PURPOSE

This policy establishes criteria for accounting, monitoring and reporting on class fees and class fee balances, and is intended to support academic units as they monitor and adjust class fees to meet applicable requirements. This policy aims to ensure continuous awareness and alignment of student benefit with student payment while providing a mechanism to ensure that class fees are used for the specific purposes for which they were approved.

SOURCE

University policy
Arizona Auditor General Report #18-101
ABOR 4-105 Fee policy (Section C. Class Fees, Sub Section 5 b)

DEFINITIONS

Annual expendable purpose: The purpose for which a class fee is collected. This purpose is only acceptable if the student receives a benefit limited to the time in which they enrolled in and attended the class. Examples include expendable/consumable materials, special instructional support, and group travel.

Class fee balance: The amount remaining after adding available class fee resources and subtracting class fee expenditures. The class fee balance is cumulative, in that any class fee balance at the start of the academic year shall be used to derive the available resources for the year.

Intentional accrual: Class fees collected for the purpose of purchasing materials in an academic term that will benefit students across multiple, future academic terms. Examples include specialized equipment or technology with a useful life greater than one academic term.

Unique accounting string: An attribute, or combination of attributes, within the financial reporting system that can be used to report on information specific to a class fee’s cumulative deposits, expenditures, and balances.

POLICY
Class Fee Uses

Class fees may only be expended for the specific uses presented at the time of approval by the University and the Arizona Board of Regents.

Benefit and Timing of Class Fee Expenditures

Class fees must benefit the student paying the fee during the term the student is taking the course to which the fee applies.

Intentional Accruals

Intentional accrual of class fees is allowed so long as the details of that budget and plan are disclosed at the time of requesting the class fee.

Accounting

The revenue collected from each class fee must be deposited into one or more unique accounting strings that can be separately identified and tracked. Deposits from multiple class fees may not be commingled at any time. Class fees approved for annual expendable purposes will have revenue deposited into a separate accounting string from class fees approved for intentional accrual, even when they are collected for the same class. Class fee expenditures may only be used to further the purposes for which the class fee request was approved and must be coded against the unique accounting string or accounting strings associated with the class fee deposits. Class fee revenue, balances, or activity must not be transferred to other unique accounting strings without University Budget Office approval.

Monitoring

The University Budget Office will periodically monitor class fee fund revenue, expenditures, and balances throughout the fiscal year. At the end of each fiscal year, the University Budget Office will review all class fee balances and take action as described in the reporting section. All class fee
accounting strings will be subject to periodic audit and compliance reviews conducted by the Comptroller’s Office.

### Reporting

If, at the end of each fiscal year, a class fee balance is determined to be outside of acceptable variance parameters, the responsible academic unit will be required to complete a Class Fee Balance Justification Form.

Acceptable variance parameters for expendable class fee balances:

- End of year balance less than 50% of annual revenue AND less than $300 -OR-
- End of year balance less than 15% of annual revenue

Acceptable variance parameters for intentional accrual class fee balances:

- End of year balance less than 300% of annual revenue AND an intentional accrual period identified as two years or less -OR-
- End of year balance less than 600% of annual revenue AND an intentional accrual period identified as greater than two years

If, during audit or compliance review, there is reason to believe a class fee needs further review, the Class Fee Balance Justification Form and/or other follow up reporting may be required.

### CROSS REFERENCE AND TOOLS

NAU Course/Program Fees Webpage