

Professional and Continuing Education (PaCE) Fund Guidelines

Background

In 1971, the California legislature passed the Continuing Education Revenue Fund (CERF) Act, which required each California State University (CSU) campus to create extended education units provided by Professional and Continuing Education (PaCE) operations. On average, the 23 campuses process 300,000 PaCE enrollments each year. Units awarded through PaCE programs provide a way for the CSU to meet the education and training needs of individuals and groups who might not otherwise be served by the CSU and allow campuses to operate on a self-support basis at times and locations not supported by the CSU Operating Fund.

PaCE provides a broad spectrum of services, including professional development and job training courses; certificate and degree programs; courses delivered online, off-campus, or at non-traditional times; courses for personal enrichment; and courses delivered between academic terms. Courses may provide academic credit or continuing education units, or may be offered on a non-credit basis. There are certain limitations on PaCE offerings, including the requirement that offerings not supplant regular state-supported course offerings, and that state-supported matriculated students not be required to enroll in self-support courses in order to fulfill graduation requirements. Additionally, basic teacher credential programs are generally not allowed to be offered through PaCE.

The assistant vice chancellor and dean of PaCE at the Office of the Chancellor (CO) provides overall oversight and administration for PaCE at the systemwide level. In addition, the Commission on the Extended University, established in 2002, advises the chancellor regarding the issues and opportunities facing PaCE programs at each of the campuses.

The California State Auditor (CSA) conducted an audit of PACE in the CSU system in 2012-13 and issued the final report in December 2013. As a result, the CO revised systemwide policy related to extended education and issued Executive Order (EO) 1099, Extended Education: Self-Supporting Instructional Courses and Programs.

At SJSU, the primary coordination of self-support programs resides in the College of Professional and Global Education (CPGE). CPGE provides support to academic colleges with the development of professional education and degree programs and serves as the central area for reporting enrollment and financial statistics. The College oversees Open University, a program allowing individuals to enroll in college courses without being admitted to the university on a space-available basis; summer session; and degree and certificate courses. Some programs are offered online, while others require in-person attendance.

SJSU has a long-standing PaCE revenue distribution model that serves to recover costs for support units, such as business services, enrollment services and academic support services. Colleges and departments with self-support programs realize program revenues and expenses.

PaCE Expenditure Guidelines

At San José State, special session and self-support instructional programs represent about 10%-11% of total course enrollments each year. The direct costs of instruction and instructional support for PaCE programs occur in the academic colleges, and supplies and equipment are often shared between state-

side (regular session) programs and special session programs. However, the California Education Code, which contains many policies specific to the California State University (CSU) system, includes the following regarding PaCE funds:

PaCE funds are to be used “for the support and development of self- supporting instructional programs of the California State University.” (Education Code §89704).

All PaCE fund expenditures must comply with this policy. SJSU was audited by the California State Auditor in 2013 and the CSU Auditor in 2020. Both audits found PaCE fund expenditures were not always properly documented to show a clear and appropriate connection between the expenditure and the overall support and development of self-support programs. Departments expending PaCE funds are responsible for maintaining this documentation.

Equally important is the recovery of costs borne by the CSU Operating Fund (funds beginning with “70”) that actually served PaCE programs:

Costs incurred by the CSU Operating Fund for services, products, and facilities provided to other CSU funds (e.g., PaCE) and to Auxiliary Organizations are properly and consistently recovered with cash and/or a documented exchange of value. (CSU Exec Order 1000)

With these policies serving as guideposts, the remainder of this document provides information about allocating shared costs to PaCE funds.

Definitions

Direct Costs: Direct costs are costs that can be wholly attributed to either a special session or a regular session program. Instructor salaries are generally direct costs.

Shared Costs: Shared costs, or indirect costs, include salaries and operating expenditures that support both special session and regular session programs. Shared costs cannot be specifically attributed to any single program or course.

Self-Support Programs: These programs fall into the categories below. *A college that is not offering special session programs is not necessarily precluded from generating revenue for other self-support programs.*

1. ***Special Sessions:*** Sessions are mainly comprised of degree-granting self-support academic programs and corporate extended education programs. Course offerings are typically at the post baccalaureate level.
2. ***Summer/Winter Intersessions:*** The intersessions primarily include self-support course offerings at the undergraduate level that are intended to assist students with progression in their degree program and/or to allow their participation in courses of special interest.
3. ***Open University (OU):*** Individuals who are not admitted to SJSU can enroll in courses on a space-available basis through Open University, which is a self-support program. All colleges participate in Open University.

