

**Office of Operations Review & Audit**



**Program Review**

**Special Course Fees  
at University of Wisconsin Institutions**

**March 2005**

## TABLE OF CONTENTS

	<b>Page</b>
Executive Summary	i
Scope	1
Background	1
Discussion and Recommendations	2
Special Course Fee Usage	2
Number and Purposes of Special Course Fees	2
Variation in Types of Special Fee Assessments	3
Updating the Special Course Fee Policy	5
Other Ways to Recover Instructional Costs	5
Special Course Fee Authorization Process	6
Faculty Awareness	7
Delegation of Authority	7
Authorization Forms	7
Publication of Special Course Fees	8
Coordination of Authorization, Publication, and Assessment Processes	8
Financial Activity	9
Fee Assessment and Collection	9
Special Course Fee Accounts	10
Conclusion	11
Appendix	13

## **EXECUTIVE SUMMARY**

The Office of Operations Review and Audit reviewed compliance with UW System Financial and Administrative Policy (FAP) G29, "Special Course Fees," which provides for certain instructional costs to be assessed to UW students. The review included: 1) special course fee policy implementation and possible policy revisions; 2) course fee authorization process; and 3) financial activity and accounting for special course fees.

### **Policy Implementation and Revision**

The number of courses with special course fees varies widely, ranging from 17 courses at one UW institution to over 300 courses at another in spring 2003. These differences are attributed in part to: 1) some UW institutions' attempts to limit the costs that are passed along to students; 2) diverse interpretations of the kind of costs that can be recovered through special course fees; 3) an optional provision in the fee policy relating to certain costs; and 4) the types of courses the different UW institutions offer. The review includes examples of areas in which policy implementation has produced variations in special course fee assessments. Included are suggestions from UW institution staff for how best to clarify the policy. The report also examines other ways to recover instructional costs and recommends that alternative processes be explored, such as: 1) using differential tuition; 2) establishing a systemwide fee; and 3) allowing instruction-related activities to be recovered through segregated fees.

### **Special Course Fee Authorization Process**

The special course fee policy requires that all special course fees be approved in writing by the chancellor or his or her designee. The policy also indicates that the chancellor is responsible for ensuring procedures are developed. The report includes recommendations that UW institutions improve faculty awareness of the special course fee authorization process; consider establishing a committee for the special course fee approval process; and improve coordination of fee authorization, publication, and assessment procedures.

### **Financial Activity**

The review examined financial activity for special course fees to determine whether UW institutions have established adequate procedures for assessing and collecting the fees in compliance with UW System guidelines. While procedures appear adequate in most instances, our review identified the need for improved business practices in several areas: 1) one UW institution allows special course fees to be collected in the classroom, which FAP G29 discourages; 2) some UW institutions do not establish separate accounts for special course fees; and 3) significant cash balances have been allowed to accumulate at some UW institutions. The report recommends that UW institutions assess applicable fees through the student accounts receivable system, when possible; maintain special course fees in accounts separate from other activity; establish fee account reserve policies; and have institutional auditors conduct periodic reviews of special course fee accounts.

## **SCOPE**

The Office of Operations Review and Audit reviewed the special course fees UW institutions assess and collect to cover expenses related to the costs of instruction. Included in the review were an examination and analysis of: 1) implementation of Financial and Administrative Policy (FAP) G29, “Special Course Fees,” including the types and extent of special course fees and compliance issues; 2) other universities’ policies and UW institutions’ suggestions for policy revisions; 3) the fee authorization process; and 4) financial activity in fee accounts and accounting for special course fees.

The review methodology included interviews with a variety of institutional staff and written questionnaires about the special course fee authorization, publishing, and accounting processes. To identify the extent of special fee assessments, the review included a compilation of data on the special course fees each UW System institution assessed for the spring 2003 semester. Samples of special course fees were examined to determine compliance with allowable fee provisions, as well as to ensure that proper documentation was maintained. Special course fee accounts and the related cash balances were also reviewed. In addition, the analysis included information from the UW institutions about the FAP’s adequacy, information about UW and peer institutions’ best practices, and alternative ways to fund additional instructional costs.

