery nature of the fees has not been provided or located on the UTEP website.

OACS judgmentally selected 3 course fees and 5 major fees to determine unexpended balances in FY 2021:

#	Fee Description	Unexpended Balance	% of Revenue
1	Economics Course Fee	\$4,350	100%
2	Chicano Studies Course Fee	\$2,846	70%
3	Languages & Ling Course Fee	\$4,595	95%
4	COBA Major Fee	\$407,331	67%
5	College of Education Major Fee	\$181,422	75%
6	Industrial Engineering Major Fee	\$89,818	65%
7	Music Course Fee	\$127,515	81%
8	Public Health UG Major Fee	\$26,694	98%

Large unexpended balances were also noted in some mandatory fee accounts. However, exact balances could not be tested due to commingling of accounts.

Recommendation:

We recommend a written and published process be developed to monitor large nonmandatory and mandatory unexpended balances with an annual requirement for departments to provide formal justifications or action plans to reduce large balances.

Management Response:

The Office of Budget and Fiscal Management will work with VPBA/Comptroller to establish institutional guidelines to monitor and request justification from primary finance/budget contact for each division/college for large nonmandatory and mandatory unexpended balances.

Responsible Party:

*Monica Rayos, Director, Office of Budget and Fiscal Management
Joanne Richardson Assistant Vice President for VPBA, Budget and Personnel Services
Charlie Martinez, Assistant Vice President for VPBA Finance/Comptroller*

Implementation Date:

August 31, 2023

Other

We identified other non-reportable low risk issues in this audit which were discussed with the client.

RANKING CRITERIA

Priority	An issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.
High	A finding identified by internal audit considered to have a medium to high probability of adverse effects to the UT institution either as a whole or to a significant college/school/unit level.
Medium	A finding identified by internal audit considered to have a low to medium probability of adverse effects to the UT institution either as a whole or to a college/school/unit level.
Low	A finding identified by internal audit considered to have minimal probability of adverse effects to the UT institution either as a whole or to a college/school/unit level.

Report Distribution:

University of Texas at El Paso:

Ms. Andrea Cortinas, Vice President and Chief of Staff
Mr. Mark McGurk, Vice President for Business Affairs (VPBA)
Mr. Carlos Martinez, Assistant Vice President and Comptroller, VPBA
Ms. Joanne Richardson, Assistant Vice President, Budget and Personnel Services
Ms. Monica Rayos, Director, Budget
Mr. Juan Gonzalez, Director, Student Business Services
Dr. Gary Edens, Vice President for Student Affairs (VPSA)
Mr. Roy Chavira, Director of Business and Operations, VPSA
Dr. Amanda Vasquez, Assistant Vice President for Enrollment Services
Ms. Nohemi Gallarzo, Registrar
Ms. Mary Solis, Director and Chief Compliance and Ethics Officer

University of Texas System (UT System):

System Audit Office

External:

Governor's Office of Budget, Planning and Policy
Legislative Budget Board
Internal Audit Coordinator, State Auditor's Office

Audit Committee Members:

Mr. Steve DeGroat
Mr. Fernando Ortega
Dr. John Wiebe
Mr. Daniel Garcia
Ms. Guadalupe Gomez

Auditors Assigned to the Audit:

Joanna Tapia, Senior Auditor I
Jannell Ballin, Auditor II
Courtney Rios, Audit Manager

APPENDIX A

RULE 40401: ASSESSMENT, COLLECTION, DELEGATION, AND WAIVER OF TUITION, FEES, AND CHARGES

1. Title

Assessment, Collection, Delegation, and Waiver of Tuition, Fees, and Charges.

2. Rule and Regulation

Sec. 1 Published Fees. Tuition, fees, and other charges will be fixed as prescribed or authorized by statute and the relative debt covenants of the Board and will be published in the institutional catalog with a description of the criteria for any authorized exemptions and waivers.

