Academic Affairs Division CERF Guidelines

The Division is adopting a framework for allocating shared costs of self-support programs to CERF funds that complies with State and CSU policies. The two main policy points are:

1. Costs incurred by the CSU Operating Fund for services, products, and facilities provided to other CSU funds (e.g., CERF) and to Auxiliary Organizations are properly and consistently recovered with cash and/or a documented exchange of value. (CSU Exec Order 1000)

2. CERF revenues are to be used “for the support and development of self-supporting instructional programs of the California State University.” (Education code §89704)

Definitions

Direct Costs: Direct costs are costs that can be wholly attributed to either self-support or state support programs. An example is the salary of a faculty member who teaches a self-support course in the summer. This would be a direct cost attributable wholly to self-support.

Shared Costs: Shared costs, or indirect costs, include salaries and operating expenditures that support multiple programs, so they cannot be specifically attributed to any single program or course. For many departments, the department staff would constitute an indirect cost of the programs within the department. The method for distributing these shared costs to programs (or courses) is described in this document.

Fall/Spring Special Sessions: Fall and Spring Special Sessions are mainly comprised of degree-granting self-support academic programs and corporate extended education programs. Course offerings are typically at the post baccalaureate level.

Summer/Winter Intersessions: The intersessions primarily include self-support course offerings at the undergraduate level that are intended to assist students with progression in their degree program and/or to allow their participation in courses of special interest.

Open University (OU): Individuals who are not admitted to SJSU can enroll in courses on a space-available basis through Open University, which is a self-support program. All colleges participate in Open University.

Cost Allocation Method

Per the recent State audit of CERF finances, SJSU departments must “demonstrate that they assign indirect costs to self-supported instructional courses and programs according to a methodology that represents a reasonable and equitable distribution,” and that the method used for assigning costs will be “one of the three common methods identified in the State Administrative Manual or methods developed by the campus and approved by the Chancellor’s Office.”

After reviewing options, the number of enrollments (seats) in self-support versus regular session programs was selected by the Provost’s Office because it complies with the State Administrative Manual, the data are readily available and they are reported on a schedule that works well with budget
planning. Attachment 1 shows the results of the enrollment distribution for 2013-14 by college and by self-support program category.

At this point, an important point must be presented. Adhering to the letter of the law would entail apportioning each and every shared cost between Op Fund and CERF per the enrollment distribution. This would be excessively burdensome and costly from an administrative perspective. The goal is to apportion costs throughout the year in manner that resembles the enrollment split at year-end. However, there will be exceptions for special awards and for costs associated with new/unlaunched programs.

**Types of costs and their handling**

1. **Salaries (and Benefits)**
   a. Faculty teaching state-support courses should be charged to the Op Fund and faculty teaching self-support courses should be charged to CERF.
   b. For departments that regularly deliver both state-support and self-support courses and programs, the salaries of Directors, department chairs and departmental administrative staff should be split based on the distribution of seats (enrollments) using data from the most recently completed academic year. The enrollment data are available on the IEA website (www.iea.sjsu.edu).
   c. Programs that infrequently participate in self-support activities or with less than 2% enrollment in self-support do not need to split salaries. Other costs can be apportioned instead (see following sections).
   d. Salaries of Deans, Associate Deans and college administrative staff should be split based on the college’s distribution of seats (enrollments) using data from the most recently completed academic year (shown in Attachment 1).
   e. Salaries for staff in the Provost’s Office and academic support units will be split based on the overall distribution of seats (university level).

2. **Student Assistants**
   Student assistant salaries are eligible for CERF funding. Departments that are splitting administrative salaries (per above section) should also apportion fair amounts of student assistant costs to CERF, again using the enrollment distribution as a basis. It is not necessary to split fund individual students.

3. **Operating Costs**
   Any unit that participates in self-support programs may charge an appropriate share of eligible operating costs to CERF. Examples of eligible costs could include office supplies and course materials. Avoid using CERF funds for any items that are clearly unrelated to self-support. For example, it would not be appropriate to use CERF funds to purchase equipment for a class lab that is only used for state-support courses. However, if the class lab is used for both state- and self-support courses, it would be appropriate. Operating costs can be split using the enrollment distribution, and departments are encouraged to split all large purchases.

4. **Travel**
   The purpose of travel determines whether or not travel expenses are eligible for CERF funding. In most cases, people travel to attend scholarly conferences and meetings. If the topic of the conference or meeting advances knowledge that is used in delivering self-support courses or in
administering self-support programs, the travel is eligible for CERF funding. This determination must be made at the local level, but a justification demonstrating the link to self-support activities must be included in the travel authorization when CERF funds are used. Note that it may be appropriate to split the costs between Op Fund and CERF where the travel purpose supports both state- and self-support courses or programs.

5. Grants and Awards
Colleges and academic support units may award CERF funds to faculty or departments for RSCA and other college-level programs to the extent that the final recipient is involved in delivering or planning for self-support courses or programs, and the activity is tied to self-support activities.

CERF Reserves
Degree-granting self-support programs should reserve sufficient funds to address fluctuations in enrollment levels, and unforeseen expenditures (e.g., unplanned equipment replacement). Reserve amounts depend largely on the nature of the academic program. Colleges may elect to hold reserves centrally rather than at the department or program level.

Compliance procedures
In order to ensure that direct costs and indirect costs of self-supported instructional courses and programs (e.g. purchase orders, work orders and contracts) are reasonably and equitably charged to CERF, the Division of Academic Affairs will apportion costs throughout the year in a manner that resembles the enrollment split (state-support enrollment versus self-support enrollment), as per the principle of allocation in these Guidelines.

Departments are responsible for retention of documentation to support the development of the methodologies used in the submission of fee proposals, including the pro-forma distribution of indirect costs to self-supported instructional courses and programs. This pro-forma distribution should follow the principle of allocation as outlined in these Guidelines.
## CERF ENROLLMENT DISTRIBUTION

**2013-14 Data - Number of Seats/Duplicated Headcount**

**San Jose State University**

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<thead>
<tr>
<th>College</th>
<th>Intersections (incl. Sumr OU)</th>
<th>Special Sessions</th>
<th>Open University</th>
<th>CERF Total</th>
<th>State Total</th>
<th>GRAND Total</th>
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<td><strong>Total</strong></td>
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<td><strong>4,397</strong></td>
<td><strong>4,615</strong></td>
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</table>

### CERF Percentages

- **CASA**: 17.1%
- **Bus**: 11.5%
- **Educ**: 6.6%
- **Engr**: 7.0%
- **H&A**: 4.3%
- **Sci**: 8.2%
- **SocSci**: 5.5%
- **Overall**: 9.0%

### Sources:

- Self-Support enrollments from CIES revenue distribution worksheets
- State enrollments from IEA website: select Courses/University Total and change filter to #of Seats

June 2014