

## The Division of Business & Finance

### Annual Survey of Fees 2008 - 2009

#### Background Information and Timelines

On July 23, 2002, the Division of Business and Finance issued a memorandum regarding the “New State Board Policy Regarding Fees” (see CC02-150). This memorandum was an attempt to explain the rules governing the collection and use of a new “Computer Use and Technology Fee”, and the collection and use of specific, student activity and parking fees. As you will recall, the new policies gave great flexibility to local college Trustees and Presidents in the retention and expenditure of the receipts generated from the fee charges.

Pursuant to 23 NCAC 2D.0201(c) states in part “*The president<sup>1</sup> shall report any optional fee established by the board of trustees to the System Office’s Division of Business and Finance Division on an annual basis.*” Optional fees are defined as specific, student activity, computer use and technology and parking fees.

The Memo of July 23<sup>rd</sup> states that “the Division of Business & Finance will establish...the timeline for reporting to the State Board.” The Division has established December of each year as the reporting period, with the annual report made to the State Board in January or February. Therefore, this survey is the sixth annual report of fees.

#### Current Procedures

State Board policy regarding all four types of optional fees permits the retention and expenditure of receipts collected therefrom locally. Two of the optional fees (Computer use and Technology Fee, Specific Fees) are to be placed in a restricted “Institutional Fund” account, while the other two fees (Student Activity, Parking) are to be placed in a “Proprietary Institutional Fund” account.<sup>2</sup> Therefore, there is no ability of the Division to capture information without soliciting this from the colleges.

#### Local Policy on Fee Waivers

Local boards of trustees and their presidents have the authority to levy fees; not inconsistent with the parameters established by the State Board. As such, there is no compelling reason for the State Board to speak to the waiver of an optional fee.

It is good business practice, however, that in levying optional fees, the college have a written policy, applied consistently, about the waiver thereof. In the General Statutes of North Carolina (G.S. 115D-5), the General Assembly provides that the State Board “*may provide by general and uniform regulations for waiver of tuition and registration fees for*” a variety of groups

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<sup>1</sup> Clarification: The President of a local community college

<sup>2</sup> There are other parameters that apply uniquely to each fee. See CC02-150 for further instructions.

subsequently identified. The statutory clarifications may serve as a guide to the local college seeking to establish a waiver policy for the charging of optional fees.

## **Survey Results**

### **Fee Types**

As noted, there are four types of fees that local boards may charge under current State Board policy. They include:

1. Computer Use and Technology Fee
  - a. Curriculum
  - b. Continuing Education
2. Student Activity Fee
3. Parking Fee
4. Specific (Course) Fees

### **Executive Summary**

Note: Many of the year-to-year CHANGES are noted in Parenthesis ().

#### **1. Computer Use and Technology Fee**

##### **a. Curriculum:**

- 48 colleges (83%) charge a fee. This is an increase of one college from fiscal year 2007-08.
- Of the 48 that charge a fee, 22 charge up to the \$16 maximum permitted, while another 15 charge \$1 per credit hour up the \$16 maximum.
- For the fiscal year, colleges expended \$3,027,649 (+\$161,763), and had on-hand a cash balance of \$7,053,488 (+\$1,616,551).
- The cash balance may be used for the procurement, operations and repair of computer and other instructional technology, including supplies and materials that support the technology.
- The receipts collected from the fee charge must be for the benefit of the students who paid the fee, not for administrative purposes.

##### **b. Continuing Education:**

- 34 colleges (59%) charge a fee. This is no change in the number of colleges charging this fee in fiscal year 2007-08.
- Of the 34 that charge a fee, 26 (+1) charge the \$5 maximum permitted, while another 7 charge between \$1 and \$3.
- For the fiscal year, colleges expended \$91,075 (-\$22,635), and had on-hand a cash balance of \$437,973 (+\$79,404).
- The cash balance may be used for exactly the same purposes noted for Curriculum.

**2. Student Activity Fees**

- All 58 of the colleges charge a student activity fee.
- Colleges reported expenditures of \$6,926,534 (+\$1,987,335) for fiscal year 2008-09. The expenditures reported on June 30, 2001 were \$3,766,975. Therefore, over an eight-year period the expenditures have increased (84%).
- At year-end, the fund balance was reported to be \$3,085,421. The fund balance reported on June 30, 2001 was \$2,038,987. Therefore, over an eight-year period, the fund balance has grown by \$1,046,434.
- The receipts that are collected from the fee shall be used to support student activities.
- Student activities include the Student Government Association, scholarships, student functions and events, athletics, clubs, graduation expenses, I.D.'s, and student publications.
- Of the funds expended in fiscal year 2008-09, 29.8% were for student functions and events, 20.7% for the SGA, 17.2% for staff salaries, 13.1% for athletics, and 19.2% among other student purposes.

**3. Parking Fees**

- 27 colleges (47%) charge a parking fee. There is no change in the number of colleges charging this fee in FY 2007-2008.
- While there is no maximum that can be charged, as State Board policy leaves this up to the local Board of Trustees, the range charged was from \$1 to \$60 per year. The most common charges were \$2 - \$5, or \$10 - \$20 per year.
- Those colleges with significant to severe parking problems had higher charges. Colleges are also appropriately charging parking fees to cover the need for increased security in parking lots, especially at night.
- Expenditures for the fiscal year totaled \$3,347,150 (+\$409,760), and the funds balance at year-end was \$7,187,512 (+\$1,730,771). Of the funds expended, Paving/Resurfacing (32.6%), Debt Service (28.4%), Security (21.5%), and Other (17.5%) were the major categories of expenditures.

**4. Specific (Course) Fees**

- Specific fees are used for the purposes for which they are charged and collected, including consumables expended in the instructional process, including tools, uniforms, lab supplies, live projects, patrons, etc.
- In the survey, colleges were asked to provide a list, to be retained by the Division of Business and Finance, of the fees charged. There is no significant rationale for keeping the balances of these fees, as they are turned over with the classes or activities offered.

**The Division of Business and Finance concludes that the colleges have complied with the annual reporting requirements of the State Board for fiscal year 2008-09.**