



# ACCOUNTING FOR EDUCATIONAL OPPORTUNITY FUND

April 26 and April 29, 2019

## Review of Key Changes to EOF Accounting Procedures

- Rather than using Project and Task Numbers in the “Projects Module” or sub ledger, we will now record EOF directly in the GL to enable enhanced reporting
  - New Unit Division Org (UDO) combinations Shared with EOF Programs
  - Each EOF Contract has its own UDO combination
- EOF Revenue will be posted by the Controller’s Office each month to match your contract expenditures in Fund Type 360.
- Fringe Costs will be moved from Fund Type 360 to Fund Type 100 by the Controller's Office each month using the original UDO combinations
  - Fringe cost for class 1, 3, and 6 employees will be covered by Central;
  - Fringe for all others (Co-Ads, PTL’s, hourly workers) must be covered by the dean or chancellor
- Student Aid costs will now be recorded in each EOF contract’s UDO combination and related EOF revenue posted to match the costs



# ACCOUNTING FOR EDUCATIONAL OPPORTUNITY FUND

March 20, 2019

- All callers have been placed on mute.
- If you have a question, please send it via the chat function. We will monitor the chat throughout the meeting, and answer your questions during this session.
- We will have time for Q&As at the end of the meeting.
- A recording of the Webinar and a copy of this presentation will be posted on the University Controller's Office (UCO) website by the end of the week.



**Ernie DiSandro**  
Interim University Controller  
University Controller's Office



**Edmund Scheer**  
Director, Budget, Policy & Analysis  
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Office of the Sr. VP of Academic Affairs

## Agenda

- Overview of Educational Opportunity Fund (EOF)
- Purpose of EOF Procedure
- Budgeting for EOF
- EOF Revenue Recognition
- EOF Fringe Benefit Expenses
- EOF Chart of Account Combinations
- EOF Financial Reports
- EOF Funding Transfers Are Not Permitted
- Student Aid



RUTGERS

ACCOUNTING FOR  
EDUCATIONAL OPPORTUNITY FUND  
(EOF)

## Overview of EOF

- The New Jersey Educational Opportunity Fund (EOF) contributes to the development of a college educated public that reflects the diversity of New Jersey.
- The EOF program provides access to higher education and support for highly motivated students who exhibit the potential for success, but who come from families/communities disadvantaged by low income and the lack of access to quality educational preparation necessary to attend college.
- EOF seeks to maximize educational opportunities for EOF students by providing direct program services designed to promote persistence through degree completion.



## Overview of EOF

- Accordingly, EOF supports innovative educational initiatives, supplemental instruction, support services, academic and educational advisement, and leadership development activities to improve the student's chance of academic success.
- In concert with other sources of student financial assistance, EOF also attempts to make college affordable for those students who find the costs of higher education an impediment to access and student persistence.

## Purpose of EOF Procedure

- The accounting for and reporting of EOF must meet The State of New Jersey (State) regulations and reporting requirements.
- The process and procedure for accounting of EOF will allow the University to meet rigorous state reporting requirements for EOF.
- Currently, many manual processes are required to meet State reporting requirements.
- The purpose of this procedure is to outline the process for best practices for accounting and reporting of EOF following State guidelines.

## Purpose of EOF Procedure (continued)

- EOF Funding is approximately \$11m annually; three-tenths of a percent of the university operating budget - but
- EOF is vital in fulfilling the University's mission related to access to education
- Perennial Audit Issue – KPMG for both RU and State of New Jersey
- Specifically mentioned in Governor Murphy's budget address for FY20

*“Our budget includes...an additional \$2.25 million to support the Educational Opportunity Fund. This is the 50<sup>th</sup> year in which accomplished students...are benefiting from EOF. It is the greatest legislative legacy of former Governor Tom Kean, who sponsored the original bill. Let's ensure it continues to write new chapters for our students”.*

## Budgeting for EOF

- Schools/programs must fully budget all anticipated EOF revenue and all EOF expenditures funded via State appropriated EOF funds as well as institutional support, matching funds, and gifts to support EOF, etc.
- Budgeting for EOF must following the accounting structure and processes outlined in this procedure.

