

Self Supporting Graduate Professional Degree Programs (SSGPDP) GUIDELINES

Policy – UC Self-Supporting Graduate Professional Degree Programs

Accounting

- I. **Fund** – unique fund required by UC policy
- II. **Income** – Separate income object codes will be needed for each unique program fee. Fees may be by program, year, or quarter (by unit or by course options will be available once SIS is launched).
- III. **Program Accounts** – set up account(s) to track direct costs associated with each program. Accounts should fall under the “academic” sub-division of your organizational hierarchy.
- IV. **Organization** - it is advisable to set up a separate academic Organization code in which to track self-supporting activity separate from your regular department operations.
- V. **Loan or Subsidies** – when programs are first starting up, operations may be supported with a loan or subsidy until a stable revenue stream is established. Loans or subsidies can only be provided using allowable fund sources (unrestricted, non 199xx). State general funds, standard tuition/fees, contract and grants and restricted donor funds are disallowed.

Faculty Compensation or Support

- I. **Reporting and Budgeting for Faculty Salaries** – Faculty salaries reported on the annual budget template and UC Office of the President (UCOP) Cost Analysis should align with costs reported on Regents Table 4, which is an annual reporting requirement to UCOP reflecting faculty effort and salaries associated with self-supporting program instruction.
- II. **Faculty Directors and Course Development** – compensation for these activities should be charged as direct expense to the program (may consist of % of regular salary, buyout/course release, overload, stipend, summer salary, allocation to academic enrichment fund etc.).
- III. **Onload teaching** – calculate as the annual rate * % of teaching load for each class, consistent with department workload policy. Regents Table 4 provides an example of how to do this “...if the normal workload for a Professor is four courses per year, then one course in the self-supporting program counts as 0.25 FTE”. An alternate example, to be used as a minimum valuation is to consider faculty workload as roughly 50% research/50% teaching and service. In a scenario involving a standard 4 course teaching load, 1 course would be worth $50\%/4 = 12.5\%$ (3 course load: 16.7%, 5 course load: 10%). A proportionate share would be applied to either of these approaches based on joint teaching or cross enrollment. Of the two methods outlined here, the former is the

recommended approach for new program planning as a means of ensuring resources sufficient to support other activities, including possible growth in faculty FTE. The self-supporting program direct expense account should be charged an appropriate amount of current year faculty salary and benefits costs to represent faculty effort in support of the program.

- IV. **Overload teaching** – consistent with school workload policies, payments can be processed using job code: 1650 and Earn code: ADL and charged as a direct expense.
- V. **Additional compensation** –any other form of additional compensation as an incentive (e.g. summer salary or stipend); should be charged as a direct cost to the program.
- VI. **Permanent funding** – APM policies restrict the use of non-19900 fund sources for permanent faculty appointments. For start-up programs or programs that do not have stable income, permanent faculty FTE should remain on 19900, while appropriate current year salaries and associated benefits are applied to self-supporting funds, consistent with effort. At a point when a program demonstrates consistent demand and stable revenues, consult with the Budget Office about moving an appropriate portion of faculty salaries to self-supporting funds. The Budget Office will need to obtain formal campus and possibly UCOP approvals before implementing.
- VII. **Use of Academic Enrichment Fund (AEF) accounts in lieu of direct compensation** – Faculty teaching in an SSGPDP may also elect to receive an AEF account in lieu of additional payroll compensation. A faculty member must submit a [UCI-AP-AEF form](#) prior to rendering services in an SSGPDP, and once the election has been made to receive payments into an AEF account for the applicable activity, the designation of these funds cannot be changed. Faculty cannot use funds allocated to AEF accounts for salary support or for the cost of benefits. Any outstanding balances in the event of separation, retirement or termination remain the property of the University. A new UCI-AP-AEF form for any additional teaching activity in an SSGPDP should be submitted annually. See the Academic Personnel website for additional information on the [use of AEF accounts](#).
- VIII. **Lecturers and Teaching Assistants** – should be charged as direct expenses to the program account(s).

Cross Enrollments in State-Supported Courses

- I. Cross enrollments of SSGPDP students in state-supported courses are discouraged. However, if cross enrollments are necessary due to programmatic needs, the unit must provide a costing methodology to the Budget Office to demonstrate state-supported resources are not benefiting self-supporting programs.
- II. If cross enrollments are allowed, the fiscal impacts must be included in the annual budget template submitted to the Budget Office. The program should populate the line item for cross enrollments for the prior fiscal year, current fiscal year and future fiscal year(s) and include a description of the costing methodology, cost per student and

number of cross enrollments either in the comments section or as a separate tab in the budget template workbook.

