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## Financial Management of University Fees Policy

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**Category:** Financial  
**Responsible Office:** Financial Management  
**Responsible Executive:** Vice President for Finance and administration

**Date Established:** 03/21/01  
**Date Last Updated:** 09/23/17

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### Summary

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This policy provides guidelines for the financial management of university fees to support:

- Accurate cost calculations
- Consistent operational practices to document revenue, costs, and fee rates
- Compliance with SUNY and university policies
- Adequate internal controls

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### Policy

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#### POLICY STATEMENT

The University at Buffalo (UB, university) establishes and maintains university fees in accordance with the State University of New York (SUNY) *Fees, Rentals, and Other Charges Policy*. In addition, these general principles govern the development of new fees or changes to existing fees:

- Fees are set based on the full cost of the activity or service for which the fee is charged, including allowable costs.
- Fees should recover costs when no other dedicated funds are available for that purpose.
- A consultation process with students is encouraged, when appropriate. The consultation process may use a committee with representation of the impacted group.
- If waivers are permitted, a fee waiver policy must be included as part of the fee proposal or request for fee change.
- Fee must be approved based on level of authority.
- Fees must be reviewed annually and adjusted as necessary.

#### Fees and Level of Authority

Level of Authority	Types of Fees
<b>SUNY Board of Trustees Authorized Fees and Charges</b>	Charges and other university-wide fees paid by students as a condition of attendance: Tuition Student activity fees International Health Insurance fees Admission deposits Broad-based fees:

	College Fee Academic Excellence and Success Fee Student Health Services Fee Intercollegiate Athletics Fee Recreation Fee Technology Fee Transportation Fee
<b>Chancellor or Designee Authorized Fees</b>	<p>Fines, fees, deposits and charges:</p> <ul style="list-style-type: none"> <li>• Mandated Fees - fees with set amounts to be assessed due to a student's action or inaction:             <ul style="list-style-type: none"> <li>General deposits</li> <li>Admissions application fees</li> <li>Late registration</li> <li>Drop/add</li> <li>Returned check charge</li> <li>Administrative and late payment fees</li> <li>Collection fees</li> <li>Academic transcript fees</li> </ul> </li> <li>• Campus specific fees - mandatory campus-specific fees that are not covered under the campus authorized fees             <ul style="list-style-type: none"> <li>Credit-bearing academic course</li> <li>Instructional cluster</li> <li>Course Laboratory fees</li> <li>Administratively cancelled registration fee</li> <li>Course auditor fee</li> <li>Non-matriculated student fee</li> <li>International student fee</li> <li>Housing termination fee</li> <li>Other campus-specific fees</li> </ul> </li> </ul> <p>Campus specific fees, charges or deposits are to be administered through an Income Fund Reimbursable (IFR) account, State University Tuition Reimbursable (SUTRA) account, or under particular circumstances and with prior approval from Financial Management with a university affiliate.</p>
<b>Campus President or Designee Authorized Fees</b>	Residence Hall Board plans Orientation Career Services Library fees/fines Non-credit bearing instruction Patient/Clinic care Parking and related fees Student Government Voluntary student health services Student voluntary activities Recreational facilities not funded by mandatory university broad-based fees

	These fees and charges may be funded through an IFR account, State University Tuition Reimbursable (SUTRA) account, or under particular circumstances and with prior approval from Financial Management with a university affiliate.
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### Fee Development

The cost of providing an activity or service is charged to users through a fee. Fees are developed to cover the cost of operations, including but not limited to salaries, benefits, supplies, maintenance, and repairs. All costs included in developing the fee must be:

- allowable
- directly attributable to the activity or service
- a necessary and appropriate component of the fee
- documented
- reviewed annually

The department must:

- review university fee rates and cost components for each fee for reasonableness annually
- maintain documentation of the details of the fee rate calculation and approvals
- forward documentation supporting the calculations for new university fee rates and adjustments to existing fee rates to Financial Management for review and approval
- complete the *University Fee Approval Request Form* and the *University Fee Questionnaire*

### Allowable Costs

- Administrative staff salaries, wages, and fringe benefits, reflecting the anticipated percentage of effort
- Materials and supplies specific to the course (materials that result in a tangible product retained by the student in a credit course or where a special service is provided (e.g., music instrument rental, private lessons) or that entail extraordinary costs (e.g., dental instrumentation, travel to off-campus sites))
- Supplementary texts, software, and resource materials not available through the university bookstore but required for course completion
- Scientific chemicals, supplies and materials, modest equipment, and proper disposal of laboratory waste
- Transportation and admission costs incurred on field trips required in credit course instruction
- Equipment depreciation, for an item with an acquisition cost of more than \$5,000, using the straight line method (original acquisition cost divided by estimated useful life)
- Equipment expense for equipment with an acquisition cost of \$5,000 or less

Equipment Purchase Price	Expense Time Period
\$1 to \$999	Expense the total cost in the year purchased
\$1,000 to \$4,999	Expense the cost over a three year period