## **BACKGROUND**

Special course fees are defined as charges, in addition to the regular instructional fee, that are assessed to all students in a course or are assessed based on student-exercised options, such as optional field trips. The special course fee policy is based on the premise that the usual costs of education are expected to be funded through a combination of tuition and state tax dollars.

The UW System adopted FAP G29, formalizing the assessment of special course fees for credit courses, in 1978; the policy was revised in 1981 and 1991. UW System FAP G29 guidelines establish when special course fees must be charged, may be charged, or may not be charged. The FAP provides brief definitions and examples of required, optional, and non-allowable special course fees, as well as of those costs considered to be personal expenses of students. Included in the policy are the following provisions:

- *Mandatory fees*: The assessment of special course fees is mandatory when the institution incurs costs in addition to the minimum requirements or standard materials made available to all students in a course, such as in the case of student-exercised options or use of additional material.
- *Optional fees*: The assessment of special course fees for some costs is optional. Fees are optional, for example, in the case of private music lessons for non-music major students; materials that result in a tangible product retained by the student; transportation and admission costs on required field trips; and other special or extraordinary costs of certain courses.

- *Fees prohibited:* UW institutions may not assess special course fees for certain costs, such as the cost of the normal level of breakage or consumption of materials, typical duplicated handout materials, or personal expenses of students.

The FAP includes requirements that the chancellor or his or her designee approve the special course fees, that institutions give advance notice of fees, and that institutions use special course fees solely to support the courses involved.

## **DISCUSSION AND RECOMMENDATIONS**

The review examined how institutions have implemented the special course fee policy. This involved a review of how UW institutions have used special course fees, the special course fee authorization process, and financial activity in special course fee accounts.

### **SPECIAL COURSE FEE USAGE**

Some institutions have limited the instructional costs that are passed along to students through special course fees, while others have used a greater number of special course fees. We examined: the number and purposes of special course fees UW institutions have assessed, the variation in assessment of the fees, future opportunities to clarify the fee policy, and other alternatives for recovering institutional costs.

#### **Number and Purposes of Special Course Fees**

Special course fees are currently assessed within a wide range of disciplines, such as agriculture, chemistry, business administration, education, engineering, forestry, human ecology, management, mathematics, natural resources, political science, sociology, theater, and others. Special course fee assessments support a wide variety of instructional costs at various UW institutions. These include the cost of: licenses for on-line homework and quiz sites, computer scoring for testing, administration of and criminal background checks for student teaching and internship programs, recital fees, off-campus facilities for portfolio presentations, dry cleaning for period costumes, makeup kits, model fees, and towel fees. Some UW institutions also assess students a fee for consumable supplies or equipment maintenance and replacement in courses that are not required for a degree.

Our interviews indicate that UW institutions' reliance on special course fees has increased in recent years. Several reasons are cited. First, according to UW System budget staff, departmental supply and expense budgets have generally not increased since the 1991-93 budget year. Second, several UW institutions noted that student expectations for learning experiences have increased. Third, departments rely more on increased use of new technology that may add costs that were not anticipated or incorporated in their budgets. Our review also substantiated an increase in the number of special course fees at some UW institutions, since many authorizations tested were recently approved.

UW institutions' implementation of the special course fee policy has resulted in a fairly significant range in the types and numbers of special course fees assessed. For spring 2003, special course fee assessments ranged from fees in 17 courses at UW-Oshkosh to fees in 323 courses at UW-La Crosse, as the table below indicates. The table provides an approximate

**Approximate Number of Courses with Special Course Fees  
Spring 2003**

UW INSTITUTION	NUMBER OF COURSES
<b>Eau Claire</b>	94
<b>Green Bay</b>	58
<b>La Crosse</b>	323
<b>Madison</b>	78
<b>Milwaukee</b>	122
<b>Oshkosh</b>	17
<b>Parkside</b>	47
<b>Platteville</b>	115
<b>River Falls</b>	100
<b>Stout</b>	126 degree courses; 57 electives
<b>Stevens Point</b>	122
<b>Superior</b>	36
<b>Whitewater</b>	24
<b>Colleges</b>	99

Source: Published class schedules

number of courses with special course fees for spring 2003. It is not possible to provide an exact numerical comparison among the institutions because of differences in how UW institutions interpret the requirement to publish special course fees.

