

PROGRAM FEES

Establishment and Budgetary Review

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- Attachment 1– Identifies fee request and includes Vice Chancellor or Dean’s approval
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I. DELEGATION OF AUTHORITY:

According to the October 2009 Delegation of Authority, Chancellors are delegated authority for miscellaneous student fees, services charges, fines, course materials fees and deposits. Authority cannot be re-delegated. Program Fees fall into this category.

Program Fees differ from Miscellaneous Fees and Course Fees in that Program Fees are for specific programs and typically cover the entire cost of the program. Miscellaneous Fees pay for a specific service and Course Fees cover the cost of materials, supplies or services for a specific course that are not covered by the normal instruction budget.

See Guidelines for Miscellaneous Fees and Course Fees at <http://planning.ucsc.edu/budget/miscfees.asp>.

II. CRITERIA FOR PROGRAM FEES:

1. When establishing new fees, departments must apply a test of reasonableness between the fee and its purpose.
2. Fee increases must be moderate and gradual.
3. Participants must be given advance notice of fee increases or new fee establishment.

III. POLICY GUIDELINES:

Unallowable for Recharges to Federal Government Funds: Housing and personal expense to campus officers; bad debts and fines or penalties; commencement or convocation costs; interest expense or fund raising expenses; memberships in civic, community or social organizations; contingency or expansion reserves; inventorial equipment purchases; cost of items funded by Federal Government; alumni activities; entertainment (alcohol, event tickets, flowers, gifts, etc.); donations or contributions; legal proceeding costs; student activities; and advertising and public relations costs (refer to OMB Circular 21).

IV. MISCELLANEOUS AND COURSE FEE ADVISORY COMMITTEE

The Miscellaneous and Course Fee Advisory Committee (MCFAC) includes representatives from the Academic Senate Committee on Planning and Budget, Campus Life, the Student Fee Advisory Committee, the Academic Divisions, the campus Registrar's Office, the Vice Provost and Dean of Undergraduate Education and from the Planning and Budget Office.

The charge of the committee is as follows:

- Develop procedures for the periodic review and re-establishment of fees.
- Communicate campus procedures for the development and submittal of the fee proposals to initiate new fees and adjustments to existing fees. This includes:
 - Annual reporting requirements
 - Moderate and gradual fee increases.
- Review the Miscellaneous, Course, and Program Fee proposals, including adjustments to existing fees. This includes:
 - Review the need for a fee, and the basis for the fee level. Fees may only include those costs that are allowable and appropriate, according to UCOP and campus policy.
 - Evaluate the potential impact on students, faculty, and staff. This includes financial impact, and whether fees will impede student access to courses needed for graduation.
 - Is there a reasonable relationship between the fee and its purpose? Is the fee applied consistently and appropriately?
- Make recommendations to the Chancellor for the approval, approval with reservations, or disapproval of Miscellaneous, Course, and Program Fees. The Committee may also recommend that a fee proposal be returned to the initiator with suggestions for consideration.

V. ESTABLISHMENT OF A NEW OR REVISED PROGRAM FEE

Departments may not assess and collect Program Fees that have not been specifically approved by the Chancellor. The campus Miscellaneous and Course Fees Advisory Committee (MCFAC) is responsible for the review of new fee proposals, including proposals to adjust existing fees, and providing recommendations to the Chancellor. The MCFAC encourages departments to plan the submission of Program Fee proposals for July 1 implementation. The following is a required seven-step process.

Review and Approval Process

Step 1: The proposer of the fee submits a program fee proposal to the Vice Chancellor or Dean. If the program fee is for a program being offered through summer session then the proposal goes to the Director of Summer Session for review; the Director of Summer Session will submit the proposals to the VPDUE for approval. The proposal shall contain appropriate supporting materials, as described below in the "Proposal Format" section.

Step 2: If the Vice Chancellor or Dean concurs with the proposal, he or she forwards the proposal package to the Chair of the MCFAC in Planning and Budget during the call cycle or in exceptional circumstances by agreement.

Step 3: The Chair of the MCFAC distributes the proposal to all MCFAC members for review and discussion. The divisions proposing the program fees may be requested to be present at the meeting when their fee is reviewed to present the fee and answer any questions the MCFAC might have.

