

ACADEMIC SUPPORT POLICY

Background

The annual New Jersey budget allocates no funds to the University to support programs such as Summer Session, Off Campus Credit (i.e. Continuing Education) Programs and non-credit Continuing Education. The State policy is that these programs should be self supporting, with the revenues generated covering the program expenses.

At the present time, the University policy associated with programs required to operate on a self-sustaining basis applies overhead recovery rates for the support provided to such self-sustaining programs. The Academic Support Policy (ASP) applies different rates on the calculation of academic support costs for a variety of "self supporting" academic programs by category of program(see Appendix A). This variance in overhead rates originally was the result, in part from history, and in part through calculation of services. Originally, each of these program types originated or became self supporting at different times, and the policies for each were developed based on the circumstances affecting the program at the time with little or no thought given to how the policies for the different types of programs related to each other.

Today, as we seek to expand existing "self supporting" programs and create additional categories of revenue supported programs, largely through continuing education initiatives, the need to further refine a uniform and rational set of rules for academic support cost calculations is readily apparent. The basic principles on which these overhead calculations should be based are as follows:

- 1) Colleges and departments must be adequately and equitably rewarded for undertaking new initiatives or expanding existing programs to increase the University's income base.
- 2) All "self supporting" programs should be truly self supporting and cover all direct and indirect costs of the program. This includes reimbursement for indirect support infrastructure as well as direct instructional, marketing, and advertising costs. Use of the procurement system, vendor payments, payroll, risk management, I.T. network, space and utilities are as much components to self-sustaining efforts as are instruction, registration, and marketing.
- 3) The mechanism for calculating and collecting these support costs should be easy to understand and use.
- 4) Since these programs receive no state budget subsidy, tuition and fee charges should be carefully reviewed. An appropriate modification to the tuition and fee structure should be considered as an alternative to state subsidies.
- 5) Impact on enrollments in state subsidized programs (i.e. on-campus programs) must be considered. If these off-campus programs cause reductions in on-

campus based enrollments, the loss of the tuition revenue will impact the level of state budget subsidy allocated to academic units.

- 6) All activity of the University that generates revenue is assessed some form of overhead. The overhead rates for summer session, off campus credit and non-credit programs and all other University activities will be kept as low as possible so as to provide sufficient incentives to stimulate additional activity.
- 7) Food, Lodging & Textbooks are exempt from the academic support percentage if properly budgeted and actually recorded to the appropriate sub-codes. Revenue equals 0953, 0954, & 0960 respectively; expenses equal 2170. These revenues and expenditures must be both budgeted and realized to qualify for this exemption.

Proposed Support Rates

Prior studies of University instructional and academic support costs were done to develop a common basis to assess support costs to all revenue supported programs. These studies developed support rates which will be assessed in terms of a percentage of total program revenue.

Program Details

Summer Session

The current policy was developed when Summer Session was decentralized and placed under the responsibility of the campus provosts about a decade ago. Based on cost studies that had been done, the academic support number was established as a guaranteed amount payable from, but not influenced by, the total revenue collected on each campus. This amount was increased annually based on inflationary trends.

However, over time, summer enrollments changed dramatically on all the campuses, some positively and others negatively. Those changes distorted the distribution of summer funds among the campuses and support units. Those programs which experienced significant growth in enrollments were being given a substantially higher return per student than programs which had static or declining enrollments. University-wide, the funding for central services has also declined in terms of real dollar support per capita. These programs were no longer providing an adequate return for the academic support services used. In addition, the law schools had provided no academic support for their summer session programs.

The initial ASP policy was structured to ensure that the campuses would not be disadvantaged by a reduction of anticipated summer funding. In addition, there was a need to reward increased enrollments and/or operating efficiencies. Although the actual overhead calculation warranted a 33 percent ASP rate, implementation of an ASP rate of this magnitude would have resulted in a significant reduction in the resources available to each of the campuses. Accordingly, the ASP applies a rate of 27% for summer session, providing each

campus unit with a 6 percent margin allowing the campuses to retain an amount consistent to that which had been received under the old policy.

Off Campus Credit Courses

The previous policy for funding support for off campus credit courses was flawed for several reasons. Since the support amount is based on a division of the surplus revenue over expenses at year end, there was a great deal of inequity in rewarding units for their efforts. Those units which generated large surpluses were being assessed far too much for their support service costs. Units which generated smaller surpluses were not paying their fair share of support costs and were, therefore, not self supporting.

Replacing the previous method with a fixed percentage of revenue calculation and the elimination of the "ten mile rule" eliminated the inequities among programs and insured that a minimally fair but consistent level of academic support costs are paid. It also eliminated the excessive central review of all campus budgets required by the former system. This rate has been set at 15% for most programs during initial ASP implementation, a rate lower than actual services provided. The ASP will be adjusted to more accurately reflect overhead costs through FY 2009. The 5% rate charged on international programs shall be brought into parity with all other off-campus programs.

Student fees for these programs should also be reviewed. The current policy allows for the assessment of a minimal fee. Since these programs do not receive state support and are funded totally from tuition and fee revenue, the current fees should be increased to reflect the cost of operating at off campus sites. All fee revenue received should be treated as program income, and would not be distributed to special fee in the same manner as on campus fees. A standard off campus college fee rate for all programs was developed for all programs and that rate will be regularly reexamined. All off campus students will also pay the university computing fee.