### **Variation in Types of Special Fee Assessments**

A major factor contributing to the wide variation in the number and purposes of special course fees is the optional provision in the FAP. This provision allows UW institutions the option of absorbing certain expenses as instructional costs or assessing fees to students for these costs. These might include certain field trip costs or the cost of materials that result in a tangible product. Other factors contributing to the range in special course fee assessments include the types of courses the different UW institutions offer in support of their unique missions and UW institutions' varying interpretations or application of the fee policy. Some examples include:

- *Student-exercised options and additional material*: Mandatory fees relating to student-exercised options or additional material are applied differently. For example, some UW institutions did not publish fees required for optional field trips. Additionally, students who request placement in student teaching positions outside an area a UW institution serves may be assessed an additional charge for supervision, up to \$850. However, some Schools of Education have not considered these charges to be subject to the special course fee approval process.

- Materials that result in tangible product: Optional special course fees for products retained by students vary widely. In art courses, for example, UW-Superior assesses special fees only for sculpture, ceramics, and photography; other UW institutions, such as UW-Stevens Point and UW-River Falls, assess fees in as many as 30 art courses, including basic drawing, painting, and graphic design. Some UW institutions assess special course fees for tangible products in disciplines other than art. For example, special course fees may support maps produced in geography courses or projects completed in occupational therapy classes at some institutions, but not at others.
- Private lessons in vocal or instrumental music: Applied music courses require a one-to-one faculty-to-student ratio, which increases instructional costs. Several UW institutions assess a special course fee, ranging from \$50 to \$300, to non-music majors for applied music courses; some UW institutions, such as UW-Platteville, do not assess a special course fee to non-music majors. Other UW institutions either do not publish fee requirements or do not allow non-music majors to enroll in applied music courses. UW-Madison's School of Music has addressed the higher cost of applied music by offering private music lessons to non-music majors on a non-credit basis, with separate fees to recover program costs.
- Other special or extraordinary costs: The FAP indicates that special course fees may be assessed for other special or extraordinary costs in courses that are not required for any degree program or when an alternative course is offered with no special course fees. Some UW institutions have interpreted this provision to allow students to be charged for consumable supplies; equipment repair or replacement; or salary costs, such as for lifeguards or art models, when courses are not required for a degree. A wellness course at one UW institution, for example, assesses a special course fee for handouts, test copies, body testing and disposable mouth pieces, while wellness courses at some other UW institutions do not have special course fee assessments.
- Normal level of breakage or consumption of materials: Only one institution publishes an assessment for a refundable breakage fee in its lab classes. Also, special course fees for supply items, such as lab supplies and the cost of commercial experiments, were identified at several UW institutions; these fees are not permissible, according to the policy. One UW institution has identified certain consumable supply items, such as microscope slides or tennis balls used for instructional purposes, as personal expenses which must be supplied by students.
- Typical duplicated handout materials: Some fees, such as for test copies or for "about 200 pages of copied materials," appeared to be for typical duplicated handouts, for which fees are not permissible.
- Personal expenses: In order to provide uniformity, save money through bulk purchases or ensure safety standards are met, the FAP provides that the UW institutions may assess a fee to facilitate providing field trips; items necessary to meet personal health, safety, and dress requirements; and recommended books and incidentals. Personal expenses are published as special course fees by some UW institutions and not by others.

## **Updating the Special Course Fee Policy**

In light of the varying interpretations of the special course fee policy, we examined possible strategies for updating the policy. Interviews with UW institution staff indicated that updating the FAP should be considered to clarify several areas where inconsistent interpretations may have occurred and to provide more relevant examples of allowable special fee assessments. These areas include:

