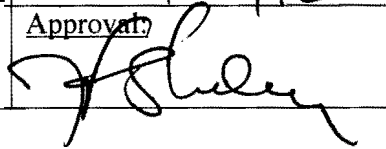


Subject: Cost Allocation Policy	Department Name: Business & Finance	Date: 10/27/15
		Approval: 

A. Authority

It is the policy of the California State University (CSU) that campus presidents ensure that costs incurred by the CSU Operating Fund for services, products, and facilities provided to California State University (CSU) enterprise programs/activities/funds, auxiliary organizations and entities external to the university are properly and consistently recovered with cash and/or a documented exchange of value. This policy complies with Integrated CSU Administrative Manual (ICSUAM) policy number 3552.01, *Cost Allocation/Reimbursement Plans for the CSU Operating Fund*

B. Scope of Policy:

This policy applies to all CSU Stanislaus (University) departments, Auxiliary Organizations, Enterprise Programs/Activities/Fund Sources, and external entities that may utilize University facilities.

C. Definitions: See Appendix.

D. Policy Statement

The University's Vice President for Business and Finance is responsible for ensuring proper, consistent, and timely recovery of costs incurred by the CSU Operating Fund by annually preparing a documented cost allocation/reimbursement plan for the University. The annual approval and implementation of the plan should occur at a consistent time from year to year and the time frame should be stipulated in the plan. The Vice President for Business and Finance must ensure that all costs incurred by the CSU Operating Fund for services, products, and facilities provided to Auxiliary Organizations, Enterprise Programs/Activities/Fund Sources or Entities External to the University are properly and consistently recovered with cash and/or a documented fair exchange of value. This includes all costs for services, products, and facilities borne by the CSU Operating Fund on behalf of Enterprise Programs/Activities/Fund sources and Auxiliary Organizations. The Vice President for Business and Finance may consider the cost-benefit of deriving the costs to be allocated/reimbursed. When appropriate and necessary, the University Vice President for Business and Finance should modify the existing cost allocation/reimbursement plan outside the annual cycle to recognize new costs or other changes in operations. Such modifications and/or the new plan are to be clearly documented.

E. CSU Stanislaus Cost Allocation/Reimbursement Plan

Timing: The cost allocation/reimbursement plan will be prepared annually in the fourth quarter of each fiscal year (July 1 -June 30).

Entities to Be Charged: All Auxiliary Organizations and Enterprise Programs/Activities/Fund Sources will be charged.

Units Required To Recover Costs: All CSU Stanislaus units funded from the General Fund providing materials, facilities, and/or service to an Auxiliary Organizations or Enterprise Programs/Activities/Fund Sources will be reimbursed.

Costs to be Recovered:

Direct Costs:

Materials, Supplies and Salaries: Materials and supplies used specifically for the job order should be charged back based upon actual cost. A unit cost will be developed for materials and supplies based upon the total expense divided by the quantity ordered or the estimated number of transactions to be used. An hourly charge-back salary rate will be based on the annual salary for the classifications (or mid-step of the most representative classification) doing the work, divided by the total working time.

Facilities Charges (i.e., Rent): Building service charges will include all building maintenance and custodial services. The CSU system building maintenance reimbursement rate (the rate set each fiscal year by Chancellor's Office at which funds are allocated to the University by the State) shall be used as the model rate. The allocations to the Auxiliary Organizations and Enterprise Programs/Activities/Fund Sources will be based upon the rate times the square feet occupied in a state-funded building by the entity.

Utility Charges: Utility charges will include electricity, natural gas, water, sewage, and solid waste removal. If the Auxiliary Organizations or Enterprise Programs/Activities/Fund Sources space is not individually metered for any of the above listed utilities, the amount to be charged will be determined by applying a percentage of the cost of the utility for the total metered facility, based upon the percentage of the space occupied by the Auxiliary Organizations and Enterprise Programs/Activities/Fund Sources in that facility.

