



**SAN FRANCISCO  
STATE UNIVERSITY**

**San Francisco State University**

# **Fiscally Responsible Management Practice Change**

**NEW GUIDELINES FOR CSU FUNDS 485, 491 AND 496**

**Budget Administration & Operations & Fiscal Affairs Offices  
3-12-2018**

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## TABLE OF CONTENTS

INTRODUCTION .....	2
DEFINITIONS .....	2
BENEFITS OF PRACTICE CHANGE .....	2
COMMON FINDINGS.....	3
GENERAL IMPACTS AND RECOMMENDATIONS .....	3
BUDGET PRACTICES UPDATES .....	5
NEW CAMPUS FUND STRUCTURE.....	7
CSU FUND 485 OR 496 ACTIVITY DECISION TREE .....	8
ANALYSIS AND RESULTS.....	9
CAMPUS TIMELINE .....	12



## INTRODUCTION

The Chancellor's Office (CO) Financial Services department has directed all campuses to review the activities confined in CSU Funds 491 and 496 and determine if those activities are appropriate for the relevant CSU fund. Activities are recorded in SFSU PeopleSoft funds which rollup to CSU funds.

ICSUAM policy 3552.01 COST ALLOCATION/REIMBURSEMENT PLAN and EXECUTIVE ORDER 1000 require services and products performed and provided outside of CSU operating fund be recovered and made whole.

The Budget Administration & Operation and Fiscal Affairs Office performed the analysis of each SFSU PeopleSoft fund currently retained in CSU funds 491 and 496. This analysis was performed according to guidance provided by the CO's Budget Officers Association (BOA) and the Financial Standards Advisory Committee (FSAC).

## DEFINITIONS

CSU fund 485 – Primary operating fund of the CSU; student tuition and fees and state appropriation are administered through this fund; *typical SFSU PeopleSoft funds in CSU Fund 485 include NG####, NR####, SU####, SE####, TH#### and TS#### funds.*

CSU fund 491 – Used to record the costs of *capital* projects with unrestricted sources of monies; *typical SFSU PeopleSoft funds in CSU Fund 491 include SP#### and ST#### funds.*

CSU fund 496 – Used for activities not recorded in any other CSU fund; activities are revenue self-supporting and there would be no impact on the University's primary operations if the activity was discontinued; *typical SFSU PeopleSoft funds in CSU Fund 496 include TR#### and TT#### funds.*

## BENEFITS OF PRACTICE CHANGE

- Long-term efficiency
- Improved guidance
- Consistent treatment of cost recovery activities
- Increased accountability/consistency
- Fiscally responsible management practice
- Secure funds for multi-year commitments in advance
- Manage financial risk

## COMMON FINDINGS

CSU campuses recording cost recovery activity practice have found the existing process:

- Complex and not sustainable
- Inconsistent use and guidance from the Chancellor's Office
- Time consuming
- Non-value added work
- Difficult to manage multiple CSU funds

### CAMPUS FINDINGS:

- **Indirect Cost Recovery** | Historically, SFSU has recorded recovered indirect costs (e.g. from grants and contracts) in CSU Fund 491. Recovered indirect costs should be recorded in CSU Fund 485.
- **Legacy Reimbursed Release Time** | although SFSU currently records reimbursed release time (RRT) in CSU 485 that practice is relatively new. Historically, RRT was recorded in CSU Fund 491.
- **General Fund-Supported Activities** | A common practice has been to classify activities supported by CSU Fund 485 in CSU Fund 491. This has typically been accomplished by transferring dollars from CSU Fund 485 to CSU Fund 491 and CSU Fund 496. For example, transferring a portion of ORSP's share of recovered indirect costs to support mini-grants to faculty.

## GENERAL IMPACTS AND RECOMMENDATIONS

### CSU Recommendations

- Consolidate cost recovery activities to CSU Fund 485 (Operating Fund)
- Revise 485 rules
- System-wide budget adopt consistent methodology related to cost recovery
- Limit CSU Fund 491 Special Projects (only for activities to Non-Recurring Maintenance & Repair and Capital Improvement (NRM & CIMP))
- Revise CSU Fund 496 Miscellaneous Trust definition and rules

The general impacts of relocating SFSU PeopleSoft Funds from one CSU Fund to another include

- For funds relocating to CSU Fund 485, revenues, expenses and related activities will be subject to the restrictions of CSU Fund 485, the General Fund. For example, policies for hospitality expenses in CSU Fund 485 are more restrictive than for CSU Funds 491 and 496.



