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UNIT COST STUDY MANUAL

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INTRODUCTION

The Unit Cost Study has been an annual project involving the participation of all public community colleges in Illinois since 1969. Cost study data are uniform from college to college primarily because all community colleges use the Illinois Community College Board (ICCB) *Fiscal Management Manual* (FMM) and the cost study procedures contained in the ICCB *Unit Cost Study Manual*. In 1997, in response to a statutory requirement, the ICCB established a uniform financial reporting system for community colleges. This system was developed in order to provide comprehensive on-line financial data for use in performing financial comparisons and analyses. During the development of this system, certain historical expenditure categories were redefined. This edition of the *Unit Cost Study Manual* reflects definitions and expenditure categories identified in the *Uniform Financial Reporting System Manual*.

Each college submits end-of-year expenditure data and annual midterm enrollment data to the ICCB office. The data then are processed by computer programs to develop reports showing an analysis of costs for various cost categories and instructional disciplines for each community college by district and for the state.

The Unit Cost Study provides the ICCB and the Illinois Board of Higher Education (IBHE) with information necessary to carry out their planning and coordination functions. The study also provides basic cost information for determining the state credit hour grant rates, which are a primary source of state financial support to public community colleges in Illinois. Additionally, it provides the individual community colleges with a tool for local planning, evaluation, and management.

The goal of the Unrestricted Method unit cost is to remove all restricted funds in the unit cost calculation and make the unit cost strictly unrestricted cost based. Unrestricted means there are no external limitations/requirements on the hours and monies. The funds can be used for any purpose. All costs and credit hours attributable to restricted funds, except Department of Corrections will be excluded.

The unit cost submission, will include unrestricted costs but no associated credit hours when the college chooses to fund the cost of the class with 50% and more of restricted funding but continues to finance part of the cost with unrestricted funds. This will have the impact of slightly increasing the statewide average and college unit costs but will appropriately reflect systemwide practices.

Unless otherwise indicated, all future references to costs explicitly mean unrestricted costs. Unrestricted costs are discussed further in the cost identification section of this manual.

The major objectives of the Unit Cost Study are:

1. To support the development and justification of the annual community college system budget request for state funding.
2. To support a rational variable rate allocation of state funding based on differing unit costs.
3. To aid in program planning, evaluation, and management at the state and local levels.
4. To aid local colleges in budgeting and fiscal management.
5. To provide statewide cost data for comparative purposes among similar programs at various institutions.

Overview of the Unit Cost Study

Time Frame

The due date for the annual unit cost data is September 1. Colleges should use audited end-of-year expenditures for the fiscal year for the Unit Cost Study, however colleges may use end-of-year estimated expenditures since audited expenditures are not always available by this date. This early submission date is essential because the state funding plan requires the use of the most current unit cost data available.

Reconciliation

A reconciliation between unit cost expenditures and audited expenditures is required by ICCB Rules 1501.503c and 1501.510d. The reconciliation should be prepared upon completion of the annual college financial audit and is due, along with the audit, by October 15. The format to be used for the reconciliation is presented in Appendix C.

General Guidelines

The Unit Cost Study for a fiscal year includes the summer session as the first term, the fall term, the winter term (if applicable), and the spring term. The fiscal year should include a full 12 months for both the production of credit hours and for expenditures. Only expenditures for the fiscal year should be reported. The accounting procedures in the ICCB *Fiscal Management Manual* should be followed. In addition, the following specific guidelines should be used:

1. **Summer School** - Summer school will be treated as the first term of the fiscal year. All summer school salaries and accounts payable will be accrued to the fiscal year of the summer school. If you split your expenditures for GASB 34/35 audited expenditure reporting then a reallocation will be necessary for unit cost expenditures and this will be a reconciling item.
2. **Teacher Salaries** - Teacher salaries paid after the close of the fiscal year for work done in the prior fiscal year will be accrued to the prior fiscal year.
3. **Accounts Payable** - Materials and services for the past fiscal year will be accrued to that year.
4. **Transfers** - Do not report transfer in the Unit Cost Study.
5. **Encumbrances** - End-of-year encumbrances should not be included in the Unit Cost Study. These encumbrances should be reported in the subsequent year's report.

Cost Study Functions and Classification of Costs

All costs reported in the Unit Cost Study are assignable to one of the three primary community college functions: instruction, organized research, and public service.

Instruction Function. This function includes instruction in courses approved for credit in the instructional program areas of baccalaureate/general academic, occupational, remedial, adult basic education, adult secondary education, and vocational skills. Customized training courses prepared for local businesses that are offered for credit should be included in the instructional area. The basic unit of output for the instruction function is the student semester credit hour, which is defined as one student enrolled in one credit hour of instruction for one semester.

Organized Research Function. Organized research includes any separately funded research project, whether supported by the college or by an outside person or agency. It does not include institutional research, departmental research, or instructional research carried on as a part of either institutional support or academic support. No output measures are utilized for the organized research function.

Public Service Function. Public Service includes those programs that make available to the public a variety of unique resources and capabilities of the institution for the purpose of responding to a community need. Services include noncredit community education, noncredit customized training, and community service activities provided to the general community, governmental agencies, and business and industry. No output measures are utilized for the public service function.

Costs reported in the Unit Cost Study are further categorized as direct costs, indirect (support) costs, or other costs.

Direct Costs include those expenditures that are directly assignable to one of the three primary functions of instruction, organized research, or public service.

Indirect (Support) Costs are those expenditures that contribute to the support of the three primary functions and are not directly assignable to any one.

Other Costs are those institutional costs that are not directly assignable to a primary function and do not directly contribute to their support.

After assignment to the primary function area by the college, and allocations of the indirect costs by ICCB computer programs, the following three types of costs will be produced:

Net Instructional Cost. This cost includes actual operating expenditures for the credit instruction function. The expenditures include direct faculty salaries, direct departmental and equipment costs, academic administration and planning costs, and an allocated proportion of the indirect support costs. The net instructional cost is used in the state funding formula, as well as for most comparative analyses.

