

# CSU Auxiliaries 101

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**Thank you  
FOA for having us!**

## **We will answer the following:**

- What is a CSU Auxiliary Organization?
- Why are they important to campuses?
- Interactions & Partnerships
- Who or what is AOA?

- Definition of Auxiliary Organizations
- Purpose of Auxiliary Organizations
- Auxiliary Structure
- Authorized Functions & Revenue Sources



## Auxiliary organizations of the CSU System

- Are non-profit organizations
- Function as separate legal entities
- Operate pursuant to written operating agreement with the CSU Board of Trustees
- Have separate governing boards
- Follow all legal and policy rules established by the CSU system and the respective campus administration

Auxiliary organizations were created to perform essential functions associated with a postsecondary educational institution, which under California law were difficult, cumbersome, or legally restricted for the university and were not supported by state funding.

The CSU established a network of supplemental services that complement the core academic programs at each campus and provide the full range of educational experiences expected by its students.

## Why do Auxiliary Organizations Exist?

To perform services and administer activities not funded by state dollars, at no cost to the University, so that an auxiliary can:

- Serve as a separate risk management unit
- Shield the university from liability
- Leverage greater budgetary flexibility

- Authorized under [Education Code §89900](#) et seq.
- Governed by [Title 5, California Code of Regulations](#)
- Authorized under Internal Revenue Code and California Corporations Code as 501(c)(3) nonprofit organizations and [509\(a\)\(3\)](#) supporting organizations
- Maintain CSU operating agreement and MOU with its campus
- Must be fiscally viable and self-supporting



## Auxiliary Governing Boards

- Typically comprised of students, faculty, staff, and community members
- Board members must govern with due care in the interest of the auxiliary and follow organizational rules
- Approve annual budget, guide planning, authorize activities, oversee investments

## Transparency and Risk Management

- Annual external financial audits
- Internal audits conducted by the CSU and Auxiliaries
- Board audit committee
- File and publish annual IRS returns and information
- Insured through CSU Risk Management Authority

## 5 CCR § 42500 Functions of Auxiliary Organizations

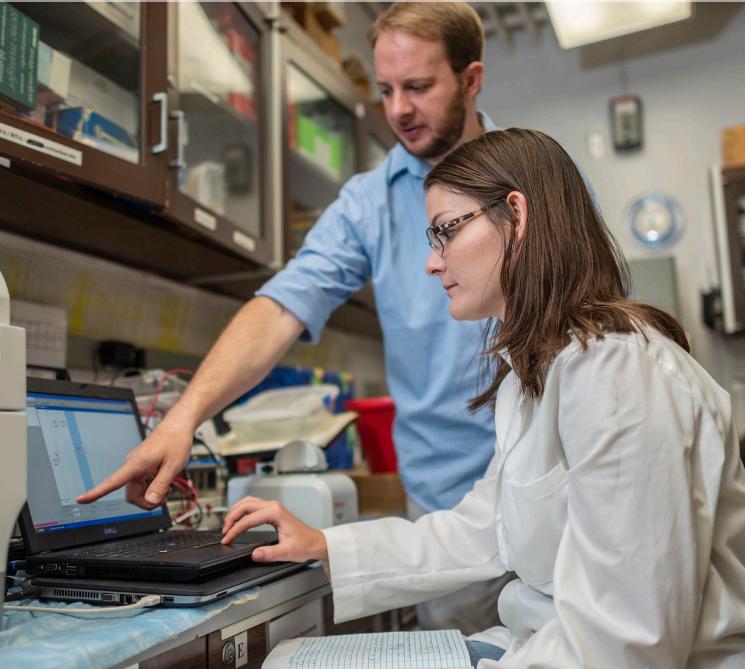
...to provide essential functions which are an integral part of the educational mission of a campus and the California State University

...determined by the Board of Trustees of the CSU to be appropriate with applicable policies, rules and regulations

[https://govt.westlaw.com/calregs/Document/I995A9BB0D48311DEBC02831C6D6C108E?viewType=FullText&originationContext=documenttoc&transitionType=CategoryPageItem&contextData=\(sc.Default\)](https://govt.westlaw.com/calregs/Document/I995A9BB0D48311DEBC02831C6D6C108E?viewType=FullText&originationContext=documenttoc&transitionType=CategoryPageItem&contextData=(sc.Default))