- Software and equipment maintenance
- General University Service Fee (GUSF) costs

- Professional services (e.g., speakers)
- Food and lodging directly related to students
- Printing and postage

### **Unallowable Costs**

- Alcoholic beverages
- Bad debt
- Donations and contributions, including cash, property, and services, made by the university to other entities
- Fundraising
- Proposal costs (e.g., time and effort)
- Goods or services for personal use by employees
- Consumables used for multiple courses
- Faculty travel, lodging, food, and beverages
- Volunteer personnel, except when the volunteer costs are less than the calculated rate of hiring facilities or outside agencies to service the event
- Cost of instruction or academic staff and technicians who perform duties in conjunction with a credit-bearing or required course leading to a degree (i.e., tuition and State support are provided for this purpose)
- Equipment and maintenance for multiple instructional purposes, unless the cost is identified as a percentage for each course
- Supplies and materials that could reasonably be expected to be covered in a regular instructional budget or routine materials, textbooks, and items commonly available to students at local merchants or the campus bookstore
- Computer and other laboratory equipment usage, primary software, computer maintenance, and related supplies or any other expense covered by the student Technology Fee

### **Break-Even Concept (Surplus and Deficit)**

University fee rates must be developed so that revenues offset costs over a defined time period. A surplus is not allowed for fees charged to students.

Amounts charged to external users in excess of the internal university fee rate should be excluded when calculating the surplus or deficit.

### **Variable Billing Rates**

Internal university users should be charged the same fee rate. However, if some users are charged a reduced fee or are not charged a fee, the standard (non-subsidized) fee rate must be imputed in calculating the fee's annual surplus or deficit. This is necessary to avoid having some users pay higher rates to make up for the reduced rates charged to other users.

### ***Subsidized Users***

The university may choose to charge some users a lower fee or no fee, however, the fee rate must be calculated for all users based on total expenses.

The cost used by the subsidized user group must be recorded to ensure that they are not inappropriately charged to other users.

### ***University Provided Subsidy***

University fee rates must be fully costed (i.e., the fee rate should include all allowable costs associated with the activity or service provided), however, the university may choose to subsidize the costs of a fee. When fee rates are lower than cost, the resulting deficit cannot be carried forward as an adjustment to future fee rates. In instances when subsidies are required to cover costs, the source of funding and account must be identified.

### ***Rates for External Users***

The university allows external users to be charged a higher fee rate than the fee rate charged to internal users. However, revenues and costs associated with external users must be tracked separately to avoid the perception of overcharging.

- Fee rates charged to external users may include a markup of the costs, listed as a percentage
- External fee rates should not be significantly different than the prevailing rate for identical services provided by commercial organizations in the area
- Revenue from external users may have Unrelated Business Income Tax (UBIT) implications.

### **Billing/Invoicing**

- Invoices must be based upon documented and properly approved fee rates.
- All invoicing should be processed on a timely basis and with current approved rates.
- Students will be billed for approved fees through the university billing system, as appropriate.
  - Fees may not be collected directly from students.

### **Revenue Collection**

<b>Acceptable Payments</b>	
<b>User</b>	<b>Payment Type</b>
Internal User	Student billing system (HUB) Campus Cash Interdepartmental Invoice (IDI) Purchase Order (eReq) Revenue Transfer
External User	Wire Transfer/ACH Electronic payment (ePay, UBF Checkout) Paper Check Credit card (requires prior approval)

### **Segregation of Duties**

Departments collecting fee revenue should ensure that the appropriate segregation of duties is maintained to safeguard funds and the university's reputation, as required in the [\*Safeguarding Cash and\*](#)

[Cash Equivalents Policy](#). For instance, a person who receives payments should not be the person who deposits payments or reconciles the account.

When staffing resources make segregation of duties difficult, compensating controls must be implemented to provide the appropriate checks and balances to detect errors, deter fraud, and prevent concealment of irregularities. Read about compensating controls in the [Safeguarding Cash and Cash Equivalents Policy](#).

## University Fee Accounts

All newly established university fees must be deposited in a separate account. The preferred funding source is a State IFR account. However, it may be necessary to establish a UB Foundation (UBF) account with payment through the UBF checkout system based on the nature of the fee. This requires prior approval from Financial Management and the University Controller.

## Record Retention

Fee rate development documentation must be maintained by the department. Documentation includes the actual costs of providing the service, units of service provided, billings, collections, and the annual surplus or deficit.

These records are subject to SUNY external audit and internal review.

## Fees Charged to Students Without Approval

In the event that a fee is imposed upon students without following the guidelines in this policy, funds collected will be refunded to the payee in full upon request made to the campus or by directive from SUNY System Administration. Requests for refunds must be made within three years of the collection of the fee.