Full Instructional Cost. This cost includes the chargeback costs for sending district resident students to other community colleges, the federal share of work/study expenses, building depreciation and repair costs, and renovation and remodeling costs in addition to the net instructional cost.

Total Institutional Cost. This cost includes expenditures for organized research and public service functions in addition to the full instructional cost.

Cost Identification

Unrestricted Cost Method

- 1) college must be able to specifically identify revenue supporting unrestricted costs.
- 2) only costs supported with unrestricted funds.
- 3) college should have a process in place during the voucher or bill payment approval process for specific identification of the source of funding.
- 4) that process should generate year-end reporting which supports the unit cost reporting requirements.
- 5) the college's process may result in very specific revenue identification or it may only identify at a high level (restricted or unrestricted source of funding).

Costs to be Reported in the Unit Cost Study

The Unit Cost Study should include expenditures for salaries, employee benefits, contractual services, general materials and supplies, travel and meeting expense, fixed charges, utilities, and equipment in support of the following programs:

	<u>Type of Expenditure</u>
Instructional Credit Programs	Direct
Academic Administration and Planning	Direct
Academic Support	Indirect
Student Support Services	Indirect
Public Services	Direct
Organized Research	Direct
Operation & Maintenance of Plant	Indirect
Institutional Support	Indirect
Locally funded repair, remodeling, or renovation projects (includes protection, health, safety)	Other
College Work/Study expenditures (federal share)	Other
Building depreciation	Other
Chargeback/Contractual Agreements	Other

For the Unit Cost submission, the expenditures from the following funds should be included:

Education Fund
Operation and Maintenance Fund
Auxiliary Enterprises Fund
Public Building Commission Operations and Maintenance Fund (if applicable)

The following items should not be included in the unit cost submission:

Capital Outlay

- new facilities
- site acquisition/improvement

Principal and interest payments on bonded indebtedness, i.e., building bonds, working cash bonds, protection/health/safety bonds, etc.

Student financial aid

- grants (such as Pell, SEOG)
- loans (Perkins)
- scholarships
- institutional tuition waivers

Payments made to other entities on behalf the institution; i.e., State Universities Retirement System (SURS) employer contributions

Food service*

Bookstore

Child care center*

Intercollegiate athletics

Student organizations/clubs

Administration of auxiliary programs

Indirect costs paid by grants

Expenses recorded from in-kind donations of goods or services

*Expenditures incurred as part of an instructional program or lab should be reported on the Y1 record (Direct Instructional Cost Data).

Unit Cost Study Report Structure

The data for the Unit Cost Study are reported to the ICCB in computer-readable format. This data is processed by the Unit Cost Study computer programs at the ICCB office. These programs generate detailed cost study reports for the local community colleges, as well as district summary and statewide composite reports.

The basic input records of the cost study are described below.

Y1 Record - Direct Instructional Cost Data. The Y1 Record includes course enrollment and direct instructional cost data.

Y2 Record - Academic Administration and Planning Cost Data, Direct Organized Research Costs, and Direct Public Service Costs. Academic administration and planning cost data which can be applied to the instruction function only and direct cost data which can be applied to the organized research and public service functions are included in Y2 Records.

Y3 Record - Indirect (Support) Cost Data and Other Cost Data. This record consists of indirect support cost data which cannot be applied directly to one of the three basic functions of instruction, organized research, or public service and additional cost data included in the full instructional cost.

Y4 Record - Direct Instructional Cost Data Summary. The Y4 Record provides a summary, by PCS category, of course enrollment and direct cost data (summary of Y1 Records).

Y5 Record - Unassigned Direct Instructional Cost Data. Direct department and instructional equipment cost data which are to be allocated by the ICCB computer program to the appropriate PCS-CIP instructional categories by department code are included. This record is optional.

Y6 Record - Summary of Total Expenditures. This record summarizes all direct, indirect, and unassigned cost data which have been reported on Y1 through Y5 Records with directions for calculating a college's unit costs.

A COMPLETE SET OF RECORDS MUST BE INCLUDED IN THE UNIT COST SUBMISSION TO THE ICCB.

INSTRUCTIONS FOR REPORTING UNIT COST DATA

Y1 Record- Direct Instructional Cost Data

Instruction consists of activities dealing directly with the teaching of students for academic credit.

Direct instruction includes the expenditures for salaries and benefits for faculty in the baccalaureate-oriented/transfer, occupational-technical career, remedial, and ABE/ASE programs (associate degree credit and certificate credit). It includes expenditures for department chairpersons, administrators, and support staff involved in the instruction function. It also includes costs for contractual services, materials and supplies, conference and meeting expenses, and instructional equipment necessary to support the instructional program.

A summary of credit hours is available to the colleges to assist with the enrollment data needed for the cost study. This report is generated from the SU and SR claims submitted throughout the year and will provide information for student enrollment and semester credit hours. The total count of all students (including nonreimbursables) should be included in the unit cost study. Do not include additional enrollments in noncredit community education or community service activities on the Y1 record.

Any college on the quarter calendar system must convert quarter hours to semester hours. One quarter hour equals .667 semester hours.

Costs for instructional administration at the college and district levels (above the departmental level) are considered Academic Administration and Planning costs and should be reported on the U2 or Y2 record, rather than as a direct cost assigned to an instructional discipline.

Department Code (Columns 8-12)

Assignment of department codes for each PCS-CIP area is optional. The college should determine its own coding system with a maximum of five alpha or numeric characters.

NOTE: If a Y5 Record containing unassigned direct cost data is submitted, the use of department codes is necessary in order to allocate the costs to the proper areas. The department codes in the Y5 Record must match exactly the department codes on the Y1 Record.

PCS-CIP Classification System (Columns 13-20)

All courses are converted to disciplines as defined in the CIP Discipline Taxonomy and as shown in the ICCB *Management Information Systems Manual*. PCS codes and valid CIP numbers for each PCS code are listed in the record format section of this manual (Appendix A).