- Fund codes will change. For example, SP### funds moving out of CSU Fund 491 will be recoded to a new fund code.
- Some funds will be consolidated to centralized funds administered at the cabinet and division/college level.
- Relocating a fund to a different CSU fund will not affect the fund balance, in total, of any funds.



## BUDGET PRACTICES UPDATES

ITEM	IMPACTS	ACTION
CSU FUND	Activity is shifting from non-budgeted funds to budgeted funds	All cost recovery campus funds will be included in the Budget Workbook
CAMPUS PEOPLESOFT FUND	Are separate PeopleSoft funds needed to track activity?	See New Campus Fund Structure
POSITION MANAGEMENT	Are positions to be realigned with the new campus fund structure for the cost recovery activities?	Yes. The positions must be realigned to the new fund structure by issuing E-track position fund change.
BALANCES	Should balances related to cost recovery activity be maintained separately?	<ul style="list-style-type: none"><li>Consolidated funds without a sustainable source of revenue will be rolled-up to the division/college by department code. The fund balance needs to be spent out within 24 months.</li><li>Campus Units cost recovery no year-end balance.</li><li>Indirect Cost Recovery (F&amp;A) funds will be rolled-up to the division/college by department code.</li></ul>
REVENUE	Where will the cost recovery revenue be posted?	The revenue will be recorded to the department and expense allocation will be posted at the department level
BUDGET ENTRIES	Are budget entries needed to allocate the cost recovery revenue? When should budget entries be done, before or after the revenue posts?	Yes. Budget entries are required  Before the revenues are posted and at winter and spring financial review true-up
SCENARIO BASE VS ONETIME	Is the cost recovery funding considered base or onetime?	One time
BENEFITS	What is the process to allocate a portion of the cost	Benefits will be adjusted back to the pool



	recovery revenue back to the benefit pool?	
ITEM	IMPACTS	ACTION
RESERVE	Balances shifting to 485 must be designated per policy.	The fund balances must be reviewed and designated of funds provided (per ICSUAM 2002 reserve policy) and rolled-up to the CSU fund for CO reporting.
FIRMS BUDGET	485 expenses at year-end will increase which <i>could</i> impact how campuses build their budget for FIRMS submission.	The expenses for the cost recovery are already adjusted.
CAMPUS ALLOCATION OF COMPENSATION/ BENEFIT FUNDING	Should cost recovery activity in 485 receive a portion of new funding?	The cost recovery rates are charged based on actual cost (includes the salary/benefits adjustments)



## NEW CAMPUS FUND STRUCTURE

This project also resulted in the opportunity to structure our funds in a simpler, better-defined format. For funds remaining in CSU fund 491 and CSU fund 496, the structure will not change. For funds relocating to CSU 485, we have established five (5) categories of funds:

**NR101 SFSU PeopleSoft Fund** – Reimbursed Release Time (RRT); this fund already exists and is administered and tracked at the department level.

**NR201 SFSU PeopleSoft Fund** – This fund will be used to administer and track recovered indirect costs (F&A). There will be some parity with the existing fund structure in CSU Fund 491. The primary change is that departments will no longer have separate funds but consolidated to one fund and administered and tracked by the division/college using department codes. *PeopleSoft fund will be established at the division/college level and administered and tracked at the department level.*

**NR301 SFSU PeopleSoft Fund** – This fund will be used to administer and track campus units' internal cost recovery (e.g. facilities services, utilities, etc.). The activity is consolidated in one fund and administered and tracked by the division/college using department codes. *PeopleSoft fund will be established, administered and tracked at the division/college level.*

**NR401 SFSU PeopleSoft Fund** – This fund will be used to administer and track miscellaneous division/college/department activity (programs or/and projects) that do not warrant the establishment of a separate PeopleSoft fund but must exist in CSU fund 485. This fund will include those funds currently in CSU Fund 491 that will be relocated to CSU Fund 485 that need to be spent out within 24 months and may also include new initiatives undertaken by a division/college or department that require separate administration and tracking by project codes. *PeopleSoft fund will be established, administered and tracked at the division/college level.*

**SG101 SFSU PeopleSoft Fund (PTD)<sup>1</sup>** – This fund will be used to administer and track small grants (i.e. mini-grants) in CSU Fund 485. This fund will have established project codes, which will be used to administer and track individual projects.

