

# **MISCELLANEOUS FEES**

## **Establishment and Budgetary Review**

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### **I. DELEGATION OF AUTHORITY:**

According to DA 2559, Chancellors are delegated authority for miscellaneous student fees, service charges and deposits. Miscellaneous Fees are generally user fees, service charges, or fines assessed to cover the cost of services and materials, to encourage compliance with administrative rules or to repair or replace damaged equipment. Miscellaneous Fees are charged if the service is used or compliance is not followed, but are not mandatory for taking a class.

Examples of fees, service charges, and fines include but are not limited to: breakage charges, educational placement fees, health center fees, late filing of study list fees, library fees, improper check-out fines, physical education equipment fees, access fees, rental of facilities fees, transcript fees, and costs associated with special instructional programs. These fees may also be charged to non-UC participants.

### **II. CRITERIA FOR ALL MISCELLANEOUS FEES:**

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1. When establishing new fees, departments must apply a test of reasonableness between the fee and its purpose.
  2. Services provided are necessary and are not funded by any other source.
  3. Instituting a new fee or increasing an existing fee must be justified (a) to defray the cost of providing a service, or (b) to prohibit abuse of a service.
  4. Increased enrollment has impacted adversely the quality of service being provided, thus necessitating the charging of a supplemental fee for continued service.

### **III. POLICY GUIDELINES:**

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The following may be included in Miscellaneous Fees:

- (1) Salaries and benefits directly related to providing the service.
- (2) Supplies and services as they relate directly to providing the service.
- (3) Costs of leased equipment used in providing the service.
- (4) Equipment depreciation on equipment that is used in providing the service.
- (5) Administrative costs of providing the service, if applicable (service center expenses).

(6) Repairs and maintenance on equipment used in providing the service.

The following may **not** be included in any Miscellaneous Fee:

- Purchase cost of inventorial equipment purchase value of \$5,000 and above, with a useful life of at least one year. Note: Effective July 1, 2004, the University changed the dollar threshold on inventorial (depreciable) equipment from an acquisition cost of \$1,500 or more per unit to an acquisition cost of \$5,000 or more per unit. 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. Equipment acquired after July 1, 2004 with an acquisition cost of less than \$5,000 should be recorded as a non-capital expenditure.

The following may **not** be included in Miscellaneous Fees that are **charged to Federal Funds:**

**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 A-21).

#### **Federally Unallowable Expenditures**

<u>Account</u>	<u>Codes</u>	<u>Descriptions</u>
	001040	Services - Scholarship Stipend
	001130	Housing Allowance/Subsistence Paymt
	001160	Services - Stipend Payments
	001170	SIS FinAid Disburse - Schlsp & Fellsp
	001080	Services - Fellowship Payments
	001210	Services – Memberships/Subscriptions - Not Fed Chargeable
	001240	Advertising - Not Federally Chargeable
	001250	Services - Entertainment/Soc Acty
	001251	Academic Activities
	001252	Alumni Activities
	001253	Student Programming Refreshments
	001270	Administrative Meetings
	001271	Entertainment
	001273	Outreach Activities
	001280	Services - Donations & Contributions
	001330	Debt Collection Fees
	001340	Services - Cost of Legal Proceedings
	001460	Public Relations Services
	005010	Medical - Patient Care
	009430	Misc. - Fines & Penalties
	009460	Debt Payment Interest
	009465	Other Interest
	009480	Interest on Installment Payments
	009490	Interest on Capital Lease

#### **IV. MISCELLANEOUS AND COURSE FEE ADVISORY COMMITTEE**

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

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 Fee and Course 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 Fees and Course 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 MISCELLANEOUS FEES**

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Departments may not assess and collect Miscellaneous 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 Miscellaneous Fee proposals for July 1 implementation. The following is a required eight-step process.

##### **Review and Approval Process**

**Step 1:** The department head, chair of an academic department or the director of an academic program submits a miscellaneous fee proposal to the Vice Chancellor or Dean. 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 Budget Analysis and Planning by the due date.

**Step 3:** The Chair of the MCFAC distributes the proposal to all MCFAC members for review and discussion. The divisions proposing the miscellaneous 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. Departments will be notified of the dates when their fees will be reviewed.

**Step 4:** If the MCFAC recommends approval of the fee, it is forwarded to the Labor Relations Office for review.

**Step 5:** Final committee recommendations to the Chancellor shall be made in April/May. The MCFAC will not recommend approval of a fee if the justification is based solely on shortfall in program expenses. 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 6:** The Chancellor determines whether to authorize the fee.

**Step 7:** Upon receiving approval from the Chancellor, the MCFAC will inform the requester of approved fees.

**Step 8:** The Department or Division will set up an appropriate fund number by contacting Rob Jarvis in Accounting, and a permanent budget should be established for the fee if the volume of expenditures is significant; contact Budget Analysis and Planning 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**

Fee revenues shall be retained by the department in a designated FOAPAL to be applied only to the costs associated with the approved fees. Revenues collected for a specific purpose cannot be transferred to cover the costs of other services.

- Exception: Facility rental fees from off-campus users over and above on-campus user fees may be transferred to cover the cost of general operations. (Example: on campus user fee of \$50, off-campus user fee of \$75, the unit may transfer \$25 from off-campus user fees to cover general operations.)

### **Year-End Surplus/Deficit Balances**

Surplus balances must be retained in a departmental account to be used in the subsequent year towards the same service. Surpluses from one Miscellaneous Fee activity may not be used to offset deficits from another Miscellaneous Fee activity. An adjustment of the fee level is required to help reduce the amount of any future surpluses or deficits.

### **Reserves**

Reserves are allowed for:

- (a) Accumulating equipment depreciation for the replacement of equipment associated with the fee.
- (b) Setting aside funds specifically identified in the fee proposal to cover future expenses of the service.

### **Proposal Format – All forms and instructions are available at –**

<https://planning.ucsc.edu/budget/operations-forms-training/miscellaneous-fees-and-course-fees/miscfees-guide.html>

Completed Miscellaneous Fee Request Forms, Attachment 1, Attachment 2, Attachment 3 and *Attachment 9 (beginning in March 2020)*, must accompany the proposal to establish a new fee or adjust an existing fee (Attachments 4, 5, 6, 7 and 8 should also be completed if applicable).

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

Attachment 2 – Miscellaneous Fee Financial Statement  
*Instructions for completing Attachment 2*

Attachment 3 – Miscellaneous Fee Comparison  
*Instructions for completing Attachment 3*

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

Attachment 5 – Administrative Overhead Detail

Attachment 6 – Annual Depreciation Expense (if depreciation is included in fee expenses)  
*Example of a completed Attachment 6*

Attachment 7 – Working Capital Reserve

Attachment 8 – Reserve Balance Reporting

Attachment 9- **Beginning with the 2020-21 REVIEW** Miscellaneous Fee Year-End Report for Miscellaneous Fee income and expenses **MUST** be submitted for all existing fees regardless if a change to the fee is being requested. This form must be signed by the Vice Chancellor or Dean.

### **Annual Review and Reporting**

Beginning with the 2020-21 miscellaneous fee review, all units with approved Miscellaneous Fees must provide the campus’ Budget Office with a year-end report on the prior year’s Miscellaneous Fee income and expenses (Attachment 9). This form must be signed the Vice Chancellor or Dean. The Budget Office will review the reports as part of the Miscellaneous Fee review process. The reports will be used to ensure justification for continuance of the fee, campus compliance with system-wide policies and for annual reporting to the Office of the President.