Course enrollments and expenditures are grouped together by PCS-CIP category, which is the smallest instructional designation used in the cost study.

Only one record should be submitted for each PCS-CIP code. Do not duplicate the same PCS-CIP code unless different department codes are used. It is possible for colleges which choose to designate department codes to submit more than one record with the same PCS and CIP codes, if the department codes are different.

Instructor FTE - Faculty Assignment (Columns 21-27)

The fraction of a faculty member's full-time equivalency to be assigned to each PCS-CIP discipline should be determined by each college. In general, utilize the proportion of course credit hours (or contact hours) taught in the PCS-CIP instructional category to the total course credit hours (or contact hours) taught by the faculty member. Colleges may use faculty assignment data if they have such a system in operation. The total number of fractional instructor FTE for the courses comprising the PCS-CIP discipline should be reported here.

NOTE: These data are optional; the Unit Cost Study computer program will use the proxy of the course credit hours for each PCS-CIP discipline divided by 30 as the number of Instructor FTE. However, the fractional instructor FTE calculations should be used for allocating salary expenditures to the appropriate PCS-CIP area.

Student Enrollments (Columns 28-34)

The student enrollment data reported should be the total number of all students (headcount) enrolled at midterm in all credit courses with the same PCS-CIP code for the unit cost. This information is available from the Fiscal Year Unrestricted Credit Hour Claim Report available to the college.

Course Semester Credit Hours (Columns 35-41)

The course semester credit hours which are to be reported in the Unit Cost Study are course hours for all unrestricted funded courses, both reimbursable and nonreimbursable, which are approved for credit by the ICCB. The total course semester credit hours should be the sum of the course semester credit hours for all courses and sections offered within the PCS-CIP area code. For example:

<u>PCS-CIP</u>	<u>Course</u>	<u>Section</u>	<u>Course Semester Credit Hours</u>
1.1 010101	Ag 101	1	3
	Ag 102	1	3
	Ag 102	2	3
	Ag 103	1	<u>3</u>
			12

Salary and benefits allocated to PCS-CIP 1.2 511601:

Faculty Member A:

$$3/12 = .25 \times \$55,000 = \$13,750$$

Faculty Member B:

$$3/9 = .33 \times \$43,000 = \underline{\$4,333}$$

Total salary costs reported PCS-CIP 1.2 511601 \$18,083

Only instructional faculty salaries are to be reported in this area. Compensation provided to faculty members for serving as department chair and salaries for paraprofessional staff should be reported as direct department costs.

Only the portion of the salary costs that are unrestricted funded will be included.

Direct Departmental Costs (Columns 59-67)

All costs, other than direct faculty salaries and related benefits, that are directly assignable to instruction at the departmental level or smallest organization unit level should be reported here. Examples, not necessarily inclusive, are:

- department salaries (department head compensation and all paraprofessional staff, office staff, service staff, student employees including college/work study students, and other salaries for all instructional departments)
- related employee benefits
- contractual services
- materials and supplies
- conference and meeting expenses
- other expenses directly assignable to instructional departments, except capital outlay for equipment

Departmental costs should be assigned to PCS-CIP disciplines based on the number of faculty FTE utilized by each PCS-CIP discipline area unless the college is able to identify specific costs by PCS-CIP discipline.

Costs pertaining to instructional and academic deans are costs above the departmental level and should be reported under "Academic Administration and Planning" on the Y2 Record.

Only the portion of the department costs that are unrestricted funded will be included.

Direct Equipment Costs (Columns 68-76)

Expenditures for instructional equipment should be reported here. These costs are to be assigned to the most appropriate PCS-CIP instructional area for which the equipment is used. For example, if equipment was purchased for the dental hygiene program, the cost for this equipment should be assigned to courses with a PCS-CIP code of 1.2 510602. The following are to be included in the costs:

- Full cost for replacement of movable equipment.
- The purchase of movable equipment to start new programs.
- The purchase of movable equipment for new buildings.

The costs are to be reported in full and not depreciated over more than one year.
Only the portion of the equipment costs that are unrestricted funded will be included.

**Y2 Record- Academic Administration & Planning Costs,
Direct Organized Research, and
Direct Public Service Costs**

No data which was entered on the Y1 Record should be duplicated on the Y2 Record.

FTE professional positions and related salary and benefit costs should include positions such as administrators, coordinators, and other professional staff, but should not include tutors, student clerical workers, or classified staff. FTE should be calculated on an annual basis.

Department costs should include the cost of all other salaries and benefits for classified staff or other support staff assigned to the administrative subfunctions, conference and meeting costs, the cost of materials and supplies, and other related expenses.

Equipment costs should be reported in full.

Academic Administration and Planning Costs by Subfunction (Lines 11-18)

Academic administration and planning costs include activities specifically designed to provide administrative and management support to the instructional programs. Included in the category are those costs such as:

- course and curriculum development
- academic personnel development
- ancillary support above the department level

Costs that can be assigned directly to an instructional subfunction should be reported here.

For example, the salary for the Dean of Baccalaureate Education would be directly assignable to the baccalaureate education subfunction (Line 11).

Academic Administration and Planning - General (Line 20)

Academic administration and planning costs (as described above) that cannot be assigned to a specific instructional subfunction or an instructional area code should be reported here. For example, the salary for the Director of Curriculum Planning would be considered a general academic administration and planning cost.

Organized Research Costs (Line 30)

Organized research includes any separately budgeted research projects, other than institutional research projects, whether supported by the college or by an outside person or agency. These activities are intended to produce one or more research outcomes. Also include all equipment, materials, supplies, and costs necessary to support this function.

