



Consolidated Fees: Overview and Guidelines for Reform

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Key Points

- Questions remain to be answered about how universities should report consolidated fees.
- Fee consolidation does not inherently reduce the amount of information and oversight students have concerning fees. Rather, these problems are the consequence of a lack of statutory guidelines for consolidated fees.
- Consolidated fees should be subject to the same reporting requirements as the student services fee, a similar fee with established statutory guidelines.

A Brief Summary of Consolidated Fees

A new trend in Texas higher education is the process of fee consolidation: the combining of several mandatory fees into one mandatory, consolidated fee charged to students. First implemented by Texas A&M University and Texas A&M University San Antonio in May 2012, effective for the fall 2012 semester, consolidated fees have since been adopted by 11 more Texas general education institutions ([TAMUS 2012, 62-67](#)). Of the 13 universities that have consolidated fees, all but one have officially named them a “University Services Fee,” and the average consolidated fee costs approximately \$908.33 for a resident undergraduate student enrolled in a 15-hour semester.

Every school in the Texas A&M University System (TAMUS) has a consolidated fee. Besides the TAMUS, two state public universities, Midwestern State University (MSU) and the University of Texas Rio Grande Valley (UTRGV), have established consolidated fees. Consolidated fees have been championed as a tool for better management of student fee money, increasing flexibility and transparency by allowing money to move more freely between services funded by the fee and also presenting the cost of fees as a single, bottom-line value. Fee consolidation has become part of the landscape of higher education fees.

However, there is no way to know which services are funded by consolidated fees. This is the opaque nature of consolidated fees as currently administered; the information concerning what that fee is funding is not required or readily available. Universities utilizing consolidated fees should be required to provide students, below the bottom-line cost of the fee, an itemized list of services funded by the fee, including the amount (on average) per service.

The History and Legal Foundation of Consolidated Fees

Consolidated fees were introduced in Texas by schools within the TAMUS. In a letter titled “New University Advancement Fee streamlines student statements” explaining the consolidation of Texas A&M University’s fees, then-president Dr. R. Bowen Loftin wrote that the fee was created in response to a difficult budgetary situation that revealed the extreme difficulty “of reallocat[ing] fee dollars under their current structure to assist in mitigating state-directed budget reductions.” Ultimately, the fee was presented as a means to “provide maximum flexibility in managing the application of mandatory student fees” ([Loftin](#)).

That same year, Texas A&M San Antonio adopted a consolidated fee as well. Following the release of the system’s FY 2015 Operating Budget Guidelines—passed October 31, 2013—that “granted authorization” for each institution school “to consider the consolidation of various mandatory fees,” the other nine system schools adopted consolidated fees ([TAMUS 2013a, 26](#); [TAMUS 2014](#)).

In the MSU board meeting that approved their University Services Fee, Dr. Fowlé, the university vice president for business affairs and finance, explained that the fee’s purpose was to “simplify student billing statements, provide more flexibility, and allow the administration to budget funds based on the priorities of the university” ([MSU 2013, 24](#)). Because UTRGV was the result of the consolidation of two universities, U.T. Brownsville and U.T. Pan American, the consolidation of UTRGV fees was done in part “for purposes of simplifying the fee structure at UTRGV” ([UTS, 112](#)). The University of North Texas System has listed “simplify and bundle fees to increase transparency and

cost predictability” as part of its most recent strategic plan, indicating at a minimum internal momentum toward the consolidation of fees ([UNTS, 3](#)).

Consolidated fees are only transparent if the money can be followed to its final funding source, and if that information is readily available to the students who pay those fees.

