Chapter 4, §4.103(9) of Texas Higher Education Coordinating Board Rules defines a distance education course as a "...course in which the majority of the instruction occurs when the students and the instructor are not in the same physical setting. A course is considered to be offered by distance education if students receive more than one-half of the instruction at a different location than the instructor."

Distance Education fees are authorized by the Board of Regents for collection as determined by Section 55.16 of the Texas Education Code.

Sec. 55.16. BOARD RESPONSIBILITY. (a) Each board shall be authorized to fix and collect rentals, rates, and charges from students and others for the occupancy, services, use, and/or availability of all or any of its property, buildings, structures, activities, operations, or other facilities as provided by this section.

At this point, courses that are completely online, as well as hybrid, may support training for faculty and staff's education courses. Reporting a course as a distance education course triggers additional fees for students.

Use of Fees Collected
Funds from distance education fees will be split, with 37.5% of collected fees being returned to the college or academic unit which generates them and 12.5% to the Center for Faculty Excellence and additional allocations to Technology Services, Procurements, and the Office of Distance Education. These allocations will be reviewed annually by the Provost and administration during the budget development process and may be changed after analysis of priorities and needs.

Appropriate Use of Fees - Program Delivery
These funds can be used for the following types of expenditures if they directly support distance education:

- Salaries-instructional & support staff
- Wages
- Material/Supplies
- Services/Training
- Marketing
- Software Purchases
- Food & Meals
- Maintenance & Repair
- Furnishings & Equipment

Expenditures that need Prior Approval from Associate VP for Academic Affairs
Travel expenditures, except those in the office of the Director of Distance Education, will need prior authorization from the Associate VP for Academic Affairs office to ensure consistency in development and delivery of all distance education courses and programs.

Accounting for Distance Education Fees
Distance Education fees should be kept in separate accounts and good records kept on revenues and expenditures. The Legislature, the Board of Regents, and the Coordinating Board have all expressed an interest in and asked for data related to distance education funding in the last year, and the State Auditor’s Office has just done a preliminary state-wide audit of distance education fees and funding. It is expected that the institution’s use of distance education fees is likely to be periodically audited by the university, the system, or the state, and the need to keep appropriate records of revenue collections and use of fees is important.

Fund Balances
The following standards are provided to ensure student fee fund balances are maintained at the appropriate level.

- Colleges can include their share of projected distance education fees when budgeting.
- Distance Education fee fund balances should generally not be allowed to build up. If there is a specific use that justifies growing a balance, that use must be reviewed and approved by the administration.
- Distance Education Fee Revenues are generally expected to be expended within the same fiscal year.