Incremental Costs: Incremental costs are expenses that would not have been incurred if the Auxiliary Organizations or Enterprise Programs/Activities/Fund Sources were not present (e.g. any expense to link or connect to a facility used solely by an auxiliary enterprise). Incremental costs are usually direct costs but may include indirect costs.

Indirect Costs:

Overhead: The indirect costs are the salaries and benefits (to be adjusted annually) of the supervisors/managers of the employees directly involved in the provision of the service, and the general office costs for the operation of the department from which they work. The supervisory indirect costs will be allocated on the basis of percentage of the amount of time that the supervisor/manager expends in supervising the employee for that particular service. The general office overhead will be allocated based on the percentage of the service provided as a part of the total workload. For services provided that are outside the normal activity provided by that entity, the charge will be according to the price quote given at the time of the request.

Exchange of Value: For those efforts that are recognized as providing either tangible or intangible value that ultimately inures to the overall benefit of the University and its educational mission even though the activity might reside in an Auxiliary Organization or Enterprise Program/Activity/Fund there may be a value recognized as offset to financial reimbursement. This recognized value will be supported by documentation titled campus services agreement that is reviewed and approved by the Chief Financial Officer. These non-cash reimbursements can relate to either direct or indirect costs. An exchange of value may include tangible benefits, which are financially quantifiable, and intangible benefits which are qualitative.

Examples of tangible benefits may include:

- bond financing
- delivery of media through radio or television channels
- financial support benefiting the University; e.g., contributions to a higher education bond campaign
- financial support to the University
- student scholarships
- supplemental support of University employee compensation and benefits
- unrecovered costs incurred by the Auxiliary Organization or Enterprise Program/Activity/Fund on behalf of the CSU Operating Fund
- use of an auxiliary service, product or facility

Examples of intangible benefits may include:

- enhancement of the student experience
- enhancement of the University brand
- improved relations with constituents and/or the University community
- performing functions that have been expressly identified for the Auxiliary Organization or Enterprise Programs/Activities/Fund Sources
- protection of donor and volunteer privacy

F. Cost Allocation/Reimbursement **Plan** Documentation

Allocation/Reimbursement Determination:

Detailed documentation that demonstrates the factors that were taken into consideration in determining cost recovery will be included (e.g., worksheet identifying the allocation of salaries and other components in allocating business services provided to Auxiliary Organizations and Enterprise Programs/Activities/Fund Sources).

Cost Allocations identified include, but are not limited to, the following:

- Supervisory Support
- Services
 - o CMS (PeopleSoft) use
 - o Facilities Services (Repairs & Maintenance)
 - o Financial Services
 - o Mail Room (Postage)
 - o Office of Information Technology (data, equipment, and telephone)
 - o Public Safety
 - o Registration Services
 - o Reprographics
 - o Risk Management (Insurance)
 - o Salaries & Benefits of State Employees
 - o Student Assistants
 - o Systemwide Overhead (allocation)
 - o Contractual Services
 - o Equipment
 - o Supplies
- Facility & System Use (facility rental, utilities, and financing)
- Campus Contributions (Exchange of Value)

G. Responsibilities

Chief Financial Officer, or Designee, shall:

- Ensure proper, consistent, and timely recovery of costs incurred by the CSU Operating Fund by annually preparing a documented cost allocation/reimbursement plan for the University.
- Consider the cost-benefit of deriving the costs to be allocated/reimbursed.
- When appropriate and necessary modify the existing cost allocation/reimbursement plan outside the annual cycle to recognize new costs or other changes in operations.

University Departments Providing Service and/or Materials to Auxiliary Organizations and Enterprise Programs/Activities/Fund Sources

- Identify and justify the cost allocation/reimbursement methodology for each of the services that are allocable relative to the activity and the related costs.
- Identify and quantify in a manner consistent with the principles of this policy, practicable, fact-based, simple and reasonable allocation/reimbursement methodology, as determined by the campus Vice President for Business and Finance that is realistic relative to the activity and the related costs. Provide justification for the choices that deviate from the University's standard methodology.
- Identify and document when an in-kind, or exchange-of-value, reimbursement is included as part of the cost allocation/reimbursement plan.
- Make every effort to recover CSU Operating Fund costs in a timely manner. Payment must be made as soon as practicable after the completion of activities and programs that require University resources, at a minimum in the same fiscal year.

