



Administration and Finance

Operations Detail: **BUDGET PLANNING & ANALYSIS – 06**

## **ADMINISTRATION & FINANCE | BUDGET PLANNING & ANALYSIS**

Guidelines for Managing Fees

**February 2024**

### **1.0 PURPOSE**

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The purpose of this operations detail is to provide guidance to the campus community on budget management for fees, with a particular focus on ensuring that all costs, including salaries, benefits, and operating expenses, are accounted for in the fee budgets.

### **2.0 BACKGROUND**

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The department/division with the delegated authority to manage the expenditures of fees is responsible for managing fees, keeping them self-sustaining while maintaining a reasonable carryforward balance. Budget Planning & Analysis (BPA) provides oversight to ensure budget plans, expenditure commitments, and reserve balances are fiscally sound and sustainable.

### **3.0 OVERVIEW**

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These guidelines were established to ensure responsible budget management for fees.

### **4.0 CITATIONS**

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[CSU Executive Order 1102, Student Tuition and Fee Policy](#)

[ICSUAM 02002.00, Budget Oversight](#)

[CSU Executive Order 1000, Delegation of Fiscal Authority and Responsibility](#)

[CSU Executive Order 0994, Financing and Debt Management Policy](#)

### **5.0 PROCEDURES**

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#### **Self-Sustainability**

Fee budgets must be self-sustaining, meaning the revenues generated should be sufficient to cover all new and existing expenses. When evaluating fee-funded program budgets, it is essential to incorporate all costs into your spending plan. This includes salaries, benefits, and operational expenses, and any other related costs. Failure to account for all expenses can lead to deficits in fee budget.

#### **Benefits Budget Management**

Some fees do not fully cover their benefit costs, particularly when new positions are added. It is crucial to set aside an appropriate level of budget for benefits when creating or modifying fee-funded positions. A new Tableau Custom View, effective January 2024, is now available to make benefit costs visible to all fee budget managers so that these expenses can be managed effectively. Additionally, BPA can assist with estimating benefits and applying allocations directly to budget lines. Any surpluses or deficits from benefits or other budget lines will remain in the fee budget.

#### **Carryforward Balance Monitoring**

It is important to closely monitor carryforward balances to ensure they remain within the parameters outlined in the CSU guidelines. The CSU recommends that CPP maintain three months minimum and a maximum of six

months of fund balance. This range provides flexibility while preventing excessive accumulation of funds. Carryforward balance for fees can follow the same guidelines for fund balance. Fees collected ahead for activities in the subsequent fiscal year should maintain an operating fund in addition to the necessary carryforward balance. For other user fees and miscellaneous course fees, collections should align with the annual spending requirements.

**Debt Service Coverage Ratio**

The DSCR calculation determines if net operating income can cover bond debt after operating expenses. Units with debt service on all issued and outstand Systemwide Revenue Bond program debt shall closely monitor their debt service coverage ratio (DSCR) to ensure they stay within the CSU guidelines.

- The DSCR for the debt program within which the proposed Self-Support Project falls must be 1.25 or higher
- The DSCR for all debt programs of the campus on a combined basis must be 1.35 or higher

For more information on DSCR guidelines, refer to [CSU Executive Order 0994, Financing and Debt Management Policy](#).

**6.0 DEFINITIONS**

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**Self-Sustainability**

Self-sustainability is when the revenues generated are sufficient to cover all new and existing expenses.

**Carryforward**

The unexpended balance at the end of a prior fiscal year that has been rolled forward to the next fiscal year. Carry-forward can be positive (funds available to spend) or negative (a deficit that needs to be covered).

**5.0 CONTACTS**

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This operations detail is owned, administered, interpreted, and revised as necessary by the [Office of Budget Planning & Analysis](#) in the Division of Administrative Affairs.

**Carol Lee**

Assistant Vice President of Budget, Planning, & Analysis  
[cllee@cpp.edu](mailto:cllee@cpp.edu)

**7.0 REVISION TRACKING**

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**Revision History**

Revision Date	Revised by	Summary of Revision	Section(s) Revised
12/12/2023	Natalie Schroeder	Initial Draft	All
1/11/2024	Carol Lee	Draft Revision	2, 5

**Review/Approval History**

Approval Date	Approved by	Summary of Approval	Section(s) Approved
1/11/2024	Carol Lee	Initial Approval	All
2/12/2024	Ysabel Trinidad	Final Approval	All