Brookdale Partnership and other formal off-campus efforts coordinated through the Vice President for Continuous Education were initially considered to be a special off campus case, paying the 15% support percentage. Their efficacy has demonstrated the justification of considering these as off-campus credit and non-credit programs and they will continue to be treated as such for the purposes of ASP overhead.

Non-credit Continuing Education

Since its transfer to self supporting status, non-credit programs had never been assessed for support costs until FY1999. Changes in federal reporting requirements have brought forward new central support issues which should prompt a change in policy even without the need to rationalize the academic support costs. The need to establish a centralized registration and enrollment reporting system required funding. In addition, the Office of the Vice President for Continuous Education has provided additional support beyond that provided through the use of University systems and infrastructure. Partial support for these initiatives and for other support services such as space, payroll, accounting, etc., must come from the assessment of an academic support charge. The amount of this charge was

6.5% for off campus programs and 25% for on campus programs, both were to have been phased in. The 6.5 percent ASP rate was implemented, although no on-campus differential has been imposed.

The non-credit ASP rate will be modified to more closely approximate true support costs as well as establishing a modest on-campus differential by FY 2009.

Special Session/Programs

Currently there are only a few temporary pilot programs for special sessions. These programs are offered on-campus in non-traditional time periods (such as winter session). The academic support charge had been calculated at 33% of revenue. With intercampus variations and more experience in handling special and winter programs, a revised ASP rate of 20 percent will be implemented beginning FY2006.

Revenue Supported Degree Programs

There have been several proposals for new degree programs which will be "market driven revenue supported" programs, and at least two programs have been launched.

Revenue supported degree programs must be continually monitored to ensure that they are truly self-sustaining. These programs are expected to meet all costs, direct and indirect, incurred by the University to make them operational. A support cost calculation, which would be the same as the special session calculation, must be applied to treat this new type of program in the same manner as the existing programs.

CURRENT ALLOCATIONS FOR ACADEMIC SUPPORT
FROM "SELF-SUPPORTING" PROGRAMS

Summer Session

The current allocation for ASP support was implemented in 1998, and has worked well. No change is projected going forward with the exception of the removal of overhead from fees, which are designed to pass-through to their intended service unit (e.g. computing fee, health services, etc.).

Summer Law

The summer law programs provided no funds for academic support. These programs were given a one year grace period which has since expired. Accordingly, Summer law programs will be assessed the ASP as outlined in Appendix "B" beginning with the Summer 2006 program.

Off-campus (Credit) Program

The old allocation for support services was based on "profit" earned by each program. The difference between income and expense was divided on a 50/50 basis between the school and central support. If a school's program was run inefficiently or if expenses were overstated, the amount of dollars returned for central support would be minimal.

The internal support calculations suggested an overhead rate of approximately 22.5 percent, an assessment substantially larger than the 15 percent ASP implemented initially to insure equity and consistency. The 15 percent assessment has worked well and will be modified only slightly in the future to more closely reflect actual costs.

Non-credit Continuing Education

These programs are provided space for their administrative staff and use central payroll, accounting, and other services. They can offer courses either on-campus or off-campus. These programs provided no funds for academic support prior to 1999. A comparative analysis of the RU ASP rate for non-credit programs against that charged at other public AAUs and the internal support calculations both suggest an ASP rate of between 18 and 25 percent, again substantially larger than the 6.5 percent current assessment. This non-credit ASP rate will be modified gradually commencing with FY2007.

Special Sessions

Wintersession and any other special program not elsewhere described will be assessed an ASP of 20 percent in FY2006.

Appendix B
Proposed ASP Overhead Revisions

<u>New Brunswick – Summer</u>	<u>Current</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>
Net Tuition (excludes tuition remission)	27.00	27.00	27.00	27.00
Special Program Tuition including International	5.00	15.00	17.50	17.50
<u>Newark – Summer</u>				
Net Tuition (excludes tuition remission)	27.00	27.00	27.00	27.00
Law School	22.50	22.50	25.00	27.00
<u>Camden – Summer</u>				
Net Tuition (excludes tuition remission)	27.00	27.00	27.00	27.00
Law School	22.50	22.50	25.00	27.00
<u>Credit Off-campus Courses and/or Programs</u>				
Brookdale, Mt. Arl, Atlantic Cape	15.00	15.00	17.50	17.50
All Other New Jersey	15.00	15.00	17.50	17.50
All other domestic	15.00	15.00	17.50	17.50
Internet (eCollege) auxilliary income	15.00	15.00	17.50	17.50
International	5.00	15.00	17.50	17.50
<u>All Special Programs including Winter Session</u>	20.00	20.00	22.50	22.50
<u>Non-Credit Programs</u>				
New Brunswick				
Off-campus	6.5	8.5	10.00	12.00
On-Campus (excl Univ Inn and Campus Ctrs)	6.5	8.5	10.00	12.00
Newark/Camden				
Off-campus	6.50	8.50	10.00	12.00
On-Campus (excl Univ Inn and Campus Ctrs)	6.50	8.50	10.00	12.00