



**Memorandum of Understanding
Between
California State University San Marcos
and
California State University San Marcos Extended Learning**

This Memorandum of Understanding (MOU), made effective as of August 5, 2021, by and between California State University San Marcos (CSUSM) and its Department of Extended Learning (EL), collectively referred to as the Parties. EL offers non-credit education and collaborates with CSUSM Colleges to offer credit-bearing curriculum (courses, certificates, and degree programs) to meet the educational needs of the region and improve access to post-secondary educational opportunities.

Purpose

The purpose of this MOU is to specify the operational and financial arrangements between CSUSM Extended Learning and CSUSM and its colleges for courses, certificates and degrees programs offered by such colleges through Extended Learning. Through this MOU, the Parties wish to memorialize their understanding of program creation, program review, cost allocation, financial obligations, and identified responsibilities, consistent with the CSU Policy on Extended Education, Self-Supporting Instructional Courses and Programs.

Terms

I. EL agrees to:

- a. Administer the Programs according to the Executive Orders and charter as stated above.
- b. Reimburse or fund each Program as appropriately demonstrated based upon the annual budget of each Program.
- c. Provide Student Services support, including general inquiries, applications, registration, enrollment, transcript/academic evaluation, advisement and related services.
- d. Schedule courses in consultation with faculty to meet campus deadlines for enrollment, financial aid and other student success parameters.
- e. Provide marketing campaigns and promotional materials.
- f. Obtain approval for any website changes relative to the Programs.
- g. Assist the CSUSM Colleges Student Service and Advising Teams when requested and alert CSUSM Colleges Student Service Director, or similar, when any student issues/concerns are received.
- h. Develop marketing strategies, execute strategies and tactics and provide promotional collateral (printing costs are not included, design and creation is included)

II. CSUSM Colleges agree to:

- a. Deliver Programs as approved and provide/maintain human and instructional resources/services as outlined, agreed and required for by each Program.
- b. Provide Program oversight, faculty instruction and coordination, annual Program assessment, periodic Program review, student advising, community relations/partnerships, fund-raising and assistance in placements and internships.
- c. Use PaCE funds in accordance with all appropriate CSU policies, including the policy on Extended Education; Self-Supporting Instructional Courses and Programs.
- d. Comply with Program approvals and processes and maintain accreditation in accordance with standards, as needed by Programs.
- e. Order and inventory Program needs, unless otherwise arranged.
- f. Provide for and share admission decisions, faculty assignments, program assessments/reviews, course evaluations, student-conduct issues/remedy and compliance/reporting requirements.
- g. Review student applications for various Programs of study.
- h. Provide verification/documentation of costs associated with this agreement and these Programs.
- i. Approve any website changes relative to the Program.
- j. Request assistance from EL Student Services Team when needing support for the Program, and communicate between the Parties updates on any student issues/concerns received.

III. Programs under EL's purview are

- a. Self-support Academic Programs
- b. Summer Session
- c. Winter Intersession
- d. Other Special Sessions (such as Kaiser Grant)
- e. Open University
- f. Global Studies
- g. Other Noncredit Programs (such as certificate programs and ALCI)

IV. Operational guidelines

- a. Programs will be offered in formats and locations as mutually agreed upon by the Parties.
- b. Program Documents will be comprised of:
 - i. Program Summary template – submitted by Faculty Program Director.
 - ii. Annual Program Budget template – submitted by EL, developed in conjunction with Faculty Program Director.
- c. Program proposals should comply with university and system guidelines.
- d. Program Documents will be reviewed and updated periodically as agreed upon and finalized (with signature) by the appropriate Dean of each college, the appropriate Faculty Program Director, and Dean of EL. These three entities will henceforth be referred to as "the three parties".

V. Appropriate Programmatic Considerations of Direct Costs.

- a. Instruction including salaries, benefits, operating expenses (O&E), and other instructional expenses
- b. Accreditation Costs – fees, professional development, licensure, etc.

- c. Recruitment, Marketing, Student Activities
- d. Faculty Program Coordination¹
- e. Technology and Equipment – computer refresh, specialized technologies, equipment or lab materials

VI. Reserves

Reserves are defined to be the amount needed for EL to cover the equivalent of six months of annual operating expenditures for the overall EL Operation, the resources needed to launch new programs and to cover insolvent program deficits. The reserve amount shall be computed by EL.

- a. Each year, costs associated with the development of new programs should not exceed 5% of the annual operating expenditures.

VII. Indirect Costs (IDCs)

There are business and operational support functions required to enable programs to run at any university. The day-to-day costs to run EL are not much different than the day-to-day costs to run the university as a whole. These costs are referred to as EL's indirect costs, and represent general administrative support functions provided by EL operations. These include: EL dean's office; EL marketing; EL student services; facilities repairs and maintenance; reserves; and administrative support costs charged to Extended Learning from the Campus, Chancellor's Office, and the State Controller's Office. EL computes the total yearly EL IDC cost.

The contribution of each program to EL's total IDC shall be calculated as follows: Fifty percent of the EL IDC will be allocated based on overall head count in EL programs. Each program (undergraduate, graduate and certificate program) will contribute a fixed rate per student enrolled in the program, regardless of program length or units. The remaining fifty percent of IDC will be allocated based on a fixed rate per FTES. The cost of operating a university are driven generally by the number of students enrolled and the number of units in an academic program.² These factors determine the number of instructors needed, the number of support staff in various functions, and the size and costs of maintenance of the physical plant.