## EOF Revenue Recognition

- Periodically throughout the fiscal year State remits to Rutgers funding related to “EOF contracts” described as Article III and Article IV, the mechanisms through which the State awards EOF funding to schools.
- This funding is remitted to Rutgers based on EOF contracts but is not synchronized with actual EOF expenditures by Rutgers. Because of this, State remittances will be recorded as deferred revenue using the following chart string:
  - 900.1999.3103.0001.360.0500
  - EOF deferred revenue accounts:
    - Article III 24011
    - Article IV 24012

## EOF Revenue Recognition, continued

- Monthly, the RU EOF Administrator will analyze EOF expenditures in each program and validate expenditures as being reasonable, appropriate and necessary and as being consistent with EOF contract requirements.
- Subsequently the EOF Administrator will direct University Accounting to recognize EOF revenues in each program up to the amount expended by each program.

## EOF Revenue Recognition, continued

- University Accounting will debit deferred revenue and credit the EOF programs using a revenue natural account reflective of each EOF contract and use of funds as identified by the EOF Administrator. The table below lists the EOF revenue accounts:

Revenue Account	Semester	Article	Description
43401	AY	Article III	Student Aid EOF Academic Year Article III Aid
43406	AY	Article IV	Student Aid EOF Academic Year Article IV Operating
43402	Summer	Article III	Student Aid EOF Summer Article III Aid
43404	Summer	Article III	Student Aid EOF Summer Article III Operating
43405	Summer	Article IV	Student Aid EOF Summer Article IV Operating
43403	Winter	Article III	Student Aid EOF Winter Article III Aid
43407	Winter	Article III	Student Aid EOF Winter Article III Operating
43408	Winter	Article IV	Student Aid EOF Winter Article IV Operating

## EOF Fringe Benefit Expenses

- The State has allocated state FTE (full time equivalent) lines to cover the cost of fringe benefits of Class 1 and Class 3 employees charged to EOF funding.
- Additionally, the New Jersey Administrative Code for EOF (9A:11-6.10) refers to restrictions on the use of EOF Article IV program support funds. Per the State requirements, certain other fringe benefit expenses cannot be charged to EOF funding.
- Therefore, EOF funds may not be used to cover the following fringe costs:
  - Employee benefits for academic year student assistants (graduate assistants (GA), teaching assistants (TA)) and part-time personnel.
  - The salary and fringe benefits of the campus EOF administrator/director.
  - Fringe benefits for 12-month EOF staff at public senior institutions.
- As salary and wage expenses are incurred on EOF funds, related fringe costs are automatically recorded on EOF funds. These expenses must be reclassified from EOF funds and funded as described below.



## EOF Fringe Benefit Expenses, continued

- Monthly, for Class 1, Class 3 and Class 6 GA/TA employees, University Accounting will reclassify the composite fringe, FICA and Medicare from Fund Type 360-EOF to Fund Type 100-Unrestricted Operating General, maintaining the same UDOL & B as the original expenditure, and using fringe manual accounts for FICA and Medicare as listed in the Table on the next slide.
- An equal amount of State paid fringe revenue will be posted by University Accounting in the same UDOLFB to reflect use of the EOF state lines.

## EOF Fringe Benefit Expenses, continued

- Monthly, University Accounting will also reclassify all other FICA and Medicare charged to Fund Type 360-EOF to Fund Type 100-Unrestricted Operating General, maintaining the same UDOL & B as the original expenditure, and using fringe manual accounts for FICA and Medicare as listed in the table below. **The cost of this FICA and Medicare must be funded by the school.**

Account	Description	Parent
51240	FB Fringe Manual Adjustment	5110T P FRINGE BENEFITS
51241	FB FICA Manual Adjustment	5110T P FRINGE BENEFITS
51242	FB Medicare Manual Adjustment	5110T P FRINGE BENEFITS

- The adjustments are prepared by the University Controllers Office.

