

THE CALIFORNIA STATE UNIVERSITY AND COLLEGES
Office of the Chancellor
400 Golden Shore
Long Beach, California 90802
(213) 590- 5512

Date: August 1, 1979

To: Presidents

From: Harry Harmon 
Executive Vice Chancellor

Subject: Financial Management of Continuing Education
Executive Order No. 313

I am transmitting to you five (5) copies of Executive Order No. 313, which contains policies and procedures governing the financial management of self-supporting Continuing Education programs.

The President has the responsibility for implementing this Executive Order and for maintaining the campus repository and index for all Executive Orders.

Please address any questions you may have regarding this Executive Order to the State University Dean, Extended Education, or the Vice Chancellor, Business Affairs.

HH:je

Attachment

Distribution: Vice Presidents for Business Affairs or Administration
Vice Presidents for Academic Affairs
Deans of Continuing/Extended Education
Business Managers
Chancellor's Staff

THE CALIFORNIA STATE UNIVERSITY AND COLLEGES
Office of the Chancellor
400 Golden Shore
Long Beach, California 90802

Executive Order No.: 313
Title: Financial Management of Continuing Education
Effective Date: August 1, 1979
Supersedes:

Purpose

The purpose of this Executive Order is to set forth policies and procedures designed to ensure the financial stability of self-supporting instructional programs operated through the State University and Colleges Continuing Education Revenue Fund.

State University and Colleges Continuing Education Revenue Fund

All revenues received by the Trustees of The California State University and Colleges from self-supporting instructional programs, as defined in Section 89704 in the California Education Code, shall be deposited in the State University and Colleges Continuing Education Revenue Fund. These funds shall be used only for the support and development of self-supporting instructional programs of The California State University and Colleges, as provided in Section 89704 of The California Education Code.

Campus Responsibility

Each campus president is responsible for the financial as well as academic aspects of the self-supporting instructional programs operated by the campus through the Continuing Education Revenue Fund.

Budget Preparation

Campus Continuing Education budgets shall be based upon enrollment and revenue projections. Initial projections shall be prepared by the campus and submitted for review to the Division of Extended Education in the Office of the Chancellor. Revisions to these projections may be made by the Chancellor's Office following consultation with the campus.

Budget Management

It is the primary responsibility of the campus to monitor enrollments, revenues, and expenditures during any given fiscal year to assure the fiscal stability of its self-supporting instructional program. Budget changes should be initiated as necessary to assure this fiscal stability.

Campus Program Development Reserves

It is the responsibility of each campus president to make decisions regarding the use of the campus' Continuing Education Program Development Reserves for the support and development of the campus' self-supporting instructional programs. Processing of documentation to accomplish this

utilization shall be in accordance with systemwide procedures. The Chancellor's Office will review the substance of such requests only in those cases where the expenditures would reduce the balance of the campus' program development reserve to a level equal to less than ten percent (10%) of the prior year's expenditures or in cases where this level is already equal to less than ten percent (10%) of prior year expenditures.

Deficits


Any campus which has experienced an annual deficit sufficient to put its campus Continuing Education Program Development Reserve in deficit balance, shall submit to the Chancellor a plan to eliminate this deficit balance. The normal period of time during which the deficit balance will be eliminated shall be two years or less.

The Vice Chancellor for Business Affairs will review the plan and make recommendations to the Chancellor. When a campus fails to accomplish goals set forth in an accepted deficit elimination plan or when the fiscal performance of a campus is otherwise questionable, the Chancellor may call for a program review.

Unsatisfactory performance by a campus, if so determined by such a review, will result in appropriate action by the Chancellor.

Periodic Financial Reporting

During each fiscal year the campus shall submit quarterly financial reports to the Vice Chancellor for Business Affairs and the State University Dean for Extended Education, Office of the Chancellor. These reports shall provide information on Continuing Education enrollment, revenue, and expenditures. The format for quarterly reports will be provided by the Chancellor's Office.



Glenn S. Dumke, Chancellor

Date: August 1, 1979

POLICY AS STATED IN EXECUTIVE ORDER NO. 313

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CONTINUING EDUCATION PROGRAM
SONOMA STATE UNIVERSITY
THROUGH 1978-79