VIII. Program Budgets.

- a. A Program is said to be *solvent* if tuition revenues generated by the program adequately cover all direct costs and indirect costs other than reserve requirements. A Program is said to be *viable* if it is solvent and covers all reserve requirements.
- b. New programs need time to generate sufficient enrollment, stabilize and become viable. New programs must cover all direct expenses in the first year of operation but will have up to 4 years to become viable. New programs will be required to contribute to IDC in the first four years as follows:
 - Year 1: Forty percent (40%)
 - Year 2: Fifty percent (50%)
 - Year 3: Seventy percent (70%)

¹ Duties such as course or program development or revision are considered to be part of the faculty members' routine service.

² We acknowledge that some academic programs tend to have higher cost than others for various reasons. In some cases, there are higher instructional costs because of higher faculty costs (for example in Business, Computing and Engineering) or because specialized facilities are required (for example in lab sciences).

Year 4: One hundred percent (100%)

- c. If during the fourth year of operation a program is not viable, the program will be placed into a maximum one-year probation period followed by discontinuation, or merger into an existing program. Discontinuation or merger would follow appropriate university processes, when needed.
- d. For each program, the total program cost will include a **5%** reserve calculated on the projected program revenue. The purpose of these reserves is described in (4).
- e. EL analyzes program budgets yearly, and the three parties may recalibrate budgets so as to achieve solvency or viability. The three parties determine what direct expenses go into the program in a way that best aligns the program with accreditation and other programmatic considerations. The three parties must sign the annual program budget yearly.
- f. Tuition increases will be of the order of 1-5% annually to keep in alignment with inflation using the HEPI³ index.
- g. All budget modifications should be submitted during the budget approval process as detailed in the timeline below. It is not expected that budget modifications will be made mid-cycle.
- h. Financial Surplus/Deficit Sharing -
Program Surplus is defined as the balance between the program's gross revenue and the overall program costs that include direct costs, indirect costs, and reserves.
 - i. It is expected that each program will end each fiscal year in a position of solvency.
 - ii. If there are insolvent programs in a given fiscal year, E.L. will first apply the reserves generated in that year to cover such program deficits. Should combined deficits exceeds current year's reserves, E.L. will use its accumulated reserves to alleviate the remaining deficit.
 - iii. In the case that a program ends the fiscal year in a position of insolvency, the E.L. Dean, in consultation with the Dean of the college and the program director, will propose a course of action to bring the program into solvency.
 - iv. Remaining Program Surplus will be allocated to the program and the college based on a 75% program and 25% college split. The college is the one in which the program resides. If the program is interdisciplinary, the 25% college split is divided onto the colleges in a manner proportional to the program's unit distribution across the colleges. These returns must be utilized in compliance with PaCE reserve guidelines. A yearend report must be submitted by the Program Faculty Director and the College to justify plans for ongoing reserve balance.
 - o Program Surplus allocation is based on the proportional delivery of units by each department that offers courses within the program. For example, if a 60 unit per year Program is offered by Department A, and 10 of those units are GE units offered by Department B, then Department B will receive one sixth of the surplus allocation.

IX. EL International Operations

- a. Revenue generated from matriculated international students will go to the central university fund.
- b. EL will be responsible for recruitment and marketing of University programs to international students and for student support services necessary for international students to study in the United States.
- c. The Provost and the EL Dean will determine the annual reimbursement to EL for the cost of international operations.

X. Other EL Sessions and fees. Other EL sessions include Summer Session; Winter/Intersession; Open

³ HEPI stands for Higher Education Price Index.

University; Early Start Program; ALCI; Non-Credit Workforce Programs

- a. EL will return to the college five percent of the direct margin on Summer Session and Winter Intersession in a manner proportionate to each college's contribution to revenue in each session.
- b. Other EL sessions shall cover their direct expenses and the EL Building Debt Service.
- c. EL fees include revenues generated from categories such as: facilities, operating fees, academic tech fees and application fees.
- d. Any surplus generated by the stand-alone programs in this section and EL fees, that is beyond what is needed to cover the building debt service will be applied towards the reserves.

XI. Self-Support Instruction Budget Advisory Committee (SSIBAC)

A Self-Support Instruction Budget Advisory Committee (SSIBAC) will be created to advise EL on yearly program budget reviews and operations. SSIBAC will be composed of:

- The Dean of EL (Chair)
- The Vice Provost for Planning and Academic Resources
- The AVP for Business and Financial Services or designee
- Two faculty representatives from faculty teaching in EL programs, appointed by the Provost's Office.

XII. Duration:

The term of this agreement is July 1, 2021 through June 30, 2022.

Changes may be made to this MOU in writing by Amendment and signed by all Parties.

Signatures below indicate acceptance of the terms, conditions, and responsibilities contained herein and represent that the signatories are authorized to bind the respective Parties.

Godfrey Gibbison

Godfrey Gibbison (Aug 19, 2021 15:21 PDT)

Godfrey Gibbison
Dean of Extended Learning & Associate Vice
President International Programs

Date: 8/19/2021

Leon d. Wyden Jr.

Leon Wyden Jr (Aug 20, 2021 12:49 PDT)

Leon Wyden
CFO & Vice President Finance & Administrative
Services

Date: 08/20/2021

Carl Kemnitz

Carl Kemnitz
Provost and Vice President for Academic Affairs

Date:

Ellen f. Neufeldt

Ellen Neufeldt
President

Date: 9/7/2021