

Unit Cost
Question and Answers about data changes
Updated as of July 31, 2003

Credit hour submissions

Definitions:

SU record -the credit hour record used to report hours from a class supported with 50% and more unrestricted sources of funding.

SR record-the credit hour record used to report hours from a class supported with more than 50% restricted sources of funding.

- Q. What if the costs of a course are supported exactly 50% with restricted and unrestricted funds? Do I report the hours on the SU record or the SR record?
- A. _____ Report hours of course sections supported with exactly 50% of its costs by either restricted or unrestricted funds on the SU record. To achieve a higher level of consistency statewide we prefer this be the default rather than some districts reporting the hours on the SU record and some reporting hours on the SR record.
- Q. I have a course that has always been paid with 50% or more state or federal funds and has always been excluded from the S3 credit hour claim. Am I now expected to report that course in the SR record?
- A. If the course is listed on the ICCB Course Master File then this course can be submitted in the SR in the non-reimbursable columns. The SU and SR records are further components of the S3 records.
- Q. Should the courses I submit on the SR be listed in the reimbursable or non-reimbursable columns?
- A. The same reimbursable/non-reimbursable rules that were used in the S3 still hold true for the SU and SR submissions. If the course was reimbursable in the S3 then that course should be listed as reimbursable on the SR (the same holds true for SU courses). If it was listed as non-reimbursable on the S3 then it should be non-reimbursable on the SR (the same holds true for SU courses). The courses listed as reimbursable on the SR will be used along with the hours reported as reimbursable in the SU for the Equalization Grant and those Restricted Grants that use credit hours in their allocation calculation
- Q. How do I classify credit hours associated with dual enrollment courses?
- A. The source of funds for the arrangement will determine whether the hours should be reported as SR or SU records. For instance, if there is no cost or a contractual agreement exists to exchange services then the hours would be reported on the SU record. Obviously, if unrestricted funds pay for 50% or more of the instruction then the hours would be reported on the SU record. However, if 50% or more of the funds are from restricted funds then the hours would be reported on the SR record and those hours are not eligible for state funding.

- Q. Credit hour records are submitted on a semester by semester basis and salaries changes are often redistributed between funding sources near the end of the fiscal year. If a redistribution of salaries to different funding sources at the end of the year occurs will we be required to resubmit the credit hour (SU & Sr records)?
- A. Yes, SU and SR records will be based on final allocations of salaries at the end of the year. We encourage the colleges to adopt or modify policies regarding the way faculty salaries are charged to streamline and create efficiencies in the credit hour submissions process. A policy that encourages early obligation of restricted grant funds may discourage or minimize the need to find ways to spend the funds at the end of the year. The more year-end reallocation of salaries may possibly result in more year-end re-submissions of credit hour data if the reallocation results in a shift above or below the 50% threshold. When all is said and done at the end of the year, credit hour data classification will be based on the majority (50% and more) funding source at year-end.
- Q. We teach study abroad courses. Are there any special considerations to be taken into account when determining how to report those credit hours?
- A. The majority funding source is the determining factor for classification of credit hours as SU or SR. These types of courses may be offered contractually and the funding source will be the major determinant.
- Q. If the S3 contain Team Teacher records should the SU and SR also contain the team teacher records?
- A. Yes, since the SU and SR are components of the S3 the team teaching records can still be identified on the SU and SR.

Unit Cost submissions

- Q. Do we still report all costs in unit cost?
- A. No. Unit cost always had certain cost exclusions as listed in the Unit Cost Manual. However, with these data collection changes, unit costs will now exclude all restricted grants funds. Generally restricted costs would be found in the operation & maintenance restricted fund (fund 03), restricted purposes fund (fund 06), audit fund (fund 11), liability protection, and settlement fund (fund 12), & (where applicable) the public building commission rental fund (fund 14). Expenditures in the Bond funds (fund 04 and 13) and the working cash fund (fund 07) have always been excluded from unit cost and will continue to be excluded in the revised unit cost.
- Q. What costs will we report?
- A. Only unrestricted costs are to be reported. See the Unit Cost Manual for more specific instructions.

- Q. I have a class that is paid from 65% restricted funds. Therefore, I understand I do not report those restricted costs in unit cost. Do I report the 35% costs paid with unrestricted funds?
- A. Yes 35% of the course costs would be reported since paid with unrestricted funds.
- Q. Should I report a percentage of the credit hours generated in a class for credit hour and unit cost purposes when less than 50% of the costs of the course are supported with unrestricted funds?
- A. No. State statute only allows those hours supported with 50% and more unrestricted funds to be counted toward credit hour grant funding.
- Q. Why do I report hours on the SR record for classes supported with more than 50% restricted funds but no hours in the unit cost?
- A. The SR records will be used to calculate equalization eligibility and funding and any restricted grants that use credit hours in their allocation calculation. These hours are not used to calculate credit hour grant rates from unit cost analysis.
- Q. What if the federal Perkins grant pays a student's tuition, does this mean the student's hours are reportable as an SR record?
- A. No. Unit costs tracks cost by course not by student. Sources of tuition benefit to students do not impact the unit cost submission. The major costs of a course will be salary and benefits, equipment, and other departmental costs.
- Q. Is there a rule of thumb that may guide me in identifying courses that may have costs that would push it toward 50% and more paid from restricted funds?
- A. Generally, salary and benefit costs are the largest expense category that will impact classification of credit hours and costs. College staff will need to strengthen communication between the fiscal, academic, and information technology areas of the college. Communication should occur in budget planning steps at the beginning of the year. Early identification of faculty class loads and faculty funding sources should facilitate identification of those courses to be classified as SU and SR records according to their funding sources.

Miscellaneous questions

- Q. Why are these changes being made?
- A. A System Funding Task Force was convened in December 2001 to study and make recommendations regarding changes to the community college system funding formula. The task force met 9 times and made funding formula recommendations which were embraced and approved by the Presidents of the system, the Trustees of the system, and the Illinois Community College Board at its March 28, 2003 meeting (available on the ICCB website under board agendas). A complete report of the task force is also available on the ICCB website.
- Q. Do these changes in the treatment of costs and credit hours encourage colleges not to pursue state or federal funding if they can get more funding for the credit hours?
- A. The intent of the funding formula changes is to remove the disincentive for receiving outside sources of funding from the funding formula. Under the prior formula, outside sources of funding were deducted from the formula which would reduce the credit hour reimbursement rates.
- Q. What will you use the SR credit hours for, if anything?
- A. The SR records will be used to calculate equalization eligibility and funding and any restricted grants that use credit hours in their allocation calculation.
- Q. We use the restricted grants to balance charges at the end of the year. This means we may reallocate some costs to restricted grants at the end of the year. Will we still be allowed to do this?
- A. We encourage colleges to budget the use of their restricted funds for early in the year to avoid the need to return any restricted funds to the grantor. Additionally, reallocation of salary costs at the end of the year may change the facts regarding eligibility of credit hours on a course by course basis to be classified on the SU or SR record.