Step 4: Final committee recommendations will be presented to the Chancellor. If the Miscellaneous and Course Fee Advisory Committee recommends that a fee should not be approved, the appropriate Dean/Vice Chancellor has authority to appeal the decision to the Chancellor.

Step 5: The Chancellor determines whether to authorize the fee.

Step 6: Upon receiving approval from the Chancellor, the MCFAC will inform the requester of approved fees.

Step 7: The Department or Division will set up an appropriate fund number by calling (Rob Jarvis at 9-5294 in Accounting), and a permanent budget should be established for the fee if the volume of expenditures is significant call (Lucy van Doorn at 9-3355 in Planning and Budget to establish a new organization code).

Fee Communication

The requester is responsible for communicating the approved fees to all affected constituencies prior to inception.

Fee Limits

The following elements shall be considered when determining what constitutes a reasonable fee:

- Existing fees
- Cost per customer
- Relationship between the fee and its purpose

Fee Revenues

- Appropriate accounts standards must be followed. Fee revenues and expenses must be reported each year. The appropriate level of detail needs to be available for each Program Fee.

Proposal Format – All forms and instructions are available on the World Wide Web at – <http://planning.ucsc.edu/budget/miscfees.asp>.

Completed Program Fee Request Forms, Attachment 1, Attachment 2 and Attachment 3, must accompany the proposal to establish a new fee or adjust an existing fee (Attachments 4 and 5 should also be completed if applicable).

Attachment 1 – Identifies Fee request and includes Vice Chancellor or Dean’s approval.

Attachment 2 – Program Fee Financial Statement
Instructions for completing Attachment 2

Attachment 3 – Program Fee Calculation
Instructions for completing Attachment 3

Attachment 4 – Salary and Benefit Schedule (if salaries are included in fee expenses)

Attachment 5 – Annual Depreciation Expense (if depreciation is included in fee expenses)
Example of a completed Attachment 5

If you have questions please contact Lucy van Doorn at 9-3355 or at lvandoor@ucsc.edu

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PROGRAM FEE REQUEST

The following information is required for the establishment of a new Program Fee or adjustment of an existing Program Fee:

Department/Division: _____

Requesting Unit: _____

Contact Person: _____

 Email _____

 Phone _____

1. Which of the following does this request concern? (Please choose one)
 Proposal of a New Program Fee
 Increase to an existing Program Fee
 Decrease to an existing Program Fee

2. Is this program offered through Summer Session? _____

3. If this is an existing fee please provide the FOAPAL. _____

4. Provide a brief description of the proposed or increased fee.

5. What is the name and amount of the proposed fee?

6. If this fee affects retirees, have you consulted with the appropriate group?

7. Explain how these expenses have been paid in past years if this is a new fee.

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8. Are scholarships available for participants? How does the scholarship program work?

9. Notes: Anything else you wish to convey to the committee to consider your request.

10. Include an approval by the Vice Chancellor or Dean. If this program is offered through Summer Session also include the approval of the Director of Summer Session.

Summer Session Director Approval: Name Title Date

Dean/Vice Chancellor Approval: Name Title Date

PROGRAM FEE FINANCIAL STATEMENT

Program: _____

FOAPAL Number(s): _____

Unit Division: _____

Prepared by (Contact Info): _____

(Formulas are embedded in form)

DESCRIPTIONS	If existing fee		New Request
	ACTUAL PRIOR YEAR 2013-14	JUNE 30, 2015 PROJECTED 2014-15	2015-16 PROJECTED
REVENUES (1)			
Fee Income (Attachment 3)			
TOTAL REVENUES	0	a 0	b 0
EXPENSES (2)			
Salaries and Wages (Attachment 4, if applicable)			
Employee Benefits "			
SUBTOTAL Salaries & Benefits	0	0	0
Level 3 Account Codes (BANNER - FGIBDSR)			
010 Supplies			
020 Communications Services			
030-035 Services/Professional Fees			
040 Travel			
050 Meetings, Activities, Entertainment**			
060 Facilities			
070 Interest**/Debt Service			
090 Transportation, Parking			
100 Equipment/Non-Inventorial			
Depreciation Expense (Attachment 5, if applicable)			
Scholarships			
Other (specify):			
TOTAL EXPENSES	0	0	0
NET REVENUE (LOSS) (3)	0	0	0
PRIOR YEAR (6/30/XX) ACCUMULATED			
EARNINGS or (DEFICIT) (4)			
TOTAL OPERATING BALANCE (5)	0	0	0
RESERVES BALANCES (6)			
Depreciation Reserves			
Other Reserves			

This document may be customized to accurately state the expense categories associated with this fee.
Expense lines for Salaries, Wages and Benefits and Depreciation require backup sheets.