## Background

The SUNY Board of Trustees established levels of authority and requirements for university charges, as described in the SUNY *Fees, Rentals and Other Charges Policy*. This *Financial Management of University Fees Policy* provides a framework for consistent operational guidelines to:

- Estimate allowable costs
- Identify unallowable costs
- Bill for services and activities
- Collect and deposit revenue
- Maintain documentation
- Implement appropriate segregation of duties to safeguard funds.

## Applicability

This policy applies to all university fees administered through State, FSA, and UBF accounts that are not related to service centers.

## Definitions

**Deficit** - The amount determined when costs exceed revenues for a given fiscal year.

**Depreciation** - Allocating the cost of equipment over its useful life. Straight-line depreciation is calculated by dividing the original cost of the equipment by the estimated useful life.

**Equipment** - An item of tangible personal property having a useful life exceeding one year.

**External User** - Organizations or individuals whose ultimate source of funds is outside of the university. External users include faculty, staff, and students acting in a personal capacity. Affiliated hospitals and other individuals are also considered external users unless the university has subcontracted with them as part of a grant or contract, in which case they are an internal user.

**Fiscal Year** - The 12 month period used for accounting purposes; the university's fiscal year is July 1 to June 30.

**General University Service Fee (GUSF)** - Fee charged against external revenue. The service fee is a flat rate charged across all entities on funds generated through the use of university faculty or staff time and/or use of university facilities.

**Internal user** – An academic, research, administrative, and auxiliary units whose originating source of funds is within or flows through the university (This includes State, Research Foundation, UB Foundation, and Faculty Student Association funds).

**Subsidy** – Additional funding provided by a department or the university that assists in covering the costs.

**Subsidized User** – User who is charged at a lower rate or not charged at all.

**Supplies** - Personal property that is expendable and cannot be classified as equipment with a useful life of less than a year.

**Surplus** - The amount determined when revenues exceed costs for a given fiscal year.

**Unallowable Costs** - Costs that cannot be included in calculating the cost of a service or activity.

**Unrelated Business Income Tax (UBIT)** - Taxes that result from income produced by the sale of goods or services to external users not substantially related to the university's tax exempt purpose.

**Useful Life** - The period of time over which a piece of equipment is expected to provide service.

## Responsibility

### Departmental Management

- Complete the *University Fee Approval Request Form* and the *University Fee Questionnaire* to begin the process of developing the fee rate.
- Provide Financial Management with documentation supporting new fee rate calculations and adjustments to existing fee rates using the appropriate fee forms.
- Assist Financial Management with break-even (pro-forma) analysis.
- Establish a separate account in the university's accounting systems to record the actual revenues, billings, collections, and surplus or deficit.
- Document the account and source of funding for subsidies.
- Monitor collections on accounts receivable.
- Review actual costs and billing rates annually; adjust when necessary.
- Maintain records to document the actual costs of providing the service, units of service provided, revenues, billings, collections, and the annual surplus or deficit.

### Financial Management

- Calculate the university fee rates with the assistance of the departmental management.
- Calculate projected break-even (pro-forma) and perform annual reviews of break-even with assistance of departments.
- Review and recommend approval of new fee rates and changes to existing fee rates.
- Forward a copy of all approved fee rates to the Controller and Resource Planning Office for final Provost designee approval.
- Perform periodic reviews of university fees to determine consistency with this policy and SUNY guidelines.
- Forward fee approval requests to SUNY, within deadlines, as appropriate.

### University Controller, Unit Business Officer, Resource Planning, Provost Designee

- Review and approve all fee rates, as appropriate.

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## Contact Information

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## Related Information

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### University Links:

Develop and Manage State Fees

<http://www.buffalo.edu/administrative-services/managing-money/state-funds/create-manage-fees.html>

[General University Service Fee Policy](#)

[Managing University Equipment Policy](#)

[Safeguarding Cash and Cash Equivalents Policy](#)

### Forms:

[Request for Fee Approval](#)

<http://www.buffalo.edu/administrative-services/forms-catalog/finances/request-for-fee-approval.html>

### Related Links:

State University of New York Capitalization Policy and Depreciation Policy for Capital Assets

[https://www.suny.edu/sunypp/documents.cfm?doc\\_id=559](https://www.suny.edu/sunypp/documents.cfm?doc_id=559)

State University of New York Fees, Rentals, and Other Charges Policy, Document Number 7804

[http://www.suny.edu/sunypp/documents.cfm?doc\\_id=398](http://www.suny.edu/sunypp/documents.cfm?doc_id=398)

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## Revision History

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September 2017

Full review.

- Changed the title of the policy from *Setting Fees, Fines, Deposits, and Service Charges* to *Financial Management of University Fees*.
- Updated the policy to provide additional guidance and clarification related to fee development including:
  - allowable costs
  - approval, waiver policy, break-even, annual review, account establishment, and record retention requirements
  - variable billing rates
  - billing/invoicing
  - revenue collection
  - segregation of duties

## Presidential Approval

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Satish K. Tripathi, President

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Date

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