## EOF Chart of Account Combinations

- The State requires detailed reporting of all EOF program expenditures by each agreement or contract, specific to not only academic year, summer session and winter session, but also program expenditures, student aid awards and institutional matches. Therefore, consistent and detailed financial accounting for EOF is required.
- All EOF transactions processed as a journal or purchase must include a complete and succinct business purpose description including, but not limited to, how the transaction supports and relates to the mission of the EOF program. Purchases must also include a description of the specific items or services being obtained.

## EOF Chart of Account Combinations, continued

### Unit, Division and Organization

- All EOF activity must be recorded consistently using the following UDOLFB structure:
  - **Unit** - relevant school or, for campus-wide programs, chancellor.
  - **Division** - is reflective of where the school organizes EOF.
  - **Organization** - is reflective of semester, student population, and Article.

Organization	Semester	Student Population	Article	Description
3601	Academic Year	Graduate	Article III	EOF Academic Year Graduate Article III
3609	Academic Year	Undergraduate	Article III	EOF Academic Year Undergrad Article III
3606	Academic Year	Undergraduate	Article IV	EOF Academic Year Undergrad Article IV
3604	Summer	Graduate	Article III	EOF Summer Graduate Article III
3602	Summer	Undergraduate	Article III	EOF Summer Undergrad Article III
3605	Summer	Undergraduate	Article IV	EOF Summer Undergrad Article IV
3603	Winter	Undergraduate	Article III	EOF Winter Undergrad Article III
3608	Winter	Undergraduate	Article IV	EOF Winter Undergrad Article IV

## EOF Chart of Account Combinations, continued

	Organizational Code	EOF Awarded Contracts / Agreements FY 2019					
		HEALTH PROFESIONS 745.6835	NEWARK 500.4250	CAMDEN 100.3610	ODASIS 450.6015	SEBS 460.6575	SAS 450.6885
Summer Undergraduate Article IV	3605		\$69,000			\$35,604	\$100,000
Summer Undergraduate Article III	3602	\$28,883	\$287,328	\$185,379	\$27,435	\$163,982	\$1,177,098
SOLID GEMS	tbd					\$143,122	
Summer Graduate Article III	3604						
Academic Year Undergraduate Article III	3609	\$31,500	\$1,125,000	\$390,000		\$268,500	\$2,077,500
Academic Year Graduate Article III	3601						
Academic Year Undergraduate Article IV	3606	\$118,211	\$693,740	\$298,686	\$79,100	\$304,289	\$1,355,536
Winter Undergraduate Article III	3603		\$71,490	\$32,640		\$19,980	\$11,490
Winter Undergraduate Article IV	3608						
	Totals	\$178,594	\$2,246,558	\$906,705	\$106,535	\$935,477	\$4,721,624

## EOF Chart of Account Combinations, continued

- Not all schools will require all organization values depending on participation in various EOF programs. The UDO combinations for Schools are listed under Supporting Documents on the [Office of the University Controller](#) website.
- Additionally, special purpose divisions and organizations may be needed for EOF funded programs such as ODASIS (Office of Diversity and Academic Success in the Sciences), the Graduate Education Prep Program and the Office of EOF Administration under the Sr. VP of Academic Affairs.

## EOF Chart of Account Combinations, continued

### Location, Fund, Business Line and Account

- **Location** - The location value should be reflective of the campus.
- **Fund** - All State appropriated EOF funds are recorded in Fund Type 360-EOF. Other resources (gifts, unrestricted operating funds, designated funds, etc.) available to support EOF programs and the related expenditures should be recorded in the relevant UDO specified above with an appropriate fund type based on the funding source.