- *Courses required for a degree*: Some UW institutions indicated that there was confusion surrounding whether a special course fee may be assessed in a course that is a degree requirement. Some institutions limit special course fee assessments to those courses that are not required for a degree.
- *Instructional materials*: Several UW institutions indicated that the special course fee policy allowed for certain inequities among institutions concerning textbook rental programs. UW institutions using a text rental program do not always make the principal text available to students through the rental program. Certain disciplines encourage students to maintain professional libraries or are more subject to extensive change from year to year, making it cost prohibitive to maintain the texts in a rental program. As a result, students are required to purchase these texts in addition to paying the text rental fee. We found, for example, that UW-Platteville identified instances, such as the Federal Tax course, in which the principal text was not available through the text rental program; other institutions may not consider this area to be subject to special course fee requirements.
- *Consumable supplies*: While fees for consumable supplies used in activities that result in a tangible product retained by students are allowable special course fees, the FAP does not allow fees for consumable supplies that departments must provide for laboratory use or other purposes. We identified special course fee policies at peer institutions that provide greater flexibility by allowing the cost of consumable supplies to be passed along to students. For example, the University of California System allows fees to be assessed for the costs of: course materials to be consumed, retained or used by the student; the use of University-owned tools, musical instruments or other equipment; or other materials or services necessary to provide a special supplemental educational experience of direct benefit to the student.
- *Updated examples*: The FAP includes an appendix that provides examples of fees that must, may, or may not be charged. Several UW institutions noted that the FAP examples are outdated and should be updated periodically to reflect current technology and other requirements.

## **Other Ways to Recover Instructional Costs**

The assessment of special course fees may result in numerous additional charges, some of which are \$5 or less, to individual students; accounting for these assessments can be time consuming and costly. Various approaches for reducing the accounting process are:

- *Differential tuition:* UW-Stout has adopted an alternative approach to the assessment of many special course fees through its “Access to Learning” fee -- 5% of tuition -- which is used in part for classroom projects, laboratory experiences, and service activities. This differential tuition is used, in part, in lieu of special course fees assessed to students in courses that are required for a degree. A portion of the Access to Learning fee is set aside for allocation to departments with approved special course fees. The fee was created at the request of students who asked that the number of special course fees be reduced through differential tuition. A committee of students and administrators designate the amount of Access to Learning funds to be used for course costs. According to campus staff, this process has greatly simplified management of course fees and provides students with stability in estimating college costs. UW-Stout continues to assess special course fees directly to students enrolled in some courses that are not required for a degree, such as horseback riding and golf.
- *Systemwide tuition increase:* The UW System technology fee is a tuition surcharge that is intended to provide students with additional services in specified technology areas, such as computer labs and improved student access. Instructional costs currently supported by special course fees could be supported through a systemwide tuition increase, such as that used for the student technology fee.
- *Segregated fees:* The California State University (CSU) System includes a fee for instruction-related activities in its campus fees; CSU campus fees are similar to the UW segregated fees. The amount of the instructional fee varies by CSU institution, from zero to \$220 per semester. Each CSU chancellor is authorized to establish and adjust a fee assessed to all regular students for materials, services, and facilities.

Given the wide variation in the number and types of fees the UW institutions assess, as well as differing interpretations of the policy, ***we recommend that the UW System Office of Financial Administration, in partnership with the UW institutions: 1) review and update FAP G29, “Special Course Fees,” to provide relevant examples and clarification of required, allowable, and non-allowable fees, as well as personal expenses; and 2) explore alternate ways of recovering certain instructional costs, such as through differential tuition, a tuition surcharge, or segregated fees.***

### **SPECIAL COURSE FEE AUTHORIZATION PROCESS**

We reviewed the UW institutions’ procedures for authorizing special course fees, including: 1) how appropriate staff are made aware of the UW System special course fee policy; 2) delegation of the chancellor’s authority to approve special course fees; 3) content of authorization forms and record maintenance procedures; 4) publication requirements to ensure students are notified of all special course fees prior to the start of classes; and coordination of the authorization, publication, and assessment processes. The review also included an identification of best practices of UW institutions, as well as other colleges and universities.

## **Faculty Awareness**

Since the need for special course fees to cover instructional costs originates in the classroom, UW faculty awareness of the special course fee policy is a key to ensuring that assessments and collections are not made in the classroom without approval. While some UW institutions rely on the assumption that all faculty, department administrators and deans are aware of the required authorization process based on past practices, other UW institutions notify appropriate staff periodically through memos and emails.

## **Delegation of Authority**

FAP G29 requires that special course fees be approved in writing by the chancellor or his or her designee(s). Generally, the approval process includes a variety of authorized signatures, starting with the instructor, and followed by the department chair's and dean's approval. Final approval usually is assigned to either the provost or chief business officer, although the delegation of this responsibility is sometimes informal and unwritten. Both UW-Madison and UW-Milwaukee assign final authorization responsibility to the various college deans.