Direct/Indirect Costs

- I. **Direct costs** – Department, school and/or campus instruction costs as well as marketing, financial aid, student services, administrative, financial, personnel, IT costs that can be quantifiably assigned to a particular SSGPDP rather than shared across all programs in the school and/or department.
- II. **Indirect costs** - Department, school and/or and campus administrative costs that cannot be specifically attributable to a particular program and are costs that would exist regardless of whether or not the program exists.
 - a. **Indirect cost budgets**– The minimum indirect cost rate to be applied to all SSGPDP budgets is provided annually by UCOP. The rate for UCI is derived from data submitted in the annual report on Expenditures for Undergraduate and Graduate Instruction to the State Department of Finance. For FY23 budgets, the UCI rate is 37.4% for on-campus programs and 18.7% for off-campus and online programs. These figures are intended as a proxy for rate and costing analyses to ensure that programs are appropriately recovering indirect costs and meet standards for evaluating that a program is self-supporting. The methodology for budgeting applies to modified total direct costs of the program. Expenses that are exempt from indirect costs are financial aid, equipment, central campus assessments, and certain pass-through costs that are unrelated to the delivery of instruction (e.g. travel and lodging for residenceals, parking, meals). For questions about pass through costs that qualify as an exemption, please consult with the Student Fee Coordinator in the Budget Office.
 - b. **Indirect cost expenses** – Effective with FY 2022-23, the calculation methodology applied to indirect cost expenses will match the methodology applied to budgets, although the timing of the charges will continue to be in arrears based on final direct costs of the program as documented on the annual UCOP Cost Analysis for Self-Supporting Program Fee Proposals (the same form that is also used to support rate proposals). For example, financials submitted for the 2022-23 fiscal year rate proposals in early 2022 include actuals for 2020-21, and projections for 2021-22 and 2022-23. The indirect cost documented in the report as Program Indirect Costs for 2020-21 Actual (the most recent completed fiscal year) will be the expense amount applied for FY2022-23. The modified total direct costs exclude certain types of expenses that are considered exempt, including financial aid, equipment, G&A and special recharge assessments from central units like Graduate Division, Registrar, and OIT, and pass-through expenses that are unrelated to educational delivery of the program. Indirect cost expenses to the program will have two components: a campus rate, and a school/department rate.

- i. **Campus rate** – The program will be charged a campus rate of 10.94% for on-campus programs and 7.53% for off-campus/online programs. The campus rate is derived from the calculated G&A rate applied to auxiliary programs @ 3.3%, OP and UC Path assessment components at 1.24%, and a factor for Library Services and Operations & Maintenance of Plant at 6.4% for on-campus and 2.99% for off-campus/online. The Library and Operations components are informed by the federally negotiated Facilities and Administrative (F&A) rate for Instruction activities at UCI per the latest approved rate structure.
 - ii. **School/department rate** – The current UCOP total rate less the applicable campus rate should be the minimum school/department indirect cost rate to apply to the program. Since the UCOP rate is a proxy based on high level analysis of instruction costs for each campus, the school has an option to conduct their own costing analysis to document an indirect cost rate that differs from the OP-less-campus rate. To do so, the calculation methodology, analysis, and proposed rate should be submitted to the Budget Office for formal approval before being used. If no such rate is established, the school/department should charge the current UCOP cost analysis indirect cost rate of 39.4%, less the campus G&A rate of 10.94% = 28.46% as the unit indirect cost rate for on-campus programs; 19.7% less the campus G&A rate of 7.53% = 12.17% should be used for online/off-campus programs. Unit indirect costs should not be waived.
 - III. **Charges from school and department** – Indirect costs related to school and/or departmental support must be recharged to the SSGPDP operating account to support transparency of financial reporting. An ["internal billing letter of agreement"](#) recharge object code can be set up through General Accounting to charge and recover these costs. The recharge object codes that should be used to record the indirect cost charges are 3935 for the assessment income and 2035 for the expenditures. Indirect cost recharge income will be recorded to a 6xxxx fund. Direct costs for school and/or departmental staff support that directly benefit the program should either be charged a % of payroll costs or be recharged for the payroll costs incurred by the school and/or the department.
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 - V. **Recharges from campus departments** – Recharges from other campus units, including but not limited to Graduate Division, Registrar's Office, Office of Information Technology, central administration, etc., should also be charged to program accounts. On the UCOP cost analysis, the assessment charges from central campus administrative units, should be recorded in the section that is not subject to the UCOP calculated indirect cost rate. Any non-assessment recharges from central units that are related to the delivery of the program should be treated as direct expense.
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Net Income and Revenue Sharing

- I. **Net income** – The difference between annual program revenue and total program expenses.
- II. **Revenue sharing** – If any SSGPDP profit/net income is shared with the department/school after the department/school indirect overhead and program-specific costs are accounted for, any fund transfers for start-up programs should occur only after net income is calculated. Net income can be made available to the school and department in the next fiscal year. For well-established programs, units may allocate projected income based on budget to support current year activities. However, units are cautioned about this approach should any changes in enrollment trends occur. Expenses in non-program accounts will be considered expenditures against net income.
- III. **Use of SSGPDP revenue to support the department's/school's academic mission** – In the annual budget template, the program should describe how SSGPDP revenue is employed in the department or school to support the overall academic mission of the department/school beyond covering the costs of the SSGPDP (e.g., providing graduate academic student support, providing research support to faculty, supporting faculty teaching lines, etc.).