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<sup>1</sup> PTD - project-to-date





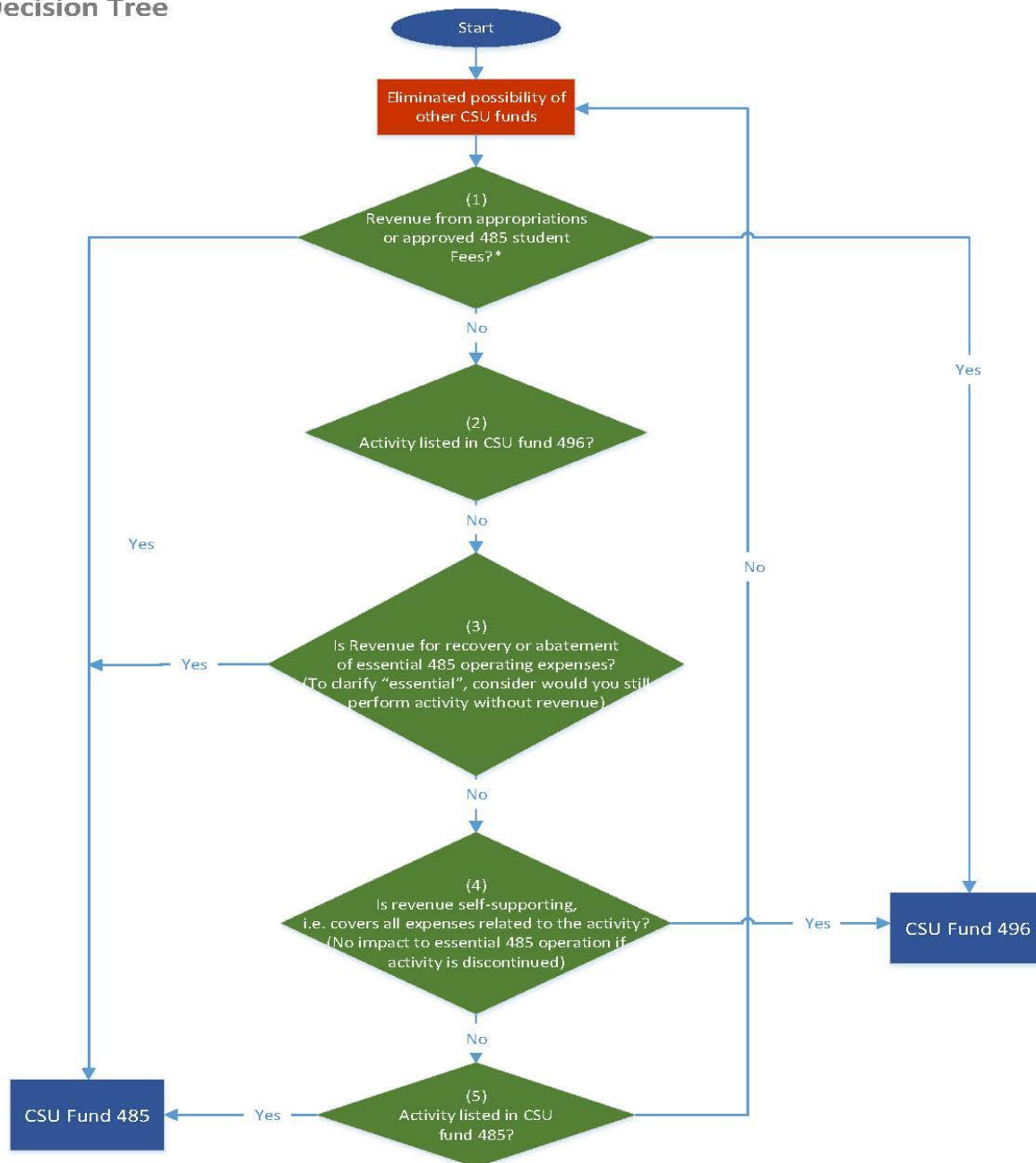
## CSU FUND 485 OR 496 ACTIVITY DECISION TREE