Public Service Costs (Line 40)

Public service consists of noncredit classes and other activities of an educational nature, such as workshops, seminars, forums, exhibits, and the provision of college facilities and expertise to the community designed to be of service to the public. Noncredit instruction is defined as (1) any course that is modified for special groups to the extent that the objectives and content of the course are changed or that does not require the evaluation of student performance. This includes courses specifically designed to meet the unique needs of business, industry, labor, or a government entity and (2) courses offered for personal and social development. Following are additional definitions and activities that should be included in this category:

community education - activities designed for educational offerings in the areas of personal health, growth, skill development, personal interest, and leisure time enrichment. Includes general studies (PCS 1.5) courses.

community service - activities designed to make available to the public various resources and special capabilities of the institution. Includes the use of college facilities for forums such as addressing public issues or concerns.

professional development - educational offerings designed to continue formal education and/or general development of individuals.

customized training - includes specific educational training and services designed to meet the needs of local business and industry. Do not report training claimed for credit as a public service activity. Those costs should be included as direct instructional expenditures.

Y3 Record- Indirect (Support) Cost and Other Cost Data

Indirect support costs include those activities that are carried out in direct support of the three primary functions.

Salary costs should include the total gross salary and related cost of benefits for administrators and professional staff (i.e., counselors and librarians) assigned to these institutional support areas. Clerical staff salaries or student worker salaries should be reported with department costs.

Department and equipment costs to be included are the same as those defined for the Y2 Record.

All expenditures for salaries and benefits, equipment, materials, supplies, and costs necessary to support these services should be included.

Academic Support (Line 01)

Services designed to provide support for the functions of instruction, organized research, and public service should be included here. Activities include:

- library center
- educational media services
- instructional materials center
- academic computing

Academic administration and planning should not be included here, it is reported as a direct instructional cost on the Y2 record.

Student Services (Line 02)

Student service activities are designed to expand the student's educational and social development, provide services and conveniences needed by the student, and assist students in dealing with problems. Costs that should be included in this category are:

- financial aid administration
- admissions and records
- counseling and career guidance
- health services
- social and cultural development activities
- student services administrative costs

Operation and Maintenance of Plant (Line 03)

Expenditures for housekeeping and maintenance activities necessary to keep the physical plant open and ready for use and the grounds, buildings, and equipment operating efficiently should be included here. Types of expenditures that should be included are:

- maintenance
- custodial
- grounds
- security
- transportation
- utilities
- building rental

Do not include expenditures for major building repair costs. These costs are not considered a part of normal operation and maintenance and should be reported on line 50 of the Y3 record.

Institutional Support (Line 04)

This category includes those costs that benefit the entire college and are not readily assignable to a particular cost center. Activities that provide for planning and executive direction, administrative and logistical services, enhancing the district's relations with constituencies, and providing services and conveniences for the employees should be included in this category. Examples include:

- president/chancellor's office
- vice presidents for academics, finance, student affairs
- chief development officers
- fiscal operations (bursar, cashier, payroll, comptroller, business office, internal auditor)
- community relations (public relations, alumni office, fund raising)
- administrative support (personnel, purchasing, shipping/receiving, inventory control, room scheduling)
- board of trustees
- institutional research
- governmental relations
- general institutional
- institutional/administrative data processing

Do not include locally funded remodeling/renovation projects. These are reported separately on the Y3 record, line 50.

Other Cost Data

Other additional costs are not included in the net instructional cost, but are added to it to calculate full instructional cost.

Other Local Costs (Line 20)

This category includes chargeback and instructional contractual agreement costs paid to other community college districts.

NOTE: It is realized that a sending college (college district in which a student has official residence) may expend a substantial sum for out-of-district chargebacks, which are actually a part of its operating costs; however, the sending college receives no credit for the semester hours which are produced by these students at the receiving college when cost is calculated. In addition, if all the chargeback expenditures were added on a statewide basis for all colleges, the total expenditures would be doubled. For these reasons, the sending college should subtract or eliminate the chargeback costs from its instructional expenditures before calculating total operating costs for Unit Cost Study purposes. This procedure will eliminate the problem of including costs which do not relate to semester hours produced. Thus, the sending college should report its chargeback costs under the "Other Local Costs" category.

Contractual agreements with other community college districts in which the college pays a negotiated cost and does not claim the credit hours or state aid should be treated in the same manner as chargebacks.

In the case of contractual agreements with other in-state and out-of-state colleges and universities and with proprietary schools for either a full range of educational services or for specific courses, if the sending college claims state aid, the credit hours should be included in the Unit Cost Study and the payments made by the sending college should be considered a direct instructional cost charged to the appropriate PCS-CIP discipline and included in the category of "Direct Departmental Costs" on the Y1 Record.

Other External Costs (Line 30)

This will be reported as all zeros on the Y3 record.

Building Depreciation Costs (Line 40)

This category includes building depreciation of the **local share** of permanent buildings at a rate of 2 percent annually for 50 years and temporary buildings at a 12.5 percent rate annually for eight years. The amount reported here should agree with the calculated depreciation reported on the Certificate of Chargeback Reimbursement (see ICCB *Fiscal Management Manual* for instructions).

NOTE: The inclusion of building bond redemption costs and depreciation costs would constitute a duplication of costs. Interest costs on all bonded indebtedness (building bonds; working cash bonds; and protection, health, and safety bonds) are excluded from the Unit Cost Study.

LAND AND MOVABLE EQUIPMENT ARE NOT TO BE DEPRECIATED, although these may have constituted a considerable investment on the part of the college.

Building Repairs, Renovations, and Remodeling Costs (Line 50)

This category includes the cost of major repairs, renovations, and remodeling which are locally funded and which are not considered to be a part of normal operation and maintenance of plant. It also includes all labor, equipment, materials, and supplies that were necessary for these repairs, renovations, and remodeling.

NOTE: Locally funded new construction projects and state-funded renovation and remodeling expenditures should not be included.

Y4 Record- Summary of Y1 Record

The Y4 Record contains a summary of the various PCS categories included on the Y1 Record. These subtotals should be carefully added and compared to the college's total enrollments and costs in each area. A grand total line, which is the total of all Y1 Records, is also included on the Y4 Record. The purpose of these records is to check the validity of unit cost data.