Sec. 2 Exemptions and Waivers. The authority of the Board of Regents to grant exemptions and waivers from tuition, fees, and other charges in accordance with statute, is delegated to the presidents of the institutions.

Sec. 3 Delegation of Approval of Certain Fees and Charges. Subject to the obligation of the Board to set fees and charges at levels sufficient to comply with the covenants made in the Master Resolution Establishing the Revenue Financing System and in related agreements and debt instruments entered into or issued thereunder, the Board of Regents delegates to the presidents the authority to assess and collect the following fees and other charges, upon a finding by the president that such fees and other charges comply with the requirements of the statute authorizing such fees or charges, including statutory limitations on the amounts of such charges. Each institution shall adopt provisions in the institutional *Handbook of Operating Procedures* to incorporate institutional procedures for proposing and approving the fees and charges listed in this section.

3.1 Approval authority for the following fees is conditioned on prior review and approval by the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs:

1. Fees for Vehicle Registration and Fees and Other Charges associated with parking, as authorized by *Texas Education Code Sections 51.202(a) and 54.505*
2. Matriculation Fee, as authorized by *Texas Education Code Section 54.006(a-1)*
3. Fees Associated with the Option to Pay Tuition by Installment, as authorized by *Texas Education Code Section 54.007(c)*
4. Supplemental Fees for coaching or individual instruction, as authorized by *Texas Education Code Section 54.051(l)*
5. Laboratory Fees, as authorized by *Texas Education Code Section 54.501(a)*
6. Incidental Fees, as authorized by *Texas Education Code Section 54.504* including, but not limited to, course fees
7. Charges and Fees for Certain Payments, related to electronic funds transfer or credit card payment, as authorized by *Texas Education Code Section 54.5011*
8. Fees and Other Charges for rentals, rates, and charges for certain occupancy, services, use and availability of facilities or services including, but not limited to, student housing room and board rates as authorized by *Texas Education Code Section 55.16*

3.2 Approval authority for the following fees is delegated directly to the presidents:

1. Continuing Education or Self-Supporting Course Fees, as authorized by *Texas Education Code Section 54.545*.
2. Elective non-academic charges for goods or services that are not typically required at any point over the course of a student's enrollment at an institution. Examples of such charges include those for theater or sporting event tickets, health center goods and services, or elective recreational activities such as intramural sports or personal training.

Sec. 4 Approval of Method of Payment. **The Board of Regents delegates to the presidents of the institutions the authority to collect the payment of tuition, fees, and other charges in accordance with those methods prescribed or authorized by statute.**

Sec. 5 Student Fees Associated with CIP Projects. In accordance with [Rule 80301](#) of these Rules, Board approval of a Capital Improvement Program (CIP) project shall be obtained prior to the call for a student election to authorize new or increased fees to fund the CIP project.

APPENDIX B

Guidelines for Assessing Course Fees, Lab Fees, College and Program Fees and Differential Tuition

The purpose of these guidelines is to help University of Texas System academic institutions determine when it is appropriate to assess course fees, lab fees, supplemental fees, college and program fees and differential tuition and to help ensure compliance with applicable statutes and Regents' Rules. Institutions may adopt additional or more stringent guidelines. Therefore, you should consult your institutions' policies in addition to these guidelines.

Lab Fees

A charge in an amount to generally cover the cost of laboratory materials and supplies used by a student.

Authority

Lab fees are authorized by Texas Education Code Section 54.501(a) and are limited to \$2 to \$30 per course. UT System Regents Rule 40401 delegates the authority to Presidents to assess lab fees, conditioned on prior approval by the Executive Vice Chancellor of Academic Affairs. Currently, the Office of Academic Affairs reviews requests for lab fees and other non-mandatory fees on an annual basis.

Lab fees can only be assessed for courses that are labeled as a "lab" in the course catalog. Courses that have both a lab and lecture component may charge a lab fee authorized by Texas Education Code 54.501(a) and a course fee authorized under 54.504, and institutions may combine these into one charge for the purposes of student billing as long as the revenue is expended and accounted for properly.

