

Internal/External Fee Originator Guidelines

General Guidelines for Establishing Fees

- Fees should only be established for goods or services expected to generate \$5,000 or more annually.
- Fee originators are responsible for reviewing calculation support for the fees they submit to ensure that all basic required elements are included, calculation support is coherent, and the proposed fee complies with OSU policy, uniform guidance, and fee criteria.
- Fees are intended to recover effort and costs that are not already covered by budgeted operations.
- Market equivalent rates are acceptable for external fees when the fees recover costs and are consistently charged to all customers.
- There are two general approaches to calculate the cost of services provided to derive a fee. Both methods are acceptable. Take care not to mix in elements from both approaches; it is a common mistake.
 - The calculation is based on costs needed to provide one unit or sample.
 - The calculation is based on aggregating all allowable costs for a designated period and then dividing by the number of units sold during that period.
- Be aware of the four university-wide categories under Oregon State University in the fee system. Separate fees in the Fee Book are not required when a service or product falls within these fee categories. They can be used by all units as necessary and include: 2780-Publications; 2779-Conferences-Workshops; 9626-Event Tickets; 9627-Residual products.
- Adding an internal or external designation to an existing fee requires recharge calculation support because each of these fee types has different criteria and restrictions.
- Simplify fee cost calculations where feasible by including only hourly labor and mentioning in the description of the fee proposal that supplies/materials used are charged at cost. This approach facilitates scalability to varying customer needs.
- Fee originators are encouraged to include notes or narratives in their proposals to facilitate ease of review by the committee. Taking a moment to provide clarity can save a lot of time for everyone in the long run.
- Fee rates for transactions processed in Banner are required to be verified to the approved rates in the fee book by the person/accountant processing the transaction.
- Fee revenues must be recorded in the same index as the expenses. Indexes should not be “multiple”.
- Budget should exist for indexes anticipating fee revenue. Committee reviewers look up fee indexes in Banner to verify that budget exists, and that costs cited in fee support are actually incurred.
- Make sure the timeframe for listed costs in the supplies section is consistent (monthly labor and monthly service contract cost, or monthly minor equipment, etc.). A common mistake is to put in annual costs for labor, services, or materials without dividing by 12 months.
- Properly document the basis of units in the recharge fee calculation form, e.g., labor hours, machine hours, sample, customers, miles, etcetera.
- Technically, only auxiliaries can charge rent. However, other operational costs associated with building use are allowable costs by non-auxiliary and service center funds (e.g., security, AV tech time, custodial,

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event admin, etc.) when they are incurred. Costs need to be explicitly stated in calculation support. Referring to costs as “rent” is insufficient except for auxiliary funds.

- Fees should be calculated based on unit of activity such as hours of service provided rather than based on “access” to services that may or may not be used or delivered. Some services, such as those that are IT-related, are okay to use “support” or access as a basis for the fee if there is no other cost driver/method available.
- Fee price ranges must match each fee interval with a pre-defined level of goods and services in the description. Calculation support should exist for each price in the range. Creating a separate worksheet tab for each price is a best practice.
- Websites with detailed price sheets included are noted in a fee description for those units who have a large volume of fees. These might include Veterinary Medicine, University Housing & Dining Services (UHDS), and Student Health Services.
- New fees require greater analysis/evaluation because they have not been previously evaluated.
- Different fee rates for different customer classes are not allowed unless the definitions of the customer classes are well-defined and based on verifiable criteria. For example, customer classes with different rates might include: 1. Public Higher Education Universities in Oregon; 2. Non-Higher Education State of Oregon agencies; and 3. Non-Profit organizations within Oregon.

Internal Fees

- Internal fees must recoup all costs.
- Internal fees cannot be marked up to exceed costs.
- Only internal fees can be subsidized by a departmental unit. This subsidization must be shown in the calculation support of the fee proposal.
- Internal fees entail more compliance risk to the university because they may be charged to grants and are subject to more external audits.
- Internal fees must be charged consistently to all customers.
- General administrative support costs cannot be charged as an internal fee. Indexes with program codes 61000 Institutional Management and 30600 Academic Administration are examples of administrative support.
- Internal fees are limited to direct costs of the unit charging the fee and cannot include another unit’s costs.

External Fees

- External fees should include a mark-up over costs. There is no limitation on the size of the mark-up.
- An external fee cannot be less than the corresponding internal fee.
- External fees cannot be subsidized; at a minimum, they must recover all costs.
- External fees should generally not be less than the prices of private companies that provide the same service.

Other Considerations and Tools

- Is a fee the best way to handle the situation?

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- If only one or a few customers, will the fee be cost efficient? Consider that administrative costs may outweigh the revenue received. Fees should not be established for insignificant or short-term business activity.
- Perhaps an agreement or a budget change or redistribution would be more appropriate and is a better option?
- For quick reference on allowable costs, use Ex003-09 Recharge Allowable Cost Matrix in the Fiscal Policy Manual. <https://fa.oregonstate.edu/fiscal-program/guidelines/exhibits/ex003-09-recharge-allowable-cost-matrix>
- Review Fee Book related policies in the Fiscal Policy Manual
 - FIS 03-150-204 Designated Operations, <https://fa.oregonstate.edu/fiscal-policy-program/03-150-204-designated-operations>
 - FIS 03-150-205 Service Center Operations, <https://fa.oregonstate.edu/fiscal-policy-program/03-150-205-service-center-operations>
 - FIS 03-150-206 Auxiliary Enterprises, <https://fa.oregonstate.edu/fiscal-policy-program/03-150-206-auxiliary-enterprises>
 - FIS 03-150-107 Sales of Goods and Services, <https://fa.oregonstate.edu/fiscal-policy-program/03-150-107-sales-goods-and-services>
 - FIS 03-150-108 Recharge Activities (Internal/External), <https://fa.oregonstate.edu/fiscal-policy-program/03-150-108-recharge-activities-internal-external>