Auxiliary Organizations and Enterprise Programs/Activities/Fund Sources

- Verify approval of the cost allocation/reimbursement plan annually.
- Pay the amounts required for reimbursement of the CSU Operating Fund in a timely manner.
- Prepare and obtain approval of campus service agreements to document when an in-kind, or exchange-of-value, reimbursement is included as part of the cost allocation/reimbursement plan.

APPENDIX

Organizations/Entities/Activities

Auxiliary Organizations-An auxiliary organization is a separately organized, non-state entity that operates in compliance with the auxiliary organization policies of the CSU Board of Trustees, the terms of leases and operating agreements with the Trustees, and policies established by the university. Examples of auxiliary organizations include philanthropic foundations, student body organizations, research foundations, student unions, bookstores, and other commercial services operated for the benefit of the university (Education Code sections 89900-89912 and Title 5 section 42500).

Entities External to the University - Entities external to the University includes organizations or programs which typically come from the surrounding community and operate independently of the university, but which may hold a function at a CSU campus.

Enterprise Programs/Activities/Fund Sources- Enterprise programs/activities/fund sources include those that furnish facilities, goods or services to students, faculty, staff, or incidentally to the general public. An enterprise typically charges a user fee, rent or other charge directly related to, although not necessarily equal to, the cost of the facilities, goods or services. A distinguishing characteristic of an enterprise is that it is managed as essentially a self-supporting activity under the administration of the university. Enterprise fund activities are typically accounted for in designated CSU funds. Examples may include housing, parking, and continuing education.

Miscellaneous Activities- Miscellaneous activities include other self-supporting activities operated by the university in funds other than the CSU Operating Fund including, but not limited to: Instructionally Related Activities; centers and institutes; and other university support organizations, such as a faculty clubs or athletic boosters.

Direct Costs -Expenditures initially incurred by the CSU Operating fund which can be easily determined with a high degree of accuracy and without an inordinate amount of accounting and recharged to a University auxiliary or enterprise program/activity/fund based upon the actual cost of goods or services provided. Direct costs can be documented by a work order, charge-back system or contract and are invoiced on some regular basis.

Exchange of Value - There are some activities that are integral to supporting the core educational objectives of a university, but which are not fully funded through the CSU Operating Fund. In some cases, Operating Fund resources are used to support those efforts. Those efforts are recognized as providing either tangible or intangible value that ultimately inures to the overall benefit of the university and its educational mission even though the activity might reside in an auxiliary organization or enterprise program/activity/fund. Two of the more common examples of such activities are fundraising and externally sponsored research and grants. If a cost allocation/reimbursement plan incorporates such exchanges of value they must be well documented and clearly articulate the benefit to the overall educational mission.

Facility Costs- Auxiliary organizations and enterprise programs may occupy university facilities. An allocation of costs for administration, supervision, operation, maintenance of occupied space will be based on a dollar amount per square foot equal to the CSU Building Maintenance Reimbursement Rate.

Indirect Costs- Indirect costs cannot be readily assigned to a particular cost objective without effort disproportionate to the benefits received. These costs are those incurred for purposes common to some or all programs or activities, but which cannot be readily identified and charged directly to such programs or activities with a reasonable degree of accuracy and without an inordinate amount of accounting. Examples include executive oversight, accounting, grants management, and technology and facility overhead.

Services - The bases of allocation for services (e.g., expenses incurred by administrative offices that serve the entire university such as executive administration, facilities management, business services, budget and planning, personnel management, risk management) may vary as the university determines appropriate and reasonable.

Other

Chief Financial Officer (Vice President for Business and Finance)- The Vice President for Business and Finance for CSU Stanislaus is the Vice President of Business & Finance.

CSU Operating Fund (General Fund) - The CSU Operating Fund (Fund 485) has been established to exclusively report revenues, expenses, and net assets related to state-supported instruction and related programs and operations.