A laboratory is defined by UT System as "a separate meeting time apart from time spent in a lecture." An example of a laboratory class is a class that meets one hour a day for three days of the week for lecture time and then meets an additional one hour in the week for application of concepts learned in the lecture time.

A laboratory fee can only be assessed for materials and supplies. This excludes equipment, maintenance, and salaries.

Fees for Individual Coaching or Instruction ("Supplemental Fees")

Supplemental fees for individual coaching or instruction may be appropriate for courses in art, architecture, drama, speech, or music when this is the usual method of instruction.

Authority

Fees for individual coaching and instruction are authorized by Texas Education Code Section 54.051(l) and are limited to courses in art, architecture, drama, speech, or music. UT System Regents Rule 40401 delegates the authority to Presidents to assess fees for supplemental coaching or instruction, conditioned on prior approval by the Executive Vice Chancellor of Academic Affairs. Currently, the Office of Academic Affairs reviews requests for fees for individual coaching or instruction and other non-mandatory fees on an annual basis. There is no maximum fee, but the Office of Academic Affairs may require justification beyond what is typically required for fees over \$100.00 per SCH. Supplemental fees are to be accounted for as Education and General income.

Course Fees

Course fees may be assessed to recoup direct instruction costs associated with materials, supplies, equipment and activities that are above and beyond what is required in a typical course and that are necessary to provide a high-quality educational environment for students.

Definitions

Materials and Supplies

Materials and supplies include items such as chemicals, gloves, biological specimens, art supplies, food for nutrition labs, and other consumables that are used directly by students within the context of a course. Other instructional materials such as glassware, specialized software (not including "off the shelf" software that is widely available to students), and film and tapes are also included.

Equipment

Equipment includes items used for instructional purposes with direct use by students within the context of a course, including, but not limited to microscopes, musical instruments, video and audio equipment. Equipment does not include general purpose computer equipment, furniture, copiers or networking infrastructure.

Activities

Activities include experiences outside of the normal classroom environment that are required within the context of a course such as field work/placements and field trips, including transportation and entrance fees and other associated costs.

Authority

Course fees are authorized by Texas Education Code Section 54.504 (although they are not explicitly named), which specifies that such fees must reasonably reflect the actual cost to the university of the materials or services for which the fee is collected. UT System Regents Rule 40401 delegates the authority to Presidents to assess course fees, conditioned on prior approval by the Executive Vice Chancellor of Academic Affairs. Currently, the Office of Academic Affairs reviews requests for course fees and other non-mandatory fees on an annual basis. There is no maximum fee, but the Office of Academic Affairs may require justification beyond what is typically required for fees over \$100.00 per student per course.

Guidelines

- For an existing course to assess a fee, the institution should be able to demonstrate that the course exceeded the institutions' typical or "base" cost of delivery (not including faculty salaries and benefits) for at least two consecutive semesters.
- For a new course to assess a fee, the institution should have substantial evidence to demonstrate that the cost of delivery will exceed the typical or "base" (e.g., the course requires field trips, or the consumption of supplies such as biological samples).

- Course, lab, and/or supplemental fees cannot be assessed to cover any costs relating to the provision of facilities or services required for the general operation of the institution (e.g., salaries and benefits or building maintenance), and are not to be used as a major source of revenue.
- Departments should strive to administer course, lab, and/or supplemental fee funds in ways that provide students paying those fees a reasonable opportunity to benefit equitably from the expenditures.
- Fees for supplies that are purchased by the institution in bulk are only encouraged when they will lead to a substantial savings to students over purchasing the supplies individually.
- Departments must fully and accurately document the cost of materials, supplies, equipment and activities associated with each course for which a fee is assessed.
- Institutions are responsible for establishing appropriate financial controls to ensure that fee revenue is expended only for approved purposes.
- Institutions should evaluate course fees annually to make sure they comply with these guidelines and applicable statutes and Regents' Rules.
- Institutions should monitor unexpended course, lab and supplemental fee balances at the end of every.