Some institutions have formed a campus-wide approval committee. UW-Stout has established a special course fee committee to review and approve each request for a special course fee. A campus audit noted that using a committee has made the approval process more consistent. UW-Green Bay routes special course fee requests through an academic affairs council. Several peer universities have established committees to review and approve special course fees, some also citing more consistent policy interpretations when a committee review process is in place.

## **Authorization Forms**

Most UW institutions have developed a standard authorization form to document the special fee approval, to provide an explanation of why the fee is assessed, and to collect other information. However, at least three UW institutions do not use a standard authorization form; narrative justifications for the fee are completed, which may not include all necessary information. We found several good business practices that could be useful for better documentation of special course fees:

- *Documentation procedures:* Some UW authorization forms include various information, such as: 1) an identification of whether the fee is mandatory or optional; 2) the number of the account into which the fee will be deposited; 3) a spending plan; 4) information about whether the fee will be billed through the student accounts receivable system or collected in class; 5) a notation of whether the primary textbook is provided through the textbook rental service; 6) excerpts from the UW System policy; 7) reference to copyright issues that relate to supplemental material; and 8) an indication of whether the course is required for a degree. One good practice illustrated by several of the UW authorizations is a record that the special course fee authorization form has been sent to the registrar and the student billing office to ensure that all approved fees are published and assessed through the student billing system.

- *Flexible approvals:* Several peer universities establish variable fee authorizations to address changes in the amount of special course fees or changes in the date or location of field trips from one semester to another. Establishing variable fee options recognizes that expenses, such as those for field trips or expendable materials, may fluctuate within a given range over a period of time.
- *Fee review and renewal:* One peer institution requires that all fees be subject to re-approval after five years. We found that special course fees at some UW institutions have not been reviewed since their initial approval, some as many as fifteen years ago. UW-River Falls recently revised its special course fee policy to change approvals for special course fees from an indefinite period to a three-year renewal period.
- *Central file:* Most UW institutions have designated one office to be responsible for maintaining the central file of special course fee authorization forms. Several UW institutions, however, were unable to locate some authorization forms we requested for review, since many of the authorizations date back many years.

### **Publication of Special Course Fees**

The FAP requires that “in all instances where special course fees are approved, students must be advised prior to registration that they will be expected to pay additional costs above institutional instructional fees. Required special course fees must be clearly specified in the university catalog/bulletin and/or timetable/class schedule.” All UW institutions publish special course fees in the class schedule. Class schedule information generally originates with UW departments, and efforts to keep students informed about fees are not uniform. For example:

- Some UW institutions notify students that additional fees will be necessary for personal expenses, such as additional texts, additional equipment, or supplemental materials. However, other UW institutions do not publish out-of-pocket costs.
- Some UW institutions publish required field trips without designating whether students are to pay field trip costs or whether those costs are covered by the department budget.
- At least two UW institutions do not publish the amount of the special course fees; students are notified only that special fees are required.
- UW institutions have different interpretations of which fees are subject to the special course fee approval and publication requirements. For example, several UW institutions have not traditionally considered some fees relating to clinical experiences or internships to be special course fees and, therefore, do not publish them as special course fees.

### **Coordination of Authorization, Publication, and Assessment Processes**

The special course fee process requires coordination of several different processes -- fee authorization, publication, assessment, and collection. Several UW institutions have established procedures to periodically compare approved fees with published fees and then with fees actually

assessed and collected. At both UW-La Crosse and UW-Superior, for example, the bursar is assigned responsibility for reconciling published fees to special course fee approval documents. However, we found that a number of institutions need to improve coordination in this area. For example, 21 special course fees were published at one UW institution for Sports and Recreation Department classes offered during spring 2003, but the fees had not been approved through the campus special course fee process. Also, the special course fees published for another UW institution had not been updated and did not agree with special course fees assessed to students.

In order to meet the authorization and publication requirements of FAP G29, *we recommend that UW institutions improve the special course fee authorization process*. Depending upon the institution, possible changes include: 1) periodically providing information about special course fee requirements to appropriate staff through a Web site, administrative manuals, annual handouts, or other means; 2) establishing a committee for the special course fee authorization process; 3) using special course fee authorization forms that include information that assists in policy implementation; 4) using renewal periods for fee re-authorization; 5) maintaining authorization forms in an accessible manner; 6) publishing fee amounts in class schedules; and 7) establishing procedures to compare authorized, published, and assessed special course fees.