UTRGV has given the most explicit legal justification concerning the process of consolidating fees in documents submitted to the University of Texas System Board of Regents upon the formation of their consolidated fee. In the document “Summary of Proposed Tuition and Fee Plan,” subtitled “Statutory Authority,” the university asserts:

“Section 55.16, Education Code, provides the Board of Regents with the broadest general fee authority, including fees for ‘services’ and for the ‘availability of . . . activities, [and] operations.’ This statutory authority allows a university to combine many incidental and mandatory fees into a single fee, such as the prior Information Technology, Athletic, Library, Advising, International Education, and Registration/Records fees at UTB and UTPA, for purposes of simplifying the fee structure at UTRGV” ([UTRGV, 5](#)).

UTRGV takes pains to reference Texas Attorney General Opinion Number H-284A (1974). The opinion, issued by Texas Attorney General John Hill in 1974 in response to a request from State Auditor George W. McNiel for clarification on student services fees, first notes the “admittedly ambiguous statutory language” of the code as it was written ([Collection of Student Service Fees, 2](#)). The student services fee, which prior to the modern consolidated fee was the fee with the greatest flexibility as to what services it could

fund, was to be set by each governing board “within certain guidelines,” namely the maximum amount to be charged and proportionality per student ([Collection of Student Service Fees, 2](#)).

In its published interpretation of the opinion, UTRGV emphasizes Op. No. H-284A’s assertion that “governing boards of institutions of higher education generally are given broad powers which will not be interfered with in the absence of a clear showing that it has acted arbitrarily or has abused the discretion vested in it” ([Collection of Student Service Fees, 2](#); [UTRGV, 5](#)). The attorney general goes on to say, the UTRGV report notes, that “such fees, when set in good faith, will not be subject to reversal upon judicial review except in the event of an abuse of discretion” ([Collection of Student Service Fees, 3](#); [UTRGV, 5](#)). The authority of Texas higher education governing boards in regard to discretionary fee setting is broad, in large part so that Texas institutions can respond to the unique challenges and environments of their respective universities. It is this diversity in Texas higher education institutions—Texas A&M International University in Laredo, Texas, is very different from the University of Houston—that makes consolidated fees appealing to schools. They can better address their unique needs and challenges.

At Texas A&M University, one of the two universities that consolidated beginning in the fall of 2012, the consolidated fee appears to be working as intended. In the most recent reported numbers, Texas A&M’s consolidated fee account has a current ending balance of nearly \$60 million as of the end of April 2016 ([TAMUS 2016](#)). This \$60 million ending balance reflects the cumulative surpluses of the last four years, beginning in the fall 2012 semester, and thus covers the entirety of the fee’s existence ([TAMUS 2016](#)). By gathering the university’s surplus fee collection into a single account, fee consolidation in College Station has made more visible the extent to which university fee collection often exceeds the actual funding needs of the services for which the fees are collected.

Unanswered Questions

The move toward consolidated fees has left many questions unanswered. Much can still be done to better refine and define this tool, thereby making it even more transparent, clear, and responsible.

Transparency

Some contend that consolidated fees are more transparent than the traditional itemized structure ([MSU 2013, 24](#)).

When students receive an itemized bill, they are given a list with a host of services that can be difficult to interpret. Sheer volume, as the argument goes, begets confusion and reluctance to dive deeper into the numbers than may otherwise be the case. By consolidating fees, students are more easily able to see the total amount they are paying in fees on their bills, since the fees are listed as a single item rather than multiple.

But consolidated fees are only transparent if the money can be followed to its final funding source, and if that information is readily available to the students who pay those fees. Under the current consolidated structure, this is not the case. When they receive a bill, students who pay into consolidated fees have only the overall fee listed and the total amount paid for that fee. There is no way for them to know what services are funded by payment by looking at their bill. This is the opaque nature of consolidated fees as currently administered; the information concerning what that fee is funding is not readily available or required. Students may be able to better interpret the fee's total cost, but they are less able to know what they're actually paying for.

There is no reason that the bills students receive cannot include both an easy-to-find bottom line—something that shows exactly *how much* they are paying overall for the consolidated fee—and an itemized list of services rendered from the fee, i.e., exactly *what* they are paying for.