Used to evaluate the options of using CSU fund 485 or CSU 496 to record activities

“485 and Cost Recovery Implementation Deliverables”

<https://csyou.calstate.edu/Divisions-Orgs/AGA/FSAC/Pages/default.aspx>

### CSU Fund 485 or 496 Activity Decision Tree





## ANALYSIS AND RESULTS

The Budget Administration Office and Fiscal Affairs analyzed 357 funds currently housed in CSU funds 491 and 496 at SFSU; of those, 292 are active funds and were subjected to the criteria provided by the CO and FSAC to determine their appropriate classification. The Budget Administration and Operation and Fiscal Affairs Offices performed their analyses separately and discussed and reconciled any differing results of their respective analyses.

Our analysis provided the following results:

### NUMBER OF FUNDS ANALYZED AND RESULTS – CAMPUS-WIDE

Current CSU Fund	Transfer to 485	Transfer to 491	Transfer to 496	Close	Total
Fund 491	123	5	32	25	185
Fund 496	39	0	66	2	107
<b>Total</b>	<b>162</b>	<b>5</b>	<b>98</b>	<b>27</b>	<b>292</b>

### FUND BALANCE OF FUNDS ANALYZED AND RESULTS (AS OF DECEMBER 31, 2017; IN THOUSANDS) – CAMPUS WIDE

Current CSU Fund	Transfer to 485	Transfer to 491	Transfer to 496	Close	Total
Fund 491	17,058	1,579	2,142	84	20,863
Fund 496	4,788	0	4,314	0	9,102
<b>Total</b>	<b>\$21,846</b>	<b>\$1,579</b>	<b>\$6,456</b>	<b>\$84</b>	<b>\$29,965</b>



**ANALYSIS OF ACADEMIC AFFAIRS - CSU FUNDS 491 AND 496**

Division/College	RRT->485	ICR->485	MISC->485	Small Grants->485	->496	Funds to Close	Total
VP/Provost	1	9	9	9	3	21	52
College of Business	1	1	9	0	1	0	12
College of Ethnic Studies	0	7	2	0	0	1	10
Graduate College of Education	0	5	9	0	4	1	19
College of Liberal and Creative Arts	2	12	11	0	20	0	45
College of Science and Engineering	3	11	7	0	15	0	36
College of Health and Social Science	8	11	2	0	6	1	28
Library	0	0	0	0	1	0	1
<b>Total</b>	<b>15</b>	<b>56</b>	<b>49</b>	<b>9</b>	<b>50</b>	<b>24</b>	<b>203</b>



**ANALYSIS OF CABINETS – CSU FUNDS 491 AND 496**

<b>Cabinets</b>	<b>RRT-&gt;485</b>	<b>ICR-&gt;485</b>	<b>MISC-&gt;485</b>	<b>Small Grants-&gt;485</b>	<b>-&gt;496</b>	<b>Funds to Close</b>	<b>Total</b>
Administration and Finance	0	1	19	0	14	1	35
Student Affairs and Enrollment Management	0	1	8	0	16	1	26
Academic Affairs	15	56	49	9	50	24	203
Office of the President	0	0	1	0	17	0	18
University Advancement	0	0	2	0	2	1	5
University Enterprise	0	0	2	0	3	0	5
<b>Total</b>	<b>15</b>	<b>58</b>	<b>81</b>	<b>9</b>	<b>102</b>	<b>27</b>	<b>292</b>

**Guide:**

**RRT->485** = Legacy reimbursed released time; relocating to CSU Fund 485;

**ICR->485** = Indirect Costs Recovery; relocating to CSU Fund 485;

**MISC->485** = Miscellaneous programs funded by General Fund dollars, relocating to CSU Fund 485;

**Small Grants->485** = small grants to faculty funded with General Fund dollars, relocating to CSU Fund 485;

**->496** = funds either relocating or remaining in CSU Fund 496.



## ACCOUNTING AND BUDGET TRANSACTIONS

Per the Integrated CSU Administrative Manual (ICSUAM) on Cost Allocation/Reimbursement, it is the policy of the California State University (CSU) to recover both direct and indirect costs incurred in providing services, products, and facilities to other funds within the university or between the CSU, auxiliary organizations, and external parties.