Y5 Record- Unassigned Direct Cost Data

Unassigned direct instructional cost data include those direct departmental and equipment costs which are defined for the Y1 Record, but which are not assigned directly to PCS-CIP disciplines. The Unit Cost Study computer program will distribute these unassigned departmental costs to various PCS-CIP disciplines with the same department code based on the proportion of the number of instructor FTE in the PCS-CIP discipline within a department to the total number of instructor FTE in all PCS-CIP areas within a department. One record should be entered for each department code. Do not duplicate the same department code on two or more lines.

NOTE: The Unit Cost Study computer program uses the proxy of course credit hours for each PCS-CIP discipline divided by 30 as the number of instructor FTE.

Only the unassigned direct costs associated with unrestricted monies are to be reported.

Y6 Record

This record provides a summary of all direct, indirect, other, and unassigned direct cost data which already have been reported on the Y1 through Y5 Records and gives instructions to calculate unit costs. Each college should calculate and verify its own net instructional, full instructional, and total institutional costs from the information on this record by following the procedures outlined to determine the validity of the data. Do not submit this record in machine-readable form.

ICCB UNIT COST COMPUTER PROGRAM ALLOCATION PROCEDURES

Unit Cost Allocator Program

The ICCB Unit Cost Study computer program allocates indirect support costs reported on the Y3 Record to the three basic functions of instruction, organized research, and public service on the basis of professional FTE. Instructional FTE is the total of the course credit hours reported on the Y1 Records divided by 30 and the professional FTE reported for academic administration and planning on the Y2 Record. Public service and organized research FTE are the professional FTE reported on the Y2 Record.

Allocation of Indirect Support Costs to Instruction, Organized Research, and Public Service Functions

Indirect support costs, which include learning resources, student services, auxiliary services (subsidy), operation and maintenance of plant, institutional support - all of which are reported on the Y3 Record, lines 01 through 05 - are allocated to the three functions of instruction, organized research, and public service on the basis of FTE professional positions as follows.

Computation of FTE Professional Positions for Three Functions

1. Instructional FTE: Total Course Credit Hours (Y4 Record, Line 99, Columns 35- 41) are divided by 30 and added to the FTE Professional Positions for Academic Administration and Planning (Y2 Record, Lines 99 and 20, Columns 10-16).
2. Organized Research FTE: FTE Professional Positions (Y2 Record, Line 30, Columns 10-16).
3. Public Service FTE: FTE Professional Positions (Y2 Record, Line 40, Columns 10-16).
4. Total Professional FTE: Sum of 1 + 2 + 3 above.

Allocation of Indirect Support Costs to Three Functions

1. Allocation of Indirect Support Costs to the Instruction Function

$$\frac{\text{Instructional FTE}}{\text{Total FTE}} \times \text{Total Costs for All Support Areas (Y3 Record, Line 10)} = \text{Dollar Amount Allocated to Instruction Function}$$

2. Allocation of Indirect Support Costs to the Organized Research Function

$$\frac{\text{Organized Research FTE}}{\text{Total FTE}} \times \text{Total Costs for All Support Areas (Y3 Record, Line 10)} = \text{Dollar Amount Allocated to Org. Research Function}$$

3. Allocation of Indirect Support Costs to the Public Service Function

$$\frac{\text{Public Service FTE}}{\text{Total FTE (Y3 Record, Line 10)}} \times \begin{array}{l} \text{Total Costs for} \\ \text{All Support Areas} \\ \text{Service Function} \end{array} = \begin{array}{l} \text{Dollar Amount} \\ \text{Allocated to Public} \end{array}$$

Allocation of Indirect Instructional Costs to Each PCS-CIP

The allocation within the instructional area is based on student semester credit hours and takes place in two steps. First, the indirect support costs allocated to instruction reported on the Y3 Record and the general academic administration and planning costs from line 20 of the Y2 Record are allocated to each PCS subtotal record. (The PCS subtotal record is computer generated from the Y1 Records.) This allocation is based on the proportion of semester credit hours in each PCS area to the total semester credit hours for all PCS areas. The academic administration and planning costs which are directly assignable to a PCS area are allocated to that PCS area.

Next, the indirect costs which have been allocated to each PCS area are allocated to each PCS-CIP area within the specific PCS area, based on the proportion of semester credit hours in the PCS-CIP area to the subtotals for each PCS area. This procedure, although somewhat complex, enables the allocation of both the Y2 and the Y3 indirect costs.

Allocation of Indirect Instructional Costs to Each PCS Subtotal

1. Allocation of Academic Administration and Planning Costs (Y2 lines 11-19) are assigned directly to the PCS subtotal.
2. Allocation of Academic Administration and Planning Cost (General) (Y2 line 20) are made by the following proration:

$$\frac{\text{Semester Credit Hours in PCS}}{\text{Total Semester Credit Hours}} \times \begin{array}{l} \text{Total Dollar} \\ \text{Amount} \\ \text{(Y2 line 20)} \end{array} = \begin{array}{l} \text{Cost to} \\ \text{PCS Category} \end{array}$$

3. Allocation of Indirect Costs for Instruction (Y3 Record) are made as follows:

$$\frac{\text{Semester Credit Hours in PCS}}{\text{Total Semester Credit Hours}} \times \begin{array}{l} \text{Total} \\ \text{Dollar Amount} \\ \text{of Indirect} \\ \text{Cost Allocated} \\ \text{to Instruction} \end{array} = \begin{array}{l} \text{Cost to PCS} \\ \text{Category} \end{array}$$

Allocation of Indirect Instructional Costs to Each CIP. The allocation of indirect instructional costs within each PCS area is made to each PCS-CIP level as follows:

$$\frac{\text{Semester Credit Hours in PCS-CIP Area}}{\text{Semester Credit Hours in PCS}} \times \begin{array}{l} \text{Total} \\ \text{Dollar Amount} \\ \text{of Indirect} \\ \text{Costs Allocated} \\ \text{To PCS Area} \end{array} = \begin{array}{l} \text{Cost to} \\ \text{PCS-CIP} \\ \text{Area} \end{array}$$

