



Applies to:	LSA Faculty and Staff
Related Policies:	N/A
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Owner:	LSA Budget and Finance
Primary Contact:	Sr. Finance Manager

This document outlines the general guidelines and procedures for establishing lab fees. The process should be simple, transparent and equitable such that administrators are not discouraged from implementing appropriate lab fees.

- Tuition revenue (i.e., the General Fund) does not support non-routine consumable costs associated with specific classes. Fees may only be applied to courses with non-routine consumables.
- Students pay the same for equal levels of service across all LSA departments. No incentives should exist to choose a similar class in one department over another because of differences in lab fees.
- The lab fees policy should be transparent and easily understood by the departments, Provost's Office, and Registrar's Office.
- The policy should be clear so that it can be communicated easily to anyone, including the public.

Departments can establish their fees in one of two ways:

1. Faculty Instructor Provides the Budget – the lab fees are set to support the full cost of the materials, goods or services the faculty identify as needed to run the class; faculty proposal must be deemed reasonable by the department.
2. Department Provides the Budget – the lab fees are set based on a reasonable per person fee; faculty must manage within the stated budget; department may decide to supplement course fee income to cover costs.

Points for consideration:

- Is there a choice between expensive state-of-the-art materials and lower cost but still adequate materials?
- Can materials be borrowed vs. purchased?
- Can advance planning reduce costs?
- Are fully loaded fees prohibitive for students?

Criteria

Allowable Items

Non-routine consumables used exclusively for classroom purposes should be charged as lab fees. Consumables are defined according to federal guidelines. Specifically:

- The per item cost is less than \$5,000
- The replacement schedule is less than five years

Disallowed Items

The following are specifically *excluded* from lab fees:

- Routine classroom supplies such as copies of syllabi and blue books
- Infrastructure (rent and utilities)

Quick Reference Chart		
Allowable Consumables that represent pure marginal costs associated with a specific course	Unallowable Costs that are assumed to be part of the tuition fee, including instruction, facilities and administrative overhead	Must be justified Unusual marginal costs
* Consumable laboratory supplies	* Department overhead, such as telephones & lights	* Equipment fully consumed within a course
* Printed materials (e.g. lab experiments, case studies)	* Instructional costs (e.g. classroom instruction, help desk, graders)	* Extraordinary copying charges
* Goods that are retained by students (e.g. videos, reference materials, software)	* Incidental costs associated with running any class (e.g. copying exams, equipment not fully consumed within a course, research lab equipment, office equipment)	* Inflationary increases that exceed the CPI
* Maintenance and repair equipment used exclusively for classroom purposes		
* Transportation (e.g. bus/travel cost to play or film)		
* Admission fees (e.g. tickets to a play)		

Lab Fee Ranges

Basic Calculations

Each lab fee proposal may include a range, as follows:

(1) **Establish the lower end of the range**

Calculate minimum fee using a cost-based justification. Cost based justification should include:

- All allowable items per the above criteria. Unusual items must be justified and explained in a memo or notes.

- b. Divide the total allowable costs by estimated total enrollment. Department has discretion to set fees on a course-by-course basis or in aggregate for the department.
- c. Result is the lower end of the fee range.
- d. Departments have the option of reducing the lower end of the range if the lower end represents a substantial increase over existing fees. In that case, departments may propose to phase in the higher fees.

(2) Establish the upper end of the range

Increase the minimum by a 10% standard contingency; inflate the increased amount by an estimated five-year inflationary rate. The overall five-year inflation rate from 2011 to 2016 is 6.5 % (that is, one 2011 dollar had the buying power of \$1.06 in 2016). The result is the upper end of the range.