College and Program Fees

College and program fees may be appropriate when the majority of courses within a particular college or program have a course or lab fee and the department determines that it would be simpler for students to be assessed a composite fee to cover all related expenses for the college and program.

Authority

College and program fees are authorized by Texas Education Code 54.504 (although they are not explicitly named) which specifies that such fees must reasonably reflect the actual cost to the university of the materials or services for which the fee is collected. UT System Regents Rule 40401 delegates the authority to Presidents to assess college and program fees (although not explicitly named), conditioned on prior approval by the Executive Vice Chancellor of Academic Affairs. Currently, the Office of Academic Affairs reviews requests for college and program fees and other non-mandatory fees on an annual basis. There is no maximum fee, but the Office of Academic Affairs may require justification beyond what is typically required for any fee that exceeds \$250 per semester for a full-time student.

Guidelines

- College and program fees should not be assessed to cover any costs relating to the provision of facilities or services required for the general operation of the institution (e.g., salaries and benefits or building maintenance).
- College and program fees should be assessed on a per SCH or a full-time/part-time basis and applied only to courses within the applicable college or program. Alternatively, institutions may assess college and program fees on a per semester headcount basis when full-time enrollment is usual and customary.
- Because college and program fees are used to cover the costs associated with materials, supplies, equipment and activities associated with a particular college or program, additional course or lab fees should only be assessed for special circumstances (e.g., an elective course that requires a field trip).
- Departments should strive to administer college and program fee funds in ways that provide students paying those fees a reasonable opportunity to benefit equitably from the expenditures.
- Departments must fully and accurately document the cost of materials, supplies, equipment and activities associated with college and program fees.
- Institutions are responsible for establishing appropriate financial controls to ensure that college and program fee revenue is expended only for approved purposes.
- Institutions should evaluate college and program fees annually to make sure they comply with these guidelines and applicable statutes and Regents' Rules.
- Institutions should monitor unexpended college and program fee balances at the end of every fiscal year to determine if the fee is set at an amount that exceeds cost recovery.

Differential Tuition

Traditional differential tuition is supplementary to the base tuition rate the university charges and is used to support academic excellence and the high cost of instruction of certain colleges or disciplines (usually business, engineering, and nursing/health sciences). Differential tuition should only be considered for programs where the following conditions are true: (1) the program has higher than average cost of instruction per full-time student, and (2) there is evidence of strong post-graduate outcomes, including job placement and earnings.

Alternatively, institutions may choose to assess tuition and fees differentially for each college/school, based on the associated costs. Under this model, students in colleges that are less expensive to operate will pay a lower rate than students in high-cost programs (e.g., students majoring in liberal arts pay less than those in engineering).

Authority

Differential tuition is designated tuition, and Texas Education Code 54.0513 and 54.008 gives the authority to governing boards to set tuition differentially among programs and levels.

Guidelines

- New tuition differentials that represent more than a 10% increase should be phased in over a period of two or more years, if possible.
- Differential tuition should be assessed on a per SCH basis.

- Institutions may consider assessing differential tuition for upper-division coursework only (or at the point when students declare or get accepted into their major) so that students are not paying higher rates for general education courses.
- Students who pay differential tuition for high-cost programs may not also be assessed college and program fees and should only be assessed additional course or lab fees for special circumstances (e.g., an elective course that requires a field trip).
- Where differential tuition charges are assessed by major, students who double major should be assessed the higher rate of the two programs.
- The intended use of differential tuition is to support the budget needs of the originating department or college.
- Colleges/departments should monitor the effects of differential tuition on underrepresented minority student enrollment in the programs.

If you have any questions about these guidelines, please contact Lydia Riley, Senior Policy Analyst, at lriley@utsystem.edu.