Cost Allocation Method

Per the state audit in 2013-14, SJSU departments should be able to “demonstrate that they assign indirect [shared] costs to self-supported instructional courses and programs according to a methodology that represents a reasonable and equitable distribution,” and that the method used for assigning costs will be “one of the three common methods identified in the State Administrative Manual or methods developed by the campus and approved by the Chancellor’s Office.”

SJSU has historically encouraged allocating shared costs to self-support programs based on the number of enrollments (seats) in self- support versus regular session programs. Each year, Academic Planning and Budgets prepares this information for the prior year at the college and university level to guide units in determining an appropriate split for salary and other shared costs for the coming year.

Types of costs and their handling

1. Salaries (and Benefits)
 - a. Faculty teaching state-support courses should be charged directly to the Op Fund and faculty teaching self-support courses should be charged directly to PaCE.
 - b. For departments that regularly deliver both state-support and self-support courses and programs, the salaries of directors, department chairs and departmental administrative staff may be split based on the distribution of seats (enrollments) per the data prepared annually by Academic Planning and Budgets.
 - i. Programs that infrequently participate in self-support activities or with less than 2% enrollment in self-support *do not* need to split salaries. Other costs can be apportioned instead (see following sections).
 - c. Salaries of Deans, Associate Deans and college administrative staff may be split based on the college’s distribution of seats (enrollments) using data from the most recently completed academic year.
 - d. Salaries for staff in the Provost’s Office, academic support units and enrollment services units should be split based on the overall distribution of seats (university level).
2. Student Assistants. Student assistant salaries are eligible for PaCE funding. Departments that are splitting administrative salaries (per the section above) may also apportion fair amounts of student assistant costs to PaCE, again using the enrollment distribution as a basis. It is not necessary to split fund individual students.
3. Operating Costs. Any college or academic support unit that participates in self-support programs may charge an appropriate share of eligible operating costs to PaCE. Examples of eligible costs could include office supplies and course materials. Avoid using PaCE funds for any items that are clearly unrelated to self-support. **Operating costs may be wholly assigned to PaCE or split using the enrollment distribution, and departments are encouraged to split all large purchases.**
4. Travel. The purpose of travel determines whether or not travel expenses are eligible for PaCE funding. In most cases, people travel to attend scholarly or business conferences and meetings. If the purpose of the travel advances knowledge that is used in delivering self-support courses or in administering self-support programs, the travel is eligible for PaCE funding. Note that it may be appropriate to split the costs between Op Funds and PaCE funds where the travel purpose supports both state- and self-support courses or programs.

5. Grants and Awards. Colleges and academic support units may award PaCE funds to faculty or departments for RSCA and other college-level programs to the extent that the final recipient is involved in delivering or planning for self-support courses or programs, and the activity is tied to self-support activities.
6. Scholarships. Self-support program scholarships may be established with approval from the Dean of the College of International and Extended Studies and Provost. Guidelines regarding minimum funding requirements, scholarship award criteria, and other elements are detailed in the Academic Affairs Division Self-support Program Scholarship Guidelines.

PaCE Reserves

Colleges with self-support program activity should reserve sufficient funds to address fluctuations in enrollment levels, and unforeseen expenditures (e.g., unplanned equipment replacement). Reserve amounts depend largely on the nature of the academic program. Colleges may elect to hold reserves centrally rather than at the department or program level. However, reserves must be maintained in accordance with SJSU's [Campus Reserves Policy](#).

Compliance procedures

Departments are responsible for retaining documentation to support compliance with California Education Code:

PaCE funds are to be used "for the support and development of self- supporting instructional programs of the California State University." (Education Code §89704).

Examples

E1 – Faculty Startup

Department A delivers both state-support and self-support programs, and has an enrollment split of 90% in state-support programs and 10% in self-support programs. They have hired 5 new faculty for the coming academic year, and their start-up packages total \$200,000. Up to \$20,000 can be paid from PaCE funds per the enrollment split. The \$20,000 should be awarded to those faculty who are associated with self-support programs and/or who participate in self-support summer and winter intersessions.

E2 – Equipment Purchase

Department B has a state-support/self-support program enrollment split of 90%/10%. They are purchasing specialized computer equipment costing \$90,000 for its special session cybersecurity program. However, some of the department's regular session courses will also use the equipment. Because the department is only purchasing the equipment because of the cybersecurity program, 100% of the cost could be paid from PaCE funds.

E3 – General Operating Expenses

Department C has a state-support/self-support program enrollment split of 95%/5%. Their Op Fund

budget for general operating expenses (“OE&E”) is \$30,000. They can spend an additional \$1,600 from PaCE, which will arrive at a 95%/5% split for the whole year.