RECOVERY OF DIRECT COSTS MUST BE BASED ON ACTUAL COSTS INCURRED.

RECOVERY OF INDIRECT COSTS MUST BE BASED ON AN ALLOCATION PLAN.

The campus cost recovery plan addressing direct and indirect costs is approved annually by the campus Chief Financial Officer (CFO).

### Unique Cost Recovery and Exchange FIRMS Object Codes<sup>2</sup>

#### Provider revenue object codes

580094	Cost Recovery from Other CSU Funds within 0948
580095	Cost Recovery from Auxiliary Organizations
580096	Cost Recovery from Other State Funds
580194	Cost Recovery from Other CSU Funds within 0948 (between campuses or CO)
580196	Cost Recovery from Other State Funds (between campuses or CO)
580090	Other Operating Revenues (excluding student fees)

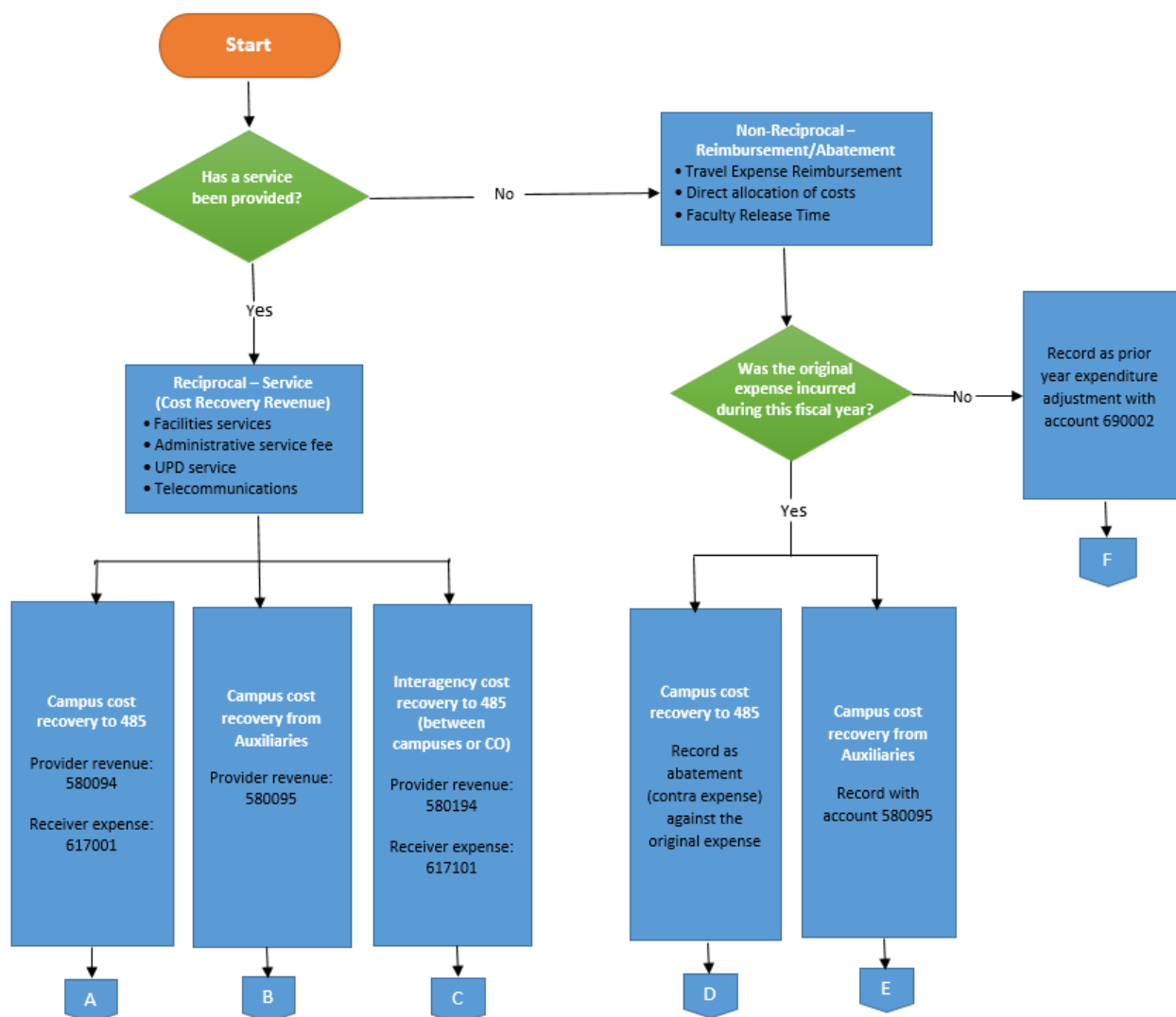
#### Receiver expense object codes

617001	Services from Other Funds/Agencies
617101	Service from Between Campuses and the CO (interagency)
607032	Capital-Construction Management

Inter-agency cost recovery between campuses or between campuses and the CO should use object codes *580194-Cost Recovery from Other CSU Funds within State Fund 0948 Between Campuses or CO*, or *580196-Cost Recovery from Other State Funds Between Campuses or CO*. Campuses and the CO need to be mindful of when it's appropriate to eliminate the double counting of revenue as shown in the matrix below.

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<sup>2</sup> For a complete listing of definitions, refer to Appendix 19 in the Legal Manual. See link provided in Section 7.0, Resources.



