



UNIVERSITY CONTROLLER OFFICE STANDARD OPERATING PROCEDURES

ACCOUNTING FOR EDUCATIONAL OPPORTUNITY FUND

March 15, 2019

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1. Overview of Educational Opportunity Fund

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. 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 conjunction 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.

2. 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.

3. 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.

4. EOF Revenue Recognition

Periodically throughout the fiscal year, the 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

using the EOF deferred revenue accounts

Article III	24011
Article IV	24012

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. 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:

Table 1. Revenue Account Values for EOF Program

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

5. 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:

1. Employee benefits for academic year student assistants (graduate assistants (GA), teaching assistants (TA)) and part-time personnel
2. The salary and fringe benefits of the campus EOF administrator/director
3. 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.**

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 Unit-Division-Organization-Location and Business Line (UDOL&B) as the original expenditure, and using fringe manual accounts for FICA and Medicare as listed in the Table below. An equal amount of State paid fringe revenue will be posted by University Accounting in the same Unit-Division-Organization-Location-Fund Type-Business Line (UDOLFB) to reflect use of the EOF state lines.

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.**

Table 2. Fringe Benefits Manual Accounts for FICA and Medicare Adjustments

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

Who Prepares?

- The adjustments are prepared by the University Controllers Office.

6. 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.

Unit, Division and Organization

All EOF activity must be recorded consistently using the following Unit-Division-Organization-Location-Fund Type-Business Line (UDOLF) 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.

Table 3. Organization Values for EOF

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

Not all schools will require all organization values depending on participation in various EOF programs. The UDO combinations for Schools are listed in the Appendix.

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.

Location – The location value should be reflective of the campus.

Fund Type – 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 Unit-Division-Organization (UDO) specified above with an appropriate fund type based on the funding source.

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:

Table 4. EOF Business Line Values for EOF Expenditure 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.

7. 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.

8. 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 – EOF 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.

9. 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 as listed in the appendix.

10. Support Contact for Help

Please send inquiries or questions regarding the accounting procedure for EOF to:

University Office of EOF Administration:

Phone: (848) 932-7980

Financial Management Help Desk:

Phone: (848) 445-2100 (Extension 1157)

Email: finance_helpcenter@finance.rutgers.edu