Allocation of Unassigned Direct Departmental Costs (Using the Y5 Record). The allocation of unassigned direct departmental costs reported on the Y5 Record to each Departmental/PCS-CIP category is based on the proportion of instructor FTE in each area.

$$\frac{\text{Instructor FTE in Dept./PCS-CIP}}{\text{Instructor FTE in Department}} \times \text{Unassigned Direct Costs for Department (Y5 Record)} = \text{Cost to Dept./PCS-CIP}$$

NOTE: The Unit Cost Study computer program will use the proxy of the course credit hours for each PCS-CIP discipline divided by 30 as the number of instructor FTE. Therefore, the formula becomes:

$$\frac{\text{Course Credit Hours in Dept./PCS-CIP} \div 30}{\text{Course Credit Hours in Dept.} \div 30} \times \text{Unassigned Costs for Department (Y5 Record)} = \text{Cost to Dept./PCS-CIP}$$

Appendix A

RECORD FORMATS

Naming Conventions:

YCddcc.fy for the Unit Cost Submission.

For example, the Fiscal Year 2007 Unit Cost submission for district 555 is *YC55501.07*

Y1 RECORD
Record Format for Detailed Course Enrollment and
Direct Cost Data by PCS and CIP

Submit one record for each Department/PCS-CIP code offered.

<u>ITEM</u>	<u>COLUMN</u>	<u>FIELD LENGTH</u>	<u>SUBJECT</u>
1	1-2	2	<u>Record Type:</u> Y1
2	3-5	3	<u>District Number:</u> Three-digit numeric
3	6-7	2	<u>College Number:</u> Two-digit numeric, precede with zero. (01 for all single college districts.)
4	8-12	5	<u>Department Code:</u> (Alpha/Numeric) Each college defines its own departments and identifier codes.
5	13-14	2	<u>PCS Code:</u> For instruction, use the following: 11 - Baccalaureate/Transfer 12 - Occupational 14 - Remedial 16 - Vocational Skills 17 - Adult Basic Education 18 - Adult Secondary Education 19 - English as a Second Language
6	15-20	6	<u>CIP Code:</u> Note that the CIP ranges for a given PCS code are as follows: <u>PCS</u> <u>CIP</u> 1.1 01.xxxx-05.xxxx, 09.xxxx, 11.xxxx, 13.xxxx-14.xxxx, 16.xxxx, 19.xxxx, 23.xxxx-24.xxxx, 26.xxxx-28.xxxx, 30.xxxx-31.xxxx, 36.0108, 38.xxxx, 40.xxxx, 42.xxxx, 44.xxxx-45.xxxx, 50.xxxx, 51.xxxx, 52.xxxx 1.2 01.xxxx, 03.xxxx, 08.xxxx-10.xxxx, 12.xxxx, 13.1501, 15.xxxx, 20.xxxx, 22.xxxx-27.xxxx, 31.xxxx, 38.xxxx, 40.xxxx-52.xxxx 1.4 32.0103, 32.0104, 32.0108, 32.0113

Y1 RECORD
(Continued)

<u>ITEM</u>	<u>COLUMN</u>	<u>FIELD</u>		<u>SUBJECT</u>
		<u>LENGTH</u>		
				<u>PCS</u> <u>CIP</u>
				1.6 01.xxxx, 03.xxxx, 08.xxxx-10.xxxx, 12.xxxx, 15.xxxx, 20.xxxx, 23.xxxx, 25.xxxx, 27.xxxx, 31.xxxx, 40.xxxx, 41.xxxx, 43.xxxx-44.xxxx, 46.xxxx- 52.xxxx
				1.7 32.011x, 32.012x
				1.8 32.013x
				1.9 32.014x, 32.015x, 32.016x, 32.0102
7	21-27	7		<u>Instructor FTE</u> : (Numeric, one decimal position, precede with zeroes, 999999V9.) Number of full-time equivalent instructors assigned directly to this PCS-CIP code.
8	28-34	7		<u>Student Enrollments</u> : (Numeric, precede with zeroes.) Enter the total number of students enrolled at midterm in the courses comprising the given PCS-CIP code. Should equal enrollments reported on SU Records. Example: If enrollment = 200 enter 0000200 If enrollment = 5 enter 0000005
9	35-41	7		<u>Course Credit Hours</u> : (Numeric, precede with zeroes.) Enter the total number of course <u>semester</u> credit hours (or equivalent) for all courses and sections within the given PCS-CIP code. Enter 0000012 in Columns 35-41
10	42-49	8		<u>Semester Credit Hours</u> : (Numeric, precede with zeroes.) Enter the total number of student <u>semester</u> credit hours (or equivalent) for all courses and sections within the given PCS-CIP code.

Y1 RECORD
(Continued)

<u>ITEM</u>	<u>COLUMN</u>	<u>FIELD LENGTH</u>	<u>SUBJECT</u>
11	50-58	9	<u>Direct Salary</u> : (Numeric, precede with zeroes.) Enter <u>dollar amount only</u> (no cents). The direct gross salary dollars and related benefits paid to faculty members for teaching courses and/or laboratory sections, as determined by faculty effort reports, should be assigned to each course on the basis of the percent of course credit hours taught by the faculty member. The amounts should be totaled for each section of each course and entered for the PCS-CIP area code.
12	59-67	9	<u>Direct Departmental Costs</u> : (Numeric, precede with zeroes.) Enter <u>dollar amount only</u> (no cents). Costs other than direct teaching salaries incurred and related benefits at the departmental or smallest organizational unit level should be reported in this column area.
13	68-76	9	<u>Direct Equipment Costs</u> : (Numeric, precede with zeroes.) Enter <u>dollar amount only</u> (no cents) of the annual cost of equipment for this PCS-CIP instructional area.
14	77-80	4	<u>Do Not Use</u>