### Recharge Type Examples:

<b>A</b>	<b>Facilities, Telecom, Admin Fee, etc.</b>	<b>CSU Fund</b>	<b>Fund</b>	<b>Svc. Ctr. Prog. Code</b>	<b>Debit Acct</b>	<b>Credit Acct</b>
	Service Receiver	496	TTxxx/TRxxx	3xxx	617001	
	Service Provider	485	NR301	3xxx		580094

<b>B</b>	<b>Service Cost Recovery from Aux.</b>	<b>CSU Fund</b>	<b>Fund</b>	<b>Svc. Ctr. Prog. Code</b>	<b>Debit Acct</b>	<b>Credit Acct</b>
	Service Receiver - UCorp	936	xxxxx		xxxxxx	
	Service Provider	485	NR301	3xxx		580095



<b>C</b>	<b>Interagency UPD Services</b>	<b>CSU Fund</b>	<b>Fund</b>	<b>Svc. Ctr. Prog. Code</b>	<b>Debit Acct</b>	<b>Credit Acct</b>
	Service Receiver – Campus A	xxx	xxxxx		617101	
	Service Provider – SF State UPD	485	NR301	3017		580194

<b>D</b>	<b>Direct Cost Reim/Abatement</b>	<b>CSU Fund</b>	<b>Fund</b>	<b>Debit Acct</b>	<b>Credit Acct</b>
	Faculty Rel Time Reim Salary - G&C	465	xxxxx	601828	
	Faculty Rel Time Reim Benefit - G&C	465	xxxxx	603818	
	Faculty Rel Time Reim Salary - GF	485	NR101		601828
	Faculty Rel Time Reim Benefit - GF	485	NR101		603818

	<b>Direct Travel Expense Reimb.</b>	<b>CSU Fund</b>	<b>Fund</b>	<b>Debit Acct</b>	<b>Credit Acct</b>
	Travel Expense Reimbursement	496	TTxxx/TRxxx	60600x	
	Travel Expense Reimbursement	485	NG001		60600x

<b>E</b>	<b>Faculty Release Time from Aux.</b>	<b>CSU Fund</b>	<b>Fund</b>	<b>Debit Acct</b>	<b>Credit Acct</b>
	Faculty Release Time Reim – UCorp	936	xxxxx	xxxxxx	
	Faculty Release Time Reim Salary - GF	485	NG001		580095

*\*Benefit portion will reimburse to university-wide benefit pool under Class Code 10104.*