**RESEARCH**



**STUDENT UNIONS**



**CHILD DEVELOPMENT CENTERS**



**PUBLIC RADIO**



**BOOKSTORE & DINING SERVICES**



**WELLNESS & RECREATION CENTERS**





- **Property Services & Housing**
  - Debt Serving, Acquisition & Sale, Rental income
- **Sponsored Program Administration**
  - Facilities & Administration (F&A) Fees
- **Philanthropic Foundations**
  - Gifts, Endowments, Trusts & Fundraising
  - Gift Assessments & Endowment Admin Fees

- **Student Body Organizations**
  - Mandatory Category II fees
  - Associated Students - student fees (ASB)
  - Student Unions – fees for services, ticket sales (+ Union fee)
  - Recreation & Wellness Centers – operating fees, classes
- **Bookstores, Dining Services, Campus Stores**
  - Book sales, licensing fees
  - Meal plans, campus, restaurant, vending machines
  - Pouring rights contracts

## Why Auxiliaries are of Value

- Diversify resources by generating non-State Fund revenues
- Offer “private-sector” efficiency and flexibility
- Accept entrepreneurial and special program risks
- Flexibility in managing funds and financing
- Increased community engagement and partnerships

## Value to Students

The primary reason auxiliary organizations exist is to support student success





## **In 2020-21, CSU Auxiliaries**

**Managed approximately 25% of the CSU's total combined assets**

**Auxiliary revenues represented approximately 20% of the CSU's total combined revenues**

**Managed approximately 17% of the CSU's combined revenue from contracts and grants**

## **The previous year, we managed and collected**

- \$5.2 billion in assets
- \$1.9 billion in revenues
- \$598 million contracts and grants activity
- \$1.89 billion in endowment funds

*Data Source: The CSU Fact Book 2022*

## Auxiliary Point of View to CSU 101 Content

- Associate Students
  - Importance of FTE
  - Hospitality
  - Contract Programs & MOU's
- Sponsored Programs Administration
  - Need to know a little about a lot: fixed assets, travel, FIRMS, cash management
  - Faculty appointments, release time, additional employment

## **Auxiliary Organizations Association (AOA)**

Represents the CSU Auxiliary Organizations with a purpose to assist in exemplary services, programs, and facilities that further the educational mission of each campus.

Over the past 50 years, it has grown together with the CSU System and evolved into the present day AOA with 88 auxiliaries represented from all 23 campuses.

## **AOA's Role**

- Assist in creation of resources for members
  - Multi-employer VEBA Trust
  - AORMA group insurance & pooled benefit program
- Represents interests to policy-making groups
- Acts as point of contact with Chancellor's Office, CABO, FOA
- Assists in resolution of common interest issues

## **AOA Resources – *Not Just for Auxiliary Members***

- Website [www.csuaoa.org](http://www.csuaoa.org)
  - Membership Directory
  - Legislative & legal updates
  - Sample policies, procedures & forms
- Annual Conference (January)
- Standing Committees
- AORMA group insurance & pooled benefit programs

## **AOA Public Records** <http://csuaoa.org/resources/public-records/>

Annual audited financial statements, including annual federal and state information/tax returns.

## **AOA Management, Governance & Legislative Reports**

[\(https://csuaoa.org/resources/reports/\)](https://csuaoa.org/resources/reports/)

Over the past several decades AOA has commissioned and published a series of monographs, issue-briefs and reports on matters judged to be important to auxiliary member-organizations. Reports are grouped by topical categories.

Auxiliary organizations are unusual corporate entities created by the California legislature to provide assistance to CSU campuses.

While each auxiliary organization is governed like all nonprofit public benefit corporations are, they are particularly unique because they must also adhere to policy and directives from both the CSU and the campus they serve.

Perform services contributing to campus missions benefiting the university and its students.

## Questions?



## Other Information Hyperlinks

- [CSU Board of Trustee presentation \(at 18:15 minutes\)](#)
- [CSU Auxiliary Organizations Compliance Guide](#)
- [CSU Auxiliary Orgs Sound Business Practice Guidelines](#)
- [Investment Policy for Auxiliary Organizations](#)
- Auxiliary Operating Agreement Models
  - [Operating Agreement](#)
  - [Op Agreement Student Union Lease Supplemental Clauses](#)

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**Thank you for your time!**