Legal Status

There are questions as to what legal requirements consolidated fees must follow. A “student services fee” was among the fees consolidated at six of the 13 universities. Student services fees, which fund a wide variety of “activities which are separate and apart from the regularly scheduled academic functions of the institution and directly involve or benefit students,” are in a sense a smaller consolidated fee focusing on a specific subset of university services ([TEC §54.503\(a\)\(1\)](#)). They are also heavily regulated by the state, with a maximum cap of \$250, budget reporting requirements, and a provision that mandates that any SSF increase over 10 percent must be approved by the student body ([TEC §54.503\(b\)](#); [TEC §54.503\(f\)](#); [TEC § 54.503\(d\)](#)). Despite the student services fees being rolled into six of the universities’ consolidated fees, there is no indication that they are following the fee’s requirements as mandated by statute. For example, Texas A&M University has not reported its student services fee budgets since consolidation in 2012, according to an email conversation with the Texas

Legislative Budget Board (Legislative Budget Board). Any policy that more explicitly defines the status of consolidated fees will protect the benefits accrued in fees already enacted and create a more stable environment that encourages policy adoption at more Texas higher education institutions.

Student Oversight

Students who pay consolidated fees have no check on fee increases. The unique nature and history of fees as a pay-for-service model has led to greater student say in the amount and what they pay for than they do tuition. Students, depending on the fee, have a voice in the process through institutionalized student fee advisory boards and binding votes of approval on increases beyond a certain percentage. Fees are unique in the student voice allowed in the process of allocation and creation in Texas fee law, and this must be preserved for consolidated fees. Simply put, consolidated fees have one less layer of accountability than what is seen in many of the fees that they replace.

There needs to be legislative clarification as to where consolidated fees fit within the Texas Education Code.

Fee Duplication

More thorough itemization would protect against the possibility where a fee that has already been rolled into the consolidated fee will later be duplicated as a separate fee, with or without knowledge that the previous fee had existed. Such duplication could occur as the funds for one service funded under a consolidated fee are disproportionately drawn from funds for other services, effectively causing those other services to be underfunded and resulting in calls for a new fee to fund the underfunded service. This has already been seen at Texas A&M University, which in the fall of 2015 proposed an advising fee that was not approved by the Board of Regents ([TAMUS 2015, 6](#)). The fee in question, however, had previously existed as the “Advising Services Fee,” which was one of the 13 fees consolidated into the University

Advancement Fee ([TAMUS 2012, 62-67](#)). Had the fee been approved, students would have effectively been charged twice for the same service.

Recommendations

The Texas Public Policy Foundation recommends the following policies to remedy some of the problems with consolidated fees:

Itemized Billing

Universities utilizing consolidated fees should be required to provide students, below the bottom line cost of the fee, an itemized list of services funded by the fee, including the amount (on average) their fee funded per service. The model could be similar to SB 1207, submitted by Senator Kolkhorst in the 84th Legislature, but with a more specific outline for itemization ([SB 1207](#)). For example, a stipulation could be included that the student bill include the exact fee charged for a particular service, or if there is no exact fee charged the average cost charged to student per service provided.

Website

All universities using a consolidated fee should be required to have a website displaying a breakdown of their consolidated fee, similar [to the site curated by the Texas A&M University System](#) ([TAMUS 2016](#)).

Reporting Requirements

Consolidated fees should have robust reporting requirements akin to those already required of student service fees. Information on consolidated fee fund distribution should be provided to universities' student fee advisory boards.

Conclusion

Moving forward, the problems with consolidated fees cannot be ignored. The issues with consolidated fees outlined in this paper do not necessitate their elimination or opposing their implementation. But there needs to be legislative clarification as to where consolidated fees fit within the Texas Education Code.