<b>F</b>	<b>Prior Year Expenditure Adjustment</b>	<b>CSU Fund</b>	<b>Fund</b>	<b>Debit Acct</b>	<b>Credit Acct</b>
	Reclassification of PY PCard Transaciton	441	TCxxx	690002	
	Reclassification of PY PCard Transaciton	485	NG001		690002

#### Cost Allocations Entries:

<b>CEL Open University</b>	<b>CSU Fund</b>	<b>Fund</b>	<b>Debit Acct</b>	<b>Credit Acct</b>
Open University IDC Allocations	441	TC001	617001	
Open University IDC Allocations	485	NG001		580094

<b>Grants &amp; Contract IDC</b>	<b>CSU Fund</b>	<b>Fund</b>	<b>Debit Acct</b>	<b>Credit Acct</b>
Grants & Contract IDC Allocations	485	NR201		580818

#### Service Center Program Code:

<b>Prog. Code</b>	<b>Description</b>	<b>Prog. Code</b>	<b>Description</b>	<b>Prog. Code</b>	<b>Description</b>
<b>3001</b>	Telephone Charges	<b>3008</b>	Reprographics	<b>3015</b>	Custodial Svc. (SHC)
<b>3002</b>	Utilities - Electric	<b>3009</b>	Postage Charges	<b>3016</b>	Cleaning Prkg Lots
<b>3003</b>	Utilities - Gas	<b>3010</b>	Computing Services	<b>3017</b>	UPD Security Services
<b>3004</b>	Utilities - Water	<b>3011</b>	Mat & Svc - Auto	<b>3018</b>	Parking Permits/Shuttle
<b>3005</b>	Utilities - Sewage	<b>3012</b>	Mat & Svc - Custodial	<b>3019</b>	Vista Room
<b>3006</b>	Utilities – Hazardous Waste	<b>3013</b>	Mat & Svc-Waste Mgmt	<b>3020</b>	Facility&Catering (HDCS)
<b>3007</b>	Utilities – Non-Hazardous Waste	<b>3014</b>	Mat & Svc - Grounds	<b>3021</b>	CSUEA(EII)



## CAMPUS TIMELINE

ITEM	TIMELINE	RESPONSIBILITY
Analysis of campus funds	January – February 2018	Fiscal Affairs; Budget Administration & Operations
Finalize treatment of each campus fund; create new fund structure	March 2018	Fiscal Affairs; Budget Administration & Operations
Communicate changes to campus	March – April 2018	Cabinets, colleges, divisions, departments; Fiscal Affairs; Budget Administration & Operations
Receive feedback from the campus; answer questions; provide support to campus	April – May 2018	Fiscal Affairs; Budget Administration & Operations
IMPLEMENTATION		
Inactivate and close funds with no activity and no fund balance	By 05/30/2018	Fiscal Affairs
Positions change according to new fund structure	By 05/30/2018 (effective date July 1, 2018)	Department Owner; Budget Administration & Operations
Outstanding requisitions/commitments/ vouchers review and resolution	By 05/30/2018	Department Owner; Fiscal Affairs; Procurement
Accounts receivable review and resolution	By 05/30/2018	Fiscal Affairs





IMPLEMENTATION (continued)		
ITEM	TIMELINE	RESPONSIBILITY
Issuance of new trust agreements (if necessary) for CSU Fund 496	06/01/2018	Fiscal Affairs
Review and update Delegations of Authority	06/01/2018	
Issuance of new funds	06/01/2018	Fiscal Affairs
P-card	06/23/2018	Fiscal Affairs
Item code / types / eMarket	06/01/2018 <b>(effective date July 1, 2018)</b>	Fiscal Affairs
Capital asset	06/30/2018	Fiscal Affairs
Update chartfields used in internal process / subsystems	06/01/2018 <b>(effective date July 1, 2018)</b>	Fiscal Affairs
Transfer existing fund balances via manual journal entry	06/30/2018	Fiscal Affairs
Begin use new fund codes; transactions with old fund codes no longer accepted	07/01/2018	Department Owner; Budget Administration & Operations
Training and support	Ongoing	Fiscal Affairs; Budget Administration & Operations