Example Calculation	
Course Related Expenditures	
Laboratory Supplies (beakers, chemical compounds, antidote)	\$3,000
Transportation (class field trips to Dow Chemical)	5,000
Copyright permissions from author and copies	<u>12,000</u>
TOTAL CONSUMABLES	\$20,000
Estimated Number of Students (avg. of 25 per section times 2 classes of 20 sections ea)	1,000
Minimum Course Fee (average cost per student)	\$20
Contingency (10%)	\$22
High End of Range (contingency rate times 6.5% 5-Year Inflation Rate rounded)	\$23
PROPOSED LAB FEE RANGE:	\$20 to \$23

Procedures (New Lab Fees):

The requesting department must have an open Project Grant intended solely for the use of the lab fees to complete the Request for Approval of Class Fees form.

If you need to open a new Project Grant, complete a "Non-Sponsored Project Grant Request eForm," which is available at the [Shared Services Center](#), with the following parameters:

- A separate Project Grant is required for each Lab Fee

- *The Project Grant must include “LAB FEES” in the title (ex. Lab Fees – BIOPHYS100)*
- *The Program code should be LDPRG (Departmental Programs) The Fund must be 10000 (General Fund)*

1. Complete the Request for Approval of Class Fees form located on the Registrar’s website or by using the attached link: <http://www.ro.umich.edu/forms/req-lab-fee-form.pdf>
2. Send the completed package to your Financial Analyst in the LS&A Dean’s Finance Office
 - Your package must include supporting documentation detailing the nature of the request and a cost base analysis for the lab fee (as described above)
 - If there are any questions relating to the request, the Dean’s Office will follow up with the **contact person** identified on the request form
 - Upon approval, the Dean’s Office will forward your completed package to the Office of the Registrar Office of Tuition and Fees. The *University Fee Committee* has final approval.

Request Due Dates

The Registrar’s Office publishes deadlines for submission of all class fees. The College of LSA requires all LSA units establishing or updating class fees submit a completed request packet to your Financial Analyst in the LSA Dean’s Office at least 45 days prior to the first day of registration. These College specific deadlines are noted below based on the current dates for when registration begins.

Lab Fee Request Due Dates for the College of LSA:

- Spring/Summer/Early Fall Term: February 15
- Final Fall Term: February 15
- Winter Term: October 15

Renewals

Departments should submit renewal requests at least every five years, since original proposals include five years for inflation. Cost changes may happen that are outside the rate of inflation and may result in a renewal request before five years.

For renewals, departments can either:

(1) Provide actual data indicating that current lab fees are appropriate based on historical revenues and expenditures; or

(2) Re-calculate the fee amount using the cost basis methodology, as described above. Procedurally, the department will need to submit a new Request for Approval of Class Fees form and supporting documentation to your Financial Analyst in the LS&A Dean’s Finance Office.

FAQ's

1. *What happens after the request is submitted to the University Committee on Fees?*

The *University Committee on Fees* has final decision making authority. If your request for the new lab fee is granted, the committee will forward your information to the Registrar, *Office of Tuition and Fees*. The *Office of Tuition and Fees* will set up the new lab fee in the University systems, which ultimately feed the necessary sources for course information and printed documentation.

2. *Does the department have an opportunity to review/revise their current lab fees prior to the start of the term?*

Yes. The *Office of Tuition and Fees* will email to the department contact person and the LS&A Dean's office, the Proposed Lab Fee Report. Adjustments to the chartcom should be sent directly to the *Office of Tuition and Fees* using the request form. Adjustments that include increasing the lab fee must adhere to the aforementioned policy and procedures.

3. *What are some of the department's fiscal responsibilities associated with lab fees?*

As is the case with any funds appropriated, collected or received, the department is responsible for ensuring proper controls and reporting are in place to monitor and reconcile activity associated with lab fees in accordance with the established policy. Specifically, Project Grants designated for lab fees should only have acceptable revenue and expense activity based on the policy.

4. *What happens if the course is cross listed?*

All revenue collected for lab fees is attributed to the chartcom string provided on the request form. If both departments have an established lab fee, funds collected from the lab fees are attributed to the home Department.