## EOF Chart of Account Combinations, continued

### Location, Fund, Business Line and Account, continued

- Business Line** - The following business line families have been deemed relevant and appropriate for Fund Type 360-EOF. An appropriate value from within these families must be used with all EOF expenditures transactions:

Business Line Family	Business Line Values
Instruction	1000-2999
Academic & School Support	5000-5999
Student Services	6000-6799
Scholarships	6800-6999

- Account** – Appropriate accounts for revenue are defined in the section for EOF Revenue Recognition (refer to the table of EOF Revenue Accounts). Expense accounts should be selected as appropriate for each expenditure as well as to support the detailed reporting required by the State.



## EOF Financial Reports

- Based on these accounting procedures, financial reports specific to EOF reporting requirements are under development and will be provided in Oracle Cloud Financials and in Tableau.

## Fund Type 360 - EOF Funding Transfers Are Not Permitted

- **Funding transfers are not permitted on Fund Type 360-EOF.** Resources to support EOF operations in Fund Type 360 come from the State according to the EOF funding process described herein. Expenses that exceed available EOF funding must be reclassified from the Fund Type 360-EOF using an expense reclassification journal.

## Student Aid

- The Office of Financial Aid will record Fund Type 360 - EOF student aid grant expenses to the specific UDOLFB of the school/campus of the relevant EOF program. The UDO combinations for Schools are listed under the Supporting Documents section of the Procedure on the [Office of the University Controller](#) website.

## Who To Contact ?

Please send inquiries or questions regarding this new process to the Help Desk

**University Office of EOF Administration:** (848) 932-7980

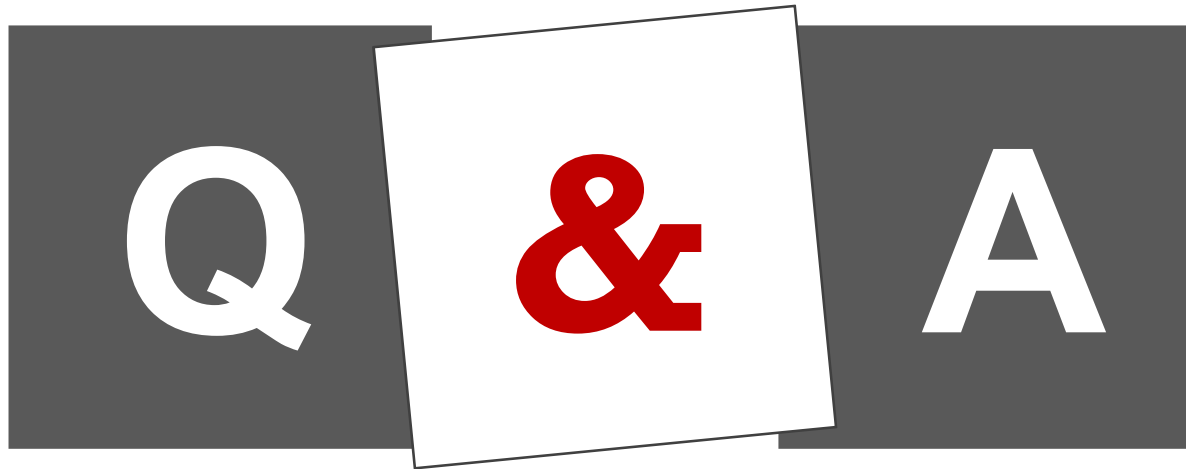
**Finance Help Desk:** 848-445-2100

**Email:** [finance\\_helpcenter@finance.rutgers.edu](mailto:finance_helpcenter@finance.rutgers.edu)

## Accounting For Educational Opportunity Fund

**You can access updates and resources on the  
University Controller's website at**

**<https://uco.rutgers.edu/accounting-procedures-and-supporting-documents>**



**QUESTIONS & ANSWERS**