Y2 RECORD
Record Format for Indirect Costs by Subfunction

<u>ITEM</u>	<u>COLUMN</u>	<u>FIELD LENGTH</u>	<u>SUBJECT</u>
1	1-2	2	<u>Record Type:</u> Y2
2	3-5	3	<u>District Number:</u> Three-digit numeric
3	6-7	2	<u>College Number:</u> Two-digit numeric, precede with zero. (01 for all single college districts.)
4	8-9	2	<p><u>Line Number:</u> Numeric. Every line must have a record submitted, even if all entries are zero. Use the following codes:</p> <p>11 - Baccalaureate 12 - Occupational 14 - Remedial 16 - Vocational Skills 17 - Adult Basic Education 18 - Adult Secondary Education 19 - English as a Second Language 99 - Totals Lines 11-19 20 - Academic Administration & Planning-General 30 - Organized Research Costs Total 40 - Public Service Costs Total</p>
5	10-16	7	<u>FTE Professional Positions:</u> (Numeric, one decimal position, precede with zeroes, 999999V9.) Enter the number of full-time equivalent professional personnel assigned directly to the subfunction.
6	17-25	9	<u>Salary Costs:</u> (Numeric, precede with zeroes.) Enter <u>dollar amount only</u> (no cents) of salaries and related benefits for professional positions to be applied to the given subfunction.
7	26-34	9	<u>Departmental Costs:</u> (Numeric, precede with zeroes.) Enter <u>dollar amount only</u> (no cents) of other costs incurred by this subfunction except for salaries and related benefits and equipment costs. Examples are clerical salaries, contractual services, supplies, and travel.
8	35-43	9	<u>Equipment Costs:</u> Enter <u>dollar amount only</u> (no cents) of the annual cost of equipment purchases for this subfunction.
9	44-80	37	<u>Do Not Use</u>

Y3 RECORD
Record Format for Other Indirect Costs

<u>ITEM</u>	<u>COLUMN</u>	<u>FIELD LENGTH</u>	<u>SUBJECT</u>
1	1-2	2	<u>Record Type:</u> Y3
2	3-5	3	<u>District Number:</u> Three-digit numeric
3	6-7	2	<u>College Number:</u> Two-digit numeric, precede with zero. (01 for all single college districts.)
4	8-9	2	<u>Line Number:</u> Numeric. Every line must have a record submitted, even if all entries are zero. Use the following codes: 01 - Academic Support 02-Student Services 03 - Operation and Maintenance of Plant 04 - Institutional Support 10 - Total of 01 through 04 20 - Other Local Costs 30 - Other External Costs - <i>reported as all zeros</i> 40 - Building Depreciation Costs 50 - Building Repairs, Renovation & Remodeling Costs 60 - Total of 20 through 50
5	10-16	7	<u>Do Not Use</u>
6	17-25	9	<u>Salary Costs:</u> (Numeric, precede with zeroes.) Enter <u>dollar amount only</u> (no cents) of professional salaries and related benefits allocated to the support area.
7	26-34	9	<u>Departmental Costs:</u> (Numeric, precede with zeroes.) Enter <u>dollar amount only</u> (no cents) of other costs incurred by the support area except for direct salaries, related benefits, and equipment costs.
8	35-43	9	<u>Equipment Costs:</u> (Numeric, precede with zeroes.) Enter <u>dollar amount only</u> (no cents) of the annual cost of equipment purchases for the support area.
9	44-80	37	Do Not Use

Y4 RECORD
Record Format for District/College Totals

<u>ITEM</u>	<u>COLUMN</u>	<u>FIELD LENGTH</u>	<u>SUBJECT</u>
1	1-2	2	<u>Record Type:</u> Y4
2	3-5	3	<u>District Number:</u> Three-digit numeric
3	6-7	2	<u>College Number:</u> Two-digit numeric, precede with zero. (01 for all single college districts.)
4	8-12	5	<u>Do Not Use</u>
5	13-14	2	<u>PCS CODE</u> 11 - Baccalaureate 12 - Occupational 14 - Remedial 16 - Vocational Skills 17 - Adult Basic 18 - Adult Secondary 19 - English as a Second Language 99 - Total of All PCS
6	15-20	6	<u>Do Not Use</u>
7	21-27	7	<u>Total Instructor FTE:</u> (Numeric, one decimal position, precede with zeroes, 999999V9.) Enter total number of full-time equivalent instructors assigned to the PCS area. Summary of Columns 21-27 on Y1 Record.
8	28-34	7	<u>Total Enrollment:</u> (Numeric, precede with zeroes.) Enter the total number of students for the PCS area. Summary of Columns 28-34 on Y1 Record.
9	35-41	7	<u>Total Course Credit Hours:</u> (Numeric, precede with zeroes.) Enter the total number of <u>semester</u> credit hours (or equivalent) for the PCS area. Summary of Columns 35-41 on Y1 Record.
10	42-49	8	<u>Total Semester Credit Hours:</u> (Numeric, precede with zeroes.) Enter the total number of student <u>semester</u> credit hours (or equivalent) for the PCS area. Summary of Columns 42-49 on Y1 Record.
11	50-58	9	<u>Total Direct Faculty Salary Costs:</u> (Numeric, precede with zeroes.) Enter the total direct gross salary and related benefits dollars (no cents) for the PCS area. Summary of Columns 50-58 on Y1 Record.

