Financial Principles and Guidance for Non-Mandatory Student Fees

These principles are established by the University Fee Committee and intended to support the goals of SPG 601.39, which include promoting **affordability and access** for diverse student participants and providing **consistency and transparency** of student fees. Adherence to these guidelines will strengthen financial controls and ensure fee appropriateness at the unit level.

1. Governance, Documentation, and Education

1.1. Maintain Documented Internal Procedures: Units should develop and document internal policies for compliance with SPG 601.39, including an internal submission and review process up to Dean's office approval. These procedures should also cover aspects such as fee establishment criteria, modification, periodic review, and discontinuation, including an annual review to ensure that fees are not outdated or related classes discontinued.

1.2. Ensure Clarity and Awareness of Roles: Unit leadership must periodically reinforce staff roles and responsibilities concerning student fee administration and reconciliation. Communication with the broader unit community (e.g., faculty, lecturers, and staff) regarding any class/lab fee process or guidance changes should occur periodically.

1.3. Specify Fee Categorization: Units must maintain a clear understanding and application of the defined categories of non-mandatory fees (class/lab fees, on-campus program, off-campus program-study abroad, and off-campus program-domestic). Refer to SPG 601.39.

1.4. Adhere to Record Retention Requirements: Units should develop and share clear directives regarding the retention duration for all student fee documentation. Student fee documentation should be maintained as long as the specific fee or fees are active, and should generally follow SPG 604.01 "Departmental Record Retention for Business and Financial Records." Units are responsible for ensuring fee support sufficiency and retention for future reference and accountability within 604.01 guidelines or any supplemental guidelines within your unit.

2. Fee Establishment and Review Cycle

2.1. Standardize Fee Assessment and Approval: Units should develop standardized procedures for developing, approving, assessing, monitoring, modifying, and inactivating student fees.

2.2. Ensure Timeliness and Use of Correct Forms: Units should use the correct fee request forms for the appropriate fee category, and adhere to any additional fee submission guidelines and deadlines associated with them.

2.3. Provide written justification and cost support for the fee request: Supporting Documents for Submission could include, a) cost analysis that justifies the new fee, such as an estimated budget for the course, b) vendor pricing information or cost estimates based on similar materials, supplies, or services, c) rate calculations based on expenses divided by anticipated student enrollment, and d) historical data on expenses when available.

2.4. Define Cross-Listed/Meet-Together Course Fees: For cross-listed or "meet together" courses, units must clearly designate a lead unit or define the allocation of revenue and expenses and assign reconciliation responsibilities in their fee documentation. The fee request form must specify required approvals from all collaborating units.

2.5. Implement Regular Fee Review and Reassessment: Units must conduct a periodic review (e.g., annual or bi-annual) to ensure fees are not outdated, remain utilized, and align with actual costs and inflation. Fees inactive for several years should be deactivated. The Registrar's Office will also review and schedule for deactivation any fees inactive for 3 or more years. Units should proactively prompt instructors to review and reassess class fees before each term's deadline to enhance accuracy and fiscal responsibility.

2.6. Document and Request Fee Changes: Changes to fees, including increases or decreases, must be formally documented and requested. Class/Lab fees must be requested through the Registrar's Office. Off-Campus Limited Educational Program Fees, including domestic and study abroad fees, are a partially delegated process and should follow the guidelines in SPG 601.39 sections V and VIII, and guidelines and templates maintained by Global Michigan. Off-Campus Program Fees at U-M satellite locations, facilities, or properties as well as On-Campus Program Fees are approved in limited, unique situations, and should be submitted directly to the University Fee Committee via its

email, FeeComm@umich.edu. Specific attention must be paid to documentation for fee changes that meet the established threshold (e.g., class/lab fees must reach a $25 threshold eligible costs minimum, and $10 threshold for change; $60 minimum for program fees).

3. Cost Allowability

3.1. Ensure Cost Allowability: Units must follow specific guidance concerning the allowability of costs for each fee category. The SPG clarifies what is considered an allowable and non-allowable charge for most types of non-mandatory fees. Costs related to hosting, food, or entertainment are not allowable in cost components of class/lab fees unless they have a direct curricular purpose, and are not an allowable expenditure of these proceeds.

