

## Life Cycle Fee FAQ

This document was developed to answer questions about the Life Cycle Fee at Iowa State University.

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### EH&S life cycle fee

In conjunction with the Controller's Office, Environmental Health and Safety has communicated the implementation of a life cycle fee to unit fiscal officers. For FY25, the fee will be capped at \$50,000 per business unit or college for academic units. The Controller's Office has provided estimated fees for FY25. If units plan to fund this charge with general university funds, they should include it under the services category in Workday Adaptive Planning.

### Is the life cycle fee new?

No, a similar fee was in place beginning in 2003. It ended in 2019 with bond repayment of the University's regulated materials facility and the adoption of Workday as the University's enterprise management system. Formally known as the hazardous materials fee, the updated life cycle fee will partially fund the increasing disposal costs of various campus materials and costs associated with managing materials over their life cycle. In addition to management and disposal, this fee will partially support costs related to recycling and surplus.

## Why is there a life cycle fee on certain items the university purchases?

Local, state, and federal regulations mandate the proper handling and disposal of many types of materials purchased and used by ISU. Typical examples of the most common materials that must be managed at the end of life include research animals, chemicals, radioactive materials, biohazardous agents and toxins, computer hardware, research equipment, electronics, and recyclables (metals, glass, cardboard, etc.). Some of these materials possess dangerous properties with the potential to cause serious harm to human health and the environment if not appropriately managed. Other less obvious products, such as art supplies, batteries, electronic equipment, computer hardware, laboratory equipment, medical supplies, furniture, petroleum products, etc., are regulated at the end of their life cycle. Facilities Planning and Management (FP&M) and Environmental Health and Safety (EH&S) staff coordinate the University's responsibility to handle these materials appropriately.

Reinstating this fee will position the University to meet changing regulatory requirements and address the growth in the types and amount of materials that must be managed. The fee will also help support the University's sustainability efforts, protect the environment, and ensure ISU is providing the proper management of these types of materials.

## How will the life cycle fee be calculated?

Effective July 1, 2024, a 1% life cycle fee will be imposed on purchases of products within specific Workday spend categories. Transactions paid entirely with research grants and other sponsored funding will be exempt from the life cycle fee.

Life cycle fees will be assessed to Business Units annually at a fixed rate for all items that qualify for the life cycle fee. For budgeting purposes, life cycle fees will be assessed to business units annually based on a rolling three-year average.

## What items are subject to the life cycle fee?

Items that are subject to the life cycle fee include art supplies, automotive parts and supplies, audio/visual equipment, batteries, biological supplies, cleaning supplies, chemicals, computer hardware and peripherals, furniture, drugs and pharmaceuticals, electrical parts, fertilizers, laboratory gases, laboratory equipment, medical supplies, research animals, paint, petroleum products, photo equipment, film processing supplies, radioactive materials, tires, veterinary equipment and supplies, water softening and water conditioning chemicals, and X-ray film processing supplies. Contact your fiscal officer for a list of spending categories subject to life cycle fees.

## Are all types of purchases subject to the life cycle fee?

All qualifying spend categories will be charged a 1% rate regardless of the type of procurement method. The fee will apply to purchases made with purchase orders, supplier contracts, cyBUY orders, reimbursements, supplier invoices, Purchasing Cards (P-Card), and Travel and Hospitality Cards (T&H). Transactions paid entirely with research grants and other sponsored funding will be exempt from the life cycle fee.

## How will life cycle fees be applied?

### Supplier Contract Orders

Contract orders are generally written to cover a specific product group of like products, such as laboratory chemicals, petroleum products, etc. The contract order will be assigned a spend category. If the applicable spend category reflects a life cycle fee category of items, all payments against the supplier contract will be included in the calculation of the three-year rolling average calculation.

### Purchase Orders

Purchase orders have an applicable spend category assigned to each line item. When the applicable spend category is one of those identified for the life cycle fee, the fee will be assessed against invoices for line items that qualify for the life cycle fee and included in the three-year rolling average calculation.

### cyBUY Orders

As with other purchase orders, cyBUY purchase orders will have a spend category assigned to each line item. When the applicable spend category is one of those identified for the life cycle fee, the fee will be assessed against payments for those line items and included in the three-year rolling average calculation.

### P-Card/T&H Card Transactions

Card transactions will be assessed the life cycle fee based on the spend category of the items purchased. When the applicable spend category on a card transaction is one of those identified for the life cycle fee, the fee will be assessed against those card transactions and included in the three-year rolling average calculation.

### Supplier Invoices

Workday Supplier Invoices (invoices created that don't have a purchase order or contract) will be assessed the life cycle fee based on the spend category for the Supplier Invoice. When the applicable spend category is one of those identified for the life cycle fee, the fee will be assessed against Supplier Invoices for those line items and included in the three-year rolling average calculation.

### Reimbursements

Reimbursements for the purchase of goods will be charged the life cycle fee based on the Expense Item identified in the Expense Line of the Workday Expense Report and they will be included in the calculation of the three-year rolling average calculation.

## **Will there be an obligation created for life cycle fees?**

No, the life cycle fee will not create an obligation. The life cycle fee amount will be processed via a manual journal entry.

## **Are there maximum limits to the life cycle fee on a single order?**

No, the life cycle fee applies to all applicable transactions. It will not have a maximum per-order limit as the fee is not calculated on a per-transaction basis.

### Will all items in a spend category be charged?

Yes, the Workday Spend Category (or Expense Item in the case of reimbursements) will determine whether there is a life cycle fee. Anything in those categories will be added to the annual fee for a Business Unit.

### Will the fee be reviewed regularly?

Yes, the fee will be assessed at the end of each fiscal year to see if adjustments need to be made to the percentage.

For additional questions, email [ehsbilling@iastate.edu](mailto:ehsbilling@iastate.edu).