In addition, as a good business practice, *we recommend that the UW System Office of Financial Administration: 1) develop a standard special course fee authorization form as a model for UW institutions; and 2) include the form in FAP G29*. The standard form could be developed using appropriate components of other universities' forms as a model.

## **FINANCIAL ACTIVITY**

We reviewed financial activity for special course fees to determine whether UW institutions have: 1) limited the actual collection of cash in the classroom; and 2) managed special course fee accounts to support the classes for which the fees are assessed. This review included the fee assessment and collection process, the accounts established to maintain special course fee revenue and expenditures, and cash balances in these accounts.

### **Fee Assessment and Collection**

FAP G29 notes that collection of special course fees in the classroom is discouraged. We found that the majority of special course fees are assessed to all students enrolled in a course. Most UW institutions assess these fees through their student accounts receivable system; courses are flagged with special course fee indicator codes, and enrollment in the class automatically assesses a special course fee. UW-Madison, on the other hand, allows these fees to be collected in the classroom.

Some fees that will be assessed for student-exercised options or additional material are unknown at the beginning of classes. Since most UW institutions make additional material available for certain classes or offer optional field trips, some students would be expected to pay fees throughout the semester. Although at least one UW institution uses the student accounts receivable system to individually invoice special course fees for these students, other UW

institutions report that these fees are not deposited with the university cashier. We question whether some UW institutions have established adequate controls over these fees without centralized collection and billing.

### **Special Course Fee Accounts**

The FAP requires that special course fees be used solely to support the courses for which the special fee is assessed. We found that most UW institutions establish separate special course fee accounts for each department or course to ensure compliance and documentation. However, three UW institutions combined special course fee deposits with revenue generated from other activity, making it difficult to verify whether the amounts collected for special course fees were expended for the benefit of students who paid those fees. Special course fees are generally deposited to Fund 128 (auxiliary operations) accounts, although at least two UW institutions use other funds for some special course fee activity.

The FAP states that special course fee funds should be administered “in ways that provide students paying those fees a reasonable opportunity to benefit equitably from the expenditure of the fee funds.” We reviewed cash balances in special course fee accounts over a three-year period to determine whether cash balances have been allowed to accumulate; this could indicate that the fees have not been spent for the benefit of the students paying the fees or that fees charged are higher than necessary.

Cash balances are related, in part, to the extent of activity in these accounts. This activity varies based on the number of classes using the same account, number of students enrolled in these classes, and amount of the special course fee. There is a wide range of cash balances in special course fee accounts. For example, selected UW-Eau Claire special course fee account balances ranged from a deficit of \$5,587 to a balance of \$45,898 as of June 30, 2002, while UW-LaCrosse balances ranged from a deficit of \$9,020 to a balance of \$31,953.

While balances in the accounts may fluctuate, we identified some accounts at various UW institutions that maintained large cash balances or consistent deficits. For example, a comparison from one year to the next shows that the account balance for one physics special course fee was \$49,531 on June 30, 2001 and \$31,953 on June 20, 2002. A chemistry lab manual account balance was \$19,096 as of June 30, 2001 and \$18,907 on June 30, 2002. We also identified instances where special course fee accounts maintained deficit cash balances over a several-year period.

Many UW institutions do not have a written policy to address reserves in special course fee accounts. Although special course fees are generally maintained in Fund 128 accounts, these are not considered to be auxiliary activities subject to reserve policies established through FAP 43, “Financial Management of Auxiliary Operations.” Staff at several institutions reported that the business office or departments informally monitored account balances during the budget process.

Several other UW institutions have addressed special course fee reserves through written policies. UW-Milwaukee, for example, has established a procedure governing special course fee account balances that requires a questionnaire to be completed when an account has a projected

ending cash balance that exceeds 15% of annual expenditures and is greater than \$10,000, or when the projected ending cash balance is negative. The procedure includes providing a plan for how the balance will be reduced, such as reducing future user fee rates, holding rates constant, or increasing expenditures by expanding services.