Numbered notes within circles refer to specific rows or columns and are linked to specific instructions located within the instructions section.

** These expenses may not be charged to federal awards.

**INSTRUCTIONS FOR THE
SUBMISSION OF PROGRAM FEES**

PROGRAM FEES FINANCIAL STATEMENT:

Most formulas are embedded in the statement. Please enter your Unit or Division, FOAPAL, and the contact information for the person who prepared the statement.

A. Line Headings

1. REVENUES - total from fee income - actual and projected.
2. EXPENSES – Enter actual salaries and benefits for prior years and salaries and benefits as calculated in Attachment 4. Other expenses must total all other costs incurred in providing goods and services to provide the service. You should use the Account codes at the Level 3 rollup codes to report prior year actual expenses and to project expenses. Not all Account codes will be applicable to every unit. You may customize expenditure categories if you have special expenses that are not part of the Banner accounts. Certain expense categories may not be included in charges to federal contracts and grants. (please refer to the Fee Policy and OMB Circular 21).
3. NET REVENUE (LOSS) - total revenues less total expenditures.
4. PRIOR YEAR ACCUMULATED EARNINGS (DEFICIT) - total net earnings or deficit through the end of the prior fiscal years for all years.
5. TOTAL OPERATING BALANCE - total net revenue (or loss) for the operating year, plus accumulated earnings (or loss) from prior year operations.
6. RESERVE BALANCES - These reserve balances should reflect the total reserve balances for Equipment Depreciation Reserves and any other Reserve Funds that are included in the fee service.

B. Column Headings – Formulas are embedded in Statement

1. ACTUALS PRIOR YEAR - previous fiscal year 2013-14.
2. JUNE 30, 2015 PROJECTED - final operating results, projected through June 30 of the 2014-15 fiscal year.
3. 2015-16 PROJECTED - estimated income and expenses for year based on requested rates for 2015-15.

**INSTRUCTIONS FOR THE
SUBMISSION OF PROGRAM FEES**

PROGRAM FEE CALCULATION:

Formulas are embedded in the Form

Please identify your Unit or Division, AND who prepared the Form and date prepared.

Column Headings:

1. DESCRIPTION - a brief description of the fee for service provided.
2. PRIOR YEAR FEES – fee level for previous year – 2013-14.
3. CURRENT YEAR FEES – fee level for current fiscal year – 2014-15.
4. PROPOSED FEES – fee level proposed for next fiscal year – 2015-16.
5. OUTSIDE COMPARABLE VENDOR FEES - fees charged by local, non-University businesses for the same services. If no comparable vendor fees are available, show fees charged by other UC campuses, if applicable. (At the foot of the page, indicate which vendors or UC campuses were quoted.)
6. CURRENT YEAR CUSTOMERS - projected number of customers for current year (2014-15).
7. COLUMN 3 x 6 - current year (2014-15) estimated customers multiplied by current year fees. This will give the estimated total revenue from this service.
8. FOLLOWING YEAR CUSTOMERS (2015-16) estimated customers for next fiscal year.
9. COLUMN 4 x 8 - following year (2015-16) estimated customers multiplied by proposed fees.

SALARY AND BENEFIT SCHEDULE

Program: _____

Unit/ Division: _____

(Formulas are embedded in form)

This template should identify the calculation of the total employee or position salary costs that are included in Template 2 - the Program Fee Financial Statement.