<u>ACTUAL</u>	<u>1973-74</u>	<u>1974-75</u>	<u>1975-76</u>	<u>1976-77</u>	<u>1977-78</u>	<u>1978-79</u>
REVENUE	607,642	754,372	758,682	586,814	379,367	226,104
EXPENDITURES	575,448	684,661	780,892	688,528	437,180	315,446
NET (+/-)	+32,194	+69,717	-22,210	-101,714	-59,813	- 89,342
RESERVE	69,415	126,012	103,320	2,023	-57,727	-147,067
 <u>PLAN</u>	 <u>1979-80</u>	 <u>1980-81</u>	 <u>1981-82</u>	 <u>1982-83</u>	 <u>1983-84</u>	 <u>1984-85</u>
REVENUE	352,000	387,000	426,000	469,000	516,000	568,000
EXPENDITURES						
NET (+/-)	Ø	10,000 (2.58%)	20,000 (4.7%)	30,000 (6.4)	40,000 (7.8%)	47,067 (8.3)
RESERVE	---	---	---	---	---	---
<hr/>						
<u>ACTUAL</u>		Est.				
REVENUE	418,112	608,000	_____	_____	_____	_____
Net (+/-)	+ 6,900					
<hr/>						
PAYBACK ACTUAL	Ø	_____	_____	_____	_____	_____

June 1980

2. Schedule for payback deficits:

The following plan for reduction of the \$147,067 financial deficit within the Continuing Education reserve fund allows time for the development of the necessary level of revenue producing courses and programs. Certainly, the level of repayment will be accelerated based upon the actual financial success of the total program each year. Since the actual level of surplus will vary each year based upon the specific year the program planning and development expenditures are charged, the cumulative repayment schedule is proposed as the major objective and financial standard for each fiscal year:

<u>Fiscal Year</u>	<u>Amount of Repayment</u>	<u>Cumulative Repayment Objective</u>
1979-80	--0-- Balanced Budget	--0--
1980-81	\$10,000	\$10,000
1981-82	20,000	30,000
1982-83	30,000	60,000
1983-84	40,000	100,000
1984-85	47,067	147,067
	<u>\$147,067</u>	<u>147,067</u>

1. Standards of Performance or projected benchmarks for judging successful financial performance within the program:
 - a. 1979-80 Projected Revenue \$352,000; increase of 56% over 1978-79. (Projected 1979-80 budget attached).
 - b. Five Year Projection 1980-85 -
 - 1980-81 Projected Revenue \$387,000; increase of 10%.
 - 1981-82 Projected Revenue \$462,000; increase of 10%.
 - 1982-83 Projected Revenue \$469,000; increase of 10%.
 - 1983-84 Projected Revenue \$516,000; increase of 10%.
 - 1984-85 Projected Revenue \$568,000; increase of 10%.

1. Standards of Perform

Although the annual projected increase in revenue was presented conservatively at the rate of 10 percent per year, it was intended that the amount represented a real program and income increase. With the potential flexibility provided by the Commission on Extended Education's forthcoming recommendations, the campus may select to restrict the fee increases within the extension program in order to foster increased participation and service to the area.

Certainly, the increases each year were projected at a minimum in order to ensure that future objectives are realized. Already the income objective projected at our December 1979 meeting for the 1979-80 year of \$352,000 (a significant increase over the 1978-79 income of \$223,717) requires further revision to a projected 1979-80 income of \$389,000. We are currently in the process of revising the budget to include the new projected income and expenditure figures resulting from the increased extension program. The extension program has already doubled in the first nine months of 1979-80 operation.

The income projection for the 1980-81 year is also in the process of revision to reflect the 1979-80 success. The revised Five Year Projection 1980-85 is as follows:

1980-81	Projected Revenue	\$428,000;	increase of 10 percent
1981-82	"	471,000;	" " 10 percent
1982-83	"	518,000;	" " 10 percent
1983-84	"	570,000;	" " 10 percent
1984-85	"	626,000;	" " 10 percent

With respect to program focus, the first step strategy has been to financially stabilize each segment of the program and ensure the quality of the program in meeting the academic needs of the service area publics. Although programs in each of the traditional program areas of continuing education service opportunity are being developed, those with the most immediate potential are being emphasized; i.e. concurrent enrollment, non-credit, certificate programs, credential and professional area requirements.

2. Schedule of Payback of Deficits

The rate of payback was based on the lowest growth situation which still produced sufficient income surplus in order to meet the planned commitment for repayment of the deficit each year during the five year repayment program 1980-85. As indicated in the original plan, the objective would be to accelerate that level of repayment based upon the actual financial success of the program.

For example, this 1979-80 fiscal year every attempt is being made to not only build a basic administrative organization, and an exemplary academic program, but also produce the first surplus amount toward the cumulative repayment objective provided in the January 30, 1980 summary.

As already indicated, the projected 1979-80 program income should yield a surplus which will move the repayment ahead of the scheduled cumulative repayment objective by one to two years. With the uncertainties of the economy and the potential impact of Proposition 9, it would appear that the projected repayment schedule still requires the lower repayment plan for the first two years of reorganization. The increased amount of repayment during the 1983-84 and 1984-85 time frame will be made possible to attain even with a minimum 10 percent growth factor due to (1) the basic costs of the Continuing Education Program administrative organization will be established; and (2) the projected surplus generated in the 1979-80, 1980-81 years toward the final cumulative repayment objective will have been attained.