Policies established at other universities to address special course fee account balances include the following:

- The University of Arizona limits the account balance to 20% of the annual fees collected as an operating reserve. If account balances exceed this limit, the excess must be approved by the university fee committee and the fees must be adjusted (eliminated, reduced or deferred for a period of time) to bring balances to within appropriate levels.
- Colorado State University requires that the fund balance approximate zero. If fund balances are in excess of 10% of revenue at fiscal year end, a justification must be submitted to the special course fee committee, along with a plan for managing the balance.

While the FAP dictates that special course fees be reviewed on a regular basis as part of academic fee audits, we found that many UW institutions had not recently conducted reviews. UW-Superior, Stout and Platteville are among the institutions to have recently conducted reviews of their special course fees. ***We recommend UW institutions ensure proper accounting and auditing for special course fees.*** This includes: 1) ensuring adequate controls are established for the collection of special course fees; 2) maintaining special course fees in accounts separate from other activity; 3) establishing fee account reserve policies; and 4) having the institutional auditors conduct periodic reviews of special course fee accounts.

## **CONCLUSION**

UW institutions have assessed and collected special course fees since the special course fee policy was implemented in 1978. UW institutions have interpreted various fee provisions differently and, as a result, the assessment of fees throughout the UW System is not consistent. Also, the policy relies heavily on examples of allowable and non-allowable fees. With increased technology and other requirements, some of the examples have become outdated and are in need of revision.

While UW institutions have established certain procedures relating to the fee authorization and notification requirements, improvements could be made at some of the UW institutions. Additionally, accounting for special course fees could be improved at some of the UW institutions. As a result, we have recommended UW institutions:

- improve the special course fee authorization process; and
- ensure proper accounting for special course fees.

In addition, we have recommended that the UW System Office of Financial Administration, in partnership with the UW institutions:

- review and update FAP G29, “Special Course Fees,” to provide relevant examples and clarification of required, allowable, and non-allowable fees, as well as personal expenses;
- explore alternate ways of recovering certain instructional costs, such as through differential tuition, a tuition surcharge, or segregated fees; and
- develop a standard special course fee authorization form as a model for UW institutions, and include the form in FAP G29.

## APPENDIX

# FINANCIAL AND ADMINISTRATIVE POLICIES

## SPECIAL COURSE FEES (G29)

*Revised: December 23, 1996*

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### I. Overview

The Board of Regents of the University of Wisconsin System is empowered to establish special course fees under the provisions of section 36.27(1) of the [Wisconsin Statutes](#). The intent of this paper is to formalize the UW System policy on assessment of special course fees for credit courses.

### II. Policy

Special course fees are defined as charges in addition to the regular instructional fee, segregated fee and tuition. These fees are assessed to all students in a course or are assessed or directly collected from individual students based on student exercised options.

In general, for courses required for degree completion, students should only be charged a special course fee for those items which would not reasonably be included in instructional fees. Special course fees, where approved, must be used solely for support of the courses involved. All institutions must strive to administer the special course fee funds in ways that provide students paying those fees a reasonable opportunity to benefit equitably from the expenditure of the fee funds. Difficulty in securing adequate regular budget support shall not be the determining factor in the decision to charge selected students a special course fee.

In all instances where special course fees are approved, students must be advised prior to registration that they will be expected to pay additional cost above institutional instructional fees. Required special course fees must be clearly specified in the university catalog/bulletin and/or timetable/class schedule.

### III. Guidelines

- A. Special course fees **MUST** be charged in the following situations:
  1. When a student exercises an option to participate beyond the minimum requirements of a course which results in additional supplies and expense (S&E) costs to the institution.

2. When a student consumes the standard resources provided to all students to complete course requirements and requires additional resources to complete the requirements OR upgrades the materials used to complete the requirements.
- B. Special course fees MAY be charged in the following situations:
1. For private lessons in vocal or instrumental music to all non- music major students enrolled for private lessons. This fee may also be assessed to music majors who elect to take additional lessons beyond the major degree requirements; OR
  2. For materials that result in a tangible product that is retained by the student in a credit course; OR
  3. For transportation and admission costs incurred on field trips required in credit course instruction; OR
  4. For extensive instructional handout materials that are clearly a replacement for a principal textbook or substantial reference material for a course (applies only to institutions without a Textbook Rental Program); OR
  5. For supplementary textbooks and resource materials (applies to institutions with a Textbook Rental Program); OR
  6. For other special or extraordinary costs of a course:
    - a. which is not a requirement for any degree program OR
    - b. when an alternative course is offered with no special course fees.
- C. Special course fees MAY NOT be charged in the following situations:
1. For the normal level of breakage or consumption of materials purchased by the University for direct use by students in activities that are integral to credit course instruction; OR  