Any legislation regarding consolidated fees should define consolidated fees in the Texas Education Code (Section 54) and create specific guidelines that produce a level of transparency and accountability for the universities utilizing consolidated fees. By doing this, legislators would address the current lack of clarity concerning consolidated fees by defining them. ★

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Appendix A: Summary of Consolidated Fees

University	Date Consolidated	Number of Consolidated Fees ^{1,3,6,15,17}	Fee Cost ²	Student Services Fee Included?	Fee Name
TAMU San Antonio	May 3rd, 2012 ³	10	SCH: Varies SEM: \$1785.76 ⁴	Yes	University Services Fee
TAMU	May 3rd, 2012 ³	13	SCH: Varies SEM ⁵ : \$1360.89	Yes	University Advancement Fee
Prairie View A&M University	May 1st, 2014 ⁶	9	SCH: \$94.50 ⁷ SEM: \$1352.5 ⁷	Yes	University Services Fee
Tarleton State	May 1st, 2014 ⁶	17	SCH: \$87.06 ⁸ SEM: \$1305.90 ⁸	Yes	University Services Fee
TAMU International	May 1st, 2014 ⁶	12	SCH: Varies ⁹ SEM: \$744.34 ⁹	No	University Services Fee
TAMU Central Texas	May 1st, 2014 ⁶	8	SCH: Varies SEM: \$704.96 ¹⁰	No	University Services Fee
TAMU Commerce	May 1st, 2014 ⁶	8	SCH: Varies SEM: \$351.50 ¹¹	No	University Services Fee
TAMU Corpus Christi	May 1st, 2014 ⁶	10	SCH: Varies ¹² SEM: \$1141.5 ³¹²	No	University Services Fee
TAMU Kingsville	May 1st, 2014 ⁶	10	SCH: Varies ¹¹ SEM: \$556 ¹¹	No	University Services Fee
TAMU Texarkana	May 1st, 2014 ⁶	9	SCH: Varies ¹³ SEM: \$677	Yes	University Services Fee
West Texas A&M University	May 1st, 2014 ⁶	8	SCH: Varies ¹⁴ SEM: \$485	No	University Services Fee
Midwestern State University	May 10th, 2013 ¹⁵	8	SCH: \$66.25 ¹⁶ SEM: \$993.7 ⁵¹⁶	No	University Services Fee
University of Texas Rio Grande Valley	May 14th, 2015 ¹⁷	6	SCH: \$29.10 ¹⁷ SEM: \$349.20 ¹⁷	No	University Services Fee

Endnotes

- ¹ [TAMUS May 2013](#)
- ² SEM costs calculated @ 15 SCH for Undergrad Resident if SEM not specified by University:
SEM: one traditional academic semester
SCH: Semester Credit Hour
- ³ [TAMUS 2012](#)
- ⁴ [TAMU San Antonio](#)
- ⁵ [TAMUS 2014a](#)
- ⁶ [TAMUS 2014](#)
- ⁷ [Prairie View A&M University](#)
- ⁸ [TAMUS 2015](#)
- ⁹ [TAMIU](#)
- ¹⁰ [TAMU Central Texas](#)
- ¹¹ Estimate ([TAMUS 2014](#))
- ¹² [TAMU Corpus Christi](#)
- ¹³ [TAMU Texarkana](#)
- ¹⁴ [West Texas A&M University](#)
- ¹⁵ [MSU 2013](#)
- ¹⁶ [MSU 2016](#)
- ¹⁷ [UTS](#)

About the Author



Trevor McGuire is a policy analyst in the Center for Higher Education and the Center for Tenth Amendment Action at the Texas Public Policy Foundation.

He holds a B.A. in politics from Princeton University, in the field of political theory. His senior thesis, *Public Sector Privilege*, critiques the theory behind the state's claim to act in the name of its citizens. At Princeton, McGuire was a member of the Debate Panel, Social Chair of the Texans Club, and part of the conservative Cliosophic Party as a member of the American Whig-Cliosophic Society.

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