A	Current Salary Calculations			Merit Calculations	Salary Total	Benefit Calculations		TOTAL Salary & Benefits
	B	C	D	E	F	G	H	I
Employee Name or Position Title	Current Annual Salary	Portion of FTE Devoted To Fee Activity (May be % of FTE)	FTE/% times Annual Salary (Column B times Column C)	Projected Merit and/or Range Amount for 2015-16	Total Salary Calculations (Column D + Column E)	Actual or Estimated Benefit Rate (1)	Total Benefits Rate Times Salary Charged to Fee Activity (Column F x Column G)	TOTAL Salary & Benefit Costs (Column F + Column H)
2015-16								
			0.00		0.00		0.00	0.00
			0.00		0.00		0.00	0.00
			0.00		0.00		0.00	0.00
			0.00		0.00		0.00	0.00
			0.00		0.00		0.00	0.00
			0.00		0.00		0.00	0.00
			0.00		0.00		0.00	0.00
			0.00		0.00		0.00	0.00
			0.00		0.00		0.00	0.00
			0.00		0.00		0.00	0.00
			0.00		0.00		0.00	0.00
			0.00		0.00		0.00	0.00
Total	0	0	0	0	0	0	0	0

(1) For the benefits rates, please use actual current benefit rates as a percentage of salary.

Equipment Depreciation Expense for Program Fees

Program : _____

Unit/Division: _____

This information should be reflected in Template 2 of the Program Fee Financial Statement if applicable.

Total										
Equipment	Year of Purchase	Purchase Price	Percentage Fee Usage	Amount to be Depreciated	Useful Life (Months)	Annual Depreciation Expense	# of Months Depreciated Prior Yr(s)	Prior Yr(s) Total Accum. Depreciation	2014-15 Amount Depreciated	2015-16 Amount Depreciated
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
				0		#DIV/0!			#DIV/0!	#DIV/0!
				0		#DIV/0!			#DIV/0!	#DIV/0!
				0		#DIV/0!			#DIV/0!	#DIV/0!
				0		#DIV/0!			#DIV/0!	#DIV/0!
				0		#DIV/0!			#DIV/0!	#DIV/0!
				0		#DIV/0!			#DIV/0!	#DIV/0!
				0		#DIV/0!			#DIV/0!	#DIV/0!
				0		#DIV/0!			#DIV/0!	#DIV/0!
				0		#DIV/0!			#DIV/0!	#DIV/0!
				0		#DIV/0!			#DIV/0!	#DIV/0!
				0		#DIV/0!			#DIV/0!	#DIV/0!
				0		#DIV/0!			#DIV/0!	#DIV/0!
				0		#DIV/0!			#DIV/0!	#DIV/0!
				0		#DIV/0!			#DIV/0!	#DIV/0!
Totals		0		0		#DIV/0!		0	#DIV/0!	#DIV/0!

Totals from 2014-15 (Column 10) and 2015-16 (Column 11) should be added to expenditures of the fee Activity on the Program Fee Financial Statement.

Calculations:

Column 5 = (Column 3 x Column 4)

Column 7 = (Column 5 / Column 6 x 12 months)

Column 10 = Column 7 or amount for the number of months remaining to be depreciated.

Column 11 = Column 7 or amount for the number of months remaining to be depreciated.

Additional Information/Regulations:

- Inventorial Equipment has a useful life of more than one year and a cost of \$5,000 for UCSC.

-Effective July 1, 2004 the University changed the dollar threshold on inventorial (depreciable) equipment. All equipment acquired prior to July 1, 2004 with an acquisition cost between \$1,500 and \$4,999 shall continue to be depreciated over the useful life of the asset. Pre-7/1/2004 purchases should remain on the depreciation schedule until they are fully depreciated without regard to the new \$5,000 threshold.

*Equipment that costs less than \$5,000 and was purchased after July 1, 2004, need to be shown as an expense in the year purchased.

- Expensing the total cost of equipment in the year of purchase is not in accordance with Generally Accepted Accounting Principles. GAAP requires the cost of an asset to be spread over its expected useful life.

- OMB Circular - 21 allows Universities to be compensated for the use of their equipment through depreciation.

If the equipment is purchased with 19900 funds it may not be depreciated.

It specifically states that depreciation expense may not recover more than the equipment cost.

- All depreciated equipment must be used for a specified fee operation.

- A unit may purchase an item with current reserves and collect funds over the useful life of the equipment to repurchase the item at the end of its useful life.

- If the equipment is used only part of the time for fee activities and the remainder of the time for non-fee activities, only that percentage of the equipment may be depreciated.

- The Equipment Administration Office (x9-2851) or the UCOP web at (<http://http://eulid.ucop.edu/>), has information regarding the salvage value and useful life of equipment.