Y4 Record
(Continued)

<u>ITEM</u>	<u>COLUMN</u>	FIELD <u>LENGTH</u>	<u>SUBJECT</u>
12	59-67	9	<u>Total Direct Departmental Costs:</u> (Numeric, precede with zeroes.) Enter the total departmental costs for the PCS area. Summary of Columns 59-67 on Y1 Record.
13	68-76	9	<u>Total Direct Equipment Costs:</u> (Numeric, precede with zeroes.) Enter the total equipment costs for the PCS area. Summary of Columns 68-76 on Y1 Record.
14	77-80	4	<u>Do Not Use</u>

Y5 RECORD
Record Format for Unassigned Direct Cost Data

<u>ITEM</u>	<u>COLUMN</u>	<u>FIELD LENGTH</u>	<u>SUBJECT</u>
1	1-2	2	<u>Record Type:</u> Y5
2	3-5	3	<u>District Number:</u> Three-digit numeric
3	6-7	2	<u>College Number:</u> (See explanation on Y1 Record Format.)
4	8-12	5	<u>Department Code:</u> (See explanation on Y1 Record Format.) Make sure that department code matches exactly the code used on Y1 Record. Grand total line of all Y5 Records carries the department code of TOTAL.
5	13-21	9	<u>Direct Departmental Costs:</u> (Numeric, precede with zeroes.) Costs incurred at the department or smallest organizational unit level should be reported in this column area. Enter <u>dollar amount only</u> (no cents). .
6	22-30	9	<u>Direct Equipment Costs:</u> (Numeric, precede with zeroes.) Enter <u>dollar amount only</u> (no cents) of the annual cost of equipment for this PCS-CIP instructional area.
7	31-80	50	<u>Do Not Use</u>

Appendix B

UNRESTRICTED COSTS METHOD DATA ENTRY WORKSHEETS

**UNIT COST STUDY - Y6 RECORD
SUMMARY OF TOTAL EXPENDITURES**

A. CALCULATION OF GRAND TOTAL FTE POSITIONS

Instructional FTE	Y4 Record Course Cr Hrs / 30	A1
Instructional FTE	Y2 Record Line 99	A2
Instructional FTE	Y2 Record Line 20	_____ A3
Total Instructional FTE	A1 + A2 + A3	A4
Organized Research FTE	Y2 Record Line 30	A5
Public Service FTE	Y2 Record Line 40	_____ A6
Total FTE	A4 + A5 + A6	===== A7

B. DOLLAR COSTS

Direct Instructional Costs	Y4 Record Total Costs	B1
Unassigned Direct Costs	Y5 Record Total Costs	B2
Academic Administration Costs (Subfunction)	Y2 Record Line 99	B3
General Academic Administration Costs	Y2 Record Line 20	_____ B4
Total Direct Instructional Costs	B1+B2+B3+B4	B5
Total Indirect Support Costs	Y3 Record Line 10	B6
Other Additional Costs	Y3 Record Line 60	B7
Organized Research Costs	Y2 Record Line 30	B8
Public Service Costs	Y2 Record Line 40	_____ B9
Total Institutional Costs	B5+B6+B7+B8+B9	===== B10

Y6 Record (continued)

C. CALCULATION OF PERCENTAGES USED TO ALLOCATE COSTS TO FUNCTIONS

Instructional FTE / Total FTE	A4 / A7	C1
Organized Research FTE / Total FTE	A5 / A7	C2
Public Service FTE / Total FTE	A6 / A7	C3

D. ALLOCATED COSTS

Indirect Support Costs Allocated to Instruction	C1 X B6	D1
Indirect Support Costs Allocated to Organized Research	C2 X B6	D2
Indirect Support Costs Allocated to Public Service	+C3 X B6	D3

E. CALCULATION OF NET INSTRUCTIONAL UNIT COST

Total Net Instructional Expenditures Direct Instructional Costs + Allocated Costs	B5 + D1	E1
Total Student Semester Credit Hours	Y4 Record	_____ E2
Net Instructional Unit Cost	E1 / E2	===== E3

F. CALCULATION OF FULL INSTRUCTIONAL UNIT COST

Total Full Instructional Expenditures Net Instructional Expenditures + Other Additional Costs	E1 + B7	F1
Total Student Semester Credit Hours	Y4 Record	_____ F2
Full Instructional Unit Cost	F1 / F2	===== F3

G. CALCULATION OF TOTAL INSTITUTIONAL UNIT COST

Total Institutional Expenditures Full Instructional Expenditures + Organized Research + Public Service	F1 + B8 + B9 + D2 + D3	G1
Total Student Semester Credit Hours	Y4 Record	_____ G2
Total Institutional Unit Cost	G1 / G2	===== G3

Appendix C

AUDIT/UNIT COST RECONCILIATION FORMAT

Audit/Unit Cost Reconciliation

DISTRICT: _____

FISCAL YEAR : _____

A. Total Unrestricted Expenditures (per external audit report):

Education Fund	\$ _____	A1
Operations & Maintenance Fund	\$ _____	A2
Auxiliary Enterprise Fund	\$ _____	A3
Public Building Commission		
Operation & Maintenance Fund	\$ _____	A4
Other (Board established fund)	\$ _____	A5
(Please Specify) _____		
Total Audited Unrestricted Expenditures	\$ _____	A6

B. Unrestricted Expenditures reported in Audit Report Excluded from Unit Cost Study

Capital expenditures for:		
new facility construction	\$ _____	B1
site purchase	\$ _____	B2
site improvement	\$ _____	B3
Expenditures for student organizations or clubs	\$ _____	B4
Unrestricted Expenditures for:		
food service		B5
bookstore	\$ _____	B6
child care center	\$ _____	B7
intercollegiate athletics	\$ _____	B8
other (provide detail) _____	\$ _____	B9
Indirect costs paid by grants	\$ _____	B10
Expenses recorded from in-kind donation of goods and services	\$ _____	B11
Other (provide detail) _____	\$ _____	B12
Total Unrestricted Expenditures to be excluded from Cost Study	\$ _____	B13

C. Reconciliation

Unrestricted Audit Expenditures less exclusions A6 - B13	\$ _____	C1
Total Institutional Unrestricted Expenditures reported in Unit Cost Study	\$ _____	C2
Amount to be reconciled (Lines C1 - C2)	\$ _____	C3

D. Detail of Reconciling Items

Building Depreciation	\$ _____	D1
Unrestricted Expenditures recorded after unit cost completion:		
Amount & type of cost		
Net Instructional	\$ _____	D2
Full Instructional	\$ _____	D3
Total Institutional	\$ _____	D4
Other (please list detail)	\$ _____	D5
_____	\$ _____	D6
_____	\$ _____	D7

Total Reconciling Items	\$ _____	

Sum D1 through D7

Note: Should match amount to be reconciled