Key and similar type deposits may be required in order to insure the return in reasonable condition (normal wear and tear excepted) of University equipment and supplies temporarily assigned to the student.
  2. For health and/or safety equipment required in carrying out course activities; OR
  3. For typical duplicated instructional handout materials; OR
  4. For computer and other laboratory equipment usage, primary software, maintenance and related supplies; OR

5. In general, for activities related to required credit-course instruction not identified in A. or B., even though these course activities represent special or extraordinary cost
- D. The following items are considered to be PERSONAL expenses of students.
1. Food, lodging and incidentals on all required field trips.
  2. Transportation to sites related to student teaching, clinical assignments and other types of practicums.
  3. Personal health, safety and dress requirements related to instruction.
  4. Recommended books and incidentals.
  5. Required books, publications and instructional software templates for those institutions without a Textbook Rental Program.

A special course fee may be assessed to students to facilitate the acquisition of items 1., 3., and 4. above.

Examples of when a special course fee must, may and may not be charged are outlined in [Appendix I](#).

#### IV. **Procedures**

All special course fees must be approved in writing by the Chancellor or designee(s). The Chancellor is responsible for insuring that these policies are observed and for developing procedures at each institution. Exceptions may be authorized by the Chancellor or designee.

Collection of special course fees in the classroom is discouraged. Except in those instances where payments are more appropriately paid directly to vendors, special course fees assessed by the university must be deposited to and expended from state accounts. Special course fees will be reviewed on a regular basis as part of the Academic Fee Audit.

History: This paper was first issued in 1978 and revised in 1981.

#### FAP - Special Course Fees (G29) Appendix I

EXAMPLES (keyed to policy's paragraph numbers):

A. Special Course Fees **MUST** be charged in the following situations:

1. A geology course has an optional field trip to view glacial formations.

2. In an art course dealing with metal working, a student elects to make a piece of jewelry out of a precious metal, such as gold, rather than the supplied aluminum.

An art student is required to prepare two weavings for a course and is provided materials to complete the project. The student decides to complete an additional weaving.

B. Special Course Fees MAY be charged in the following situations:

1. A non-music major is taking private piano lessons.
2. A student is taking an art course where the use of leather results in a belt kept by the student.
3. A student is taking a course where the course involves a required bus trip and admission to a museum.
4. A magazine subscription is required for a radio/television course due to changing technology.
5. The principal text for a geography course is provided through the Textbook Rental Program. The geography department provides a supplementary map book to students that the students will retain.

A chemistry lab manual is used by the students to record lab results.

6. a. A student is required to take a physical education course as a degree requirement. The student elects to take a scuba diving course to satisfy this requirement. The Phy Ed department contracts with a local vendor for air tank filling and for rental of the equipment necessary for each student. The scuba diving course is not required for any university offered major/minor.  
  
b. A student is required to take a physical education course as a degree requirement. Horseback riding is offered with a special course fee. Golf is an acceptable alternative course which meets the degree requirement and is offered with no special fee. A special course fee may be charged for horseback riding.

C. Special Course Fees MAY NOT be charged in the following situations:

1. Breakage fees beyond normal wear and tear for glassware for students enrolled in chemistry courses.
2. OSHA equipment requirements of safety shields, respirators, eye wash equipment, etc.
3. Duplicated materials such as assignments, syllabi, etc.

4. Computer access required in an accounting course.  
Use of a CAD/CAM or LOTUS software program in an architecture course.  
Use of a chemistry laboratory.
5. Specimens for a biology course.

D. The following are PERSONAL expenses of students:

1. Lunch on a required field trip.
2. Bus fare for clinical nurses to travel to local hospitals.
3. Gymnasium dress for physical education classes.  
Health and safety supplies such as ear plugs, hairnets, goggles, microshields, etc.
4. Calculators recommended in a math course.
5. A specific LOTUS template used in an auditing course containing course related problems which replaces a workbook.