4. Financial Management

4.1. Use Distinct Project Grants (PGs), Shortcodes, and Programs as needed for Tracking: To facilitate revenue and expense matching, monitoring, and reconciliation, units should establish a separate and distinct Project Grant (PG) for each class/lab fee to track financial activity and balances associated with that specific fee. This approach helps units clearly match student fee revenue with corresponding expenses. Units should avoid "pooling" different course, lab, or program fees together, as it impairs the ability to match revenues and expenses or determine balances of individual fees. A dedicated, common Program Code used as a common element in a fees chartfield combination may be useful in tracking categories of fees, such as all of your unit's class/lab fees.

4.2. Fees Credited As Revenues: Units must record income from an established course, lab, or program fee as revenue, i.e. not as a negative or contra-expense.

4.3. Manage and Reconcile Surplus Fund Balances: Units are responsible for regularly monitoring the difference between revenue and expenses to ensure that fund balances remain at appropriate levels. The University Fee Committee has provided guidance on how to manage and reduce excessive fund balances. See Guidance to Campus Units for Managing Accumulated Fee Balances. Each unit should establish specific thresholds to identify when surplus carryovers become significant. When these thresholds are met, units should consider reducing or ceasing fee assessments.

5. Monitoring and Operational Controls, reference SPG 500.01 "Fiscal Responsibilities"

5.1. Perform Regular Reconciliation: Units should conduct periodic monitoring and reconciliation of fee financial activity. This monitoring should occur regularly, with a bi-annual (such as Q2 & Q4), by-term, or quarterly cadence, but at a minimum must occur annually.

5.2. Validate Expenses and Revenue: Units must cross-reference revenue against Class Fee Assessment Reports from the Registrar's Office and validate expenses against the budget submitted to ensure appropriate spending.

5.3. Utilize Central Billing Systems for all Activity: Units must ensure that all student fee activity, including the processing of deposits and refunds, is conducted through the university's student billing system to reduce inconsistencies.

5.4. Utilize Available Reports and Tools: Units should routinely use centralized reports, such as the Statement of Account (SOA), Project Grant Reconciler Reports, and Class Fee Reports from the Registrar's Office, to oversee, monitor, and reconcile student fee activities. Units should leverage monitoring reports developed by the Registrar's Office (RO) and Student Financial Services (SFS) to support periodic monitoring. The following reports and tools are used by departments to routinely oversee, monitor, and reconcile student fee activities:

- 5.4.1. **Proposed Class Fee Report:** Distributed by the Registrar's Office prior to each term. Units should review the information on this report for accuracy, including the department, course name and number, amount to be charged, maximum amount approved, and the item type for the fee.
- 5.4.2. **Statement of Account (SOA) Details:** This common report provides transaction-specific details relevant to individual Project Grants (PGs) associated with student fees.
- 5.4.3. **Class Fee Assessment Report from the Registrar's Office (RO):** Published by the RO, this report contains information regarding the fees assessed for various courses.
- 5.4.4. **Cumulative CMB Project Grant Reconciler Report (Business Objects query):** Sometimes used alongside the Lab Fee SOA Detail to reconcile Project Grant balances.
- 5.4.5. **Comprehensive Report (Business Objects):** A detailed report from which data can be summarized, often using pivot tables, for in-depth analysis.

5.4.6. **MReports:** Provides a summary of revenue and expenses, allowing for oversight of fee-related financial activities, trends, balances. Also has excellent Project Grant detail financial reports and projection capabilities.

5.4.7. **eReconciliation:** An MPathways tool used to reconcile transactions and ensure they match unit records.

5.4.8. **Department Reconciler Data SOA by PG:** This report compiles SOA data by Project Grant for department-level reconciliation.

5.4.9. **CMB NonSponsored Reconciler by FundDeptDeptGrpPrgm with Carryforward and Revenue Report (Business Objects):** A reconciler report focusing on non-sponsored funds, including revenue and carryforwards.

5.4.10. **Monthly Projections with Payroll, Financial Aid, & Donor Intent (Business Objects):** Regularly used to keep track of monthly financial status including payroll and financial aid implications for fees.

These various reports provide a comprehensive view of the financial activities related to student fees, allowing departments to effectively manage and reconcile revenue and expenses while ensuring proper allocation and use of fee funds Resources

6. Resources

6.1. University Fee Committee, website

6.2. Office of the Registrar, Class & Lab Fees

6.3. Student Financial Services

6.4. Global Michigan

6.5. Office of Budget and Planning, obpbudget@umich.edu