



Policy	#6-16
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Administrator Responsible:	Vice-President Finance & Facilities

NON-BASE FUNDED PROGRAMS & SERVICES

POLICY STATEMENT

North Island will engage in delivery of non-base instruction and services to

- expand programs and services to students and the community;
- support local business and industry needs;
- provide new opportunities for employee growth and development; and
- generate revenue to sustain college operations.

PURPOSE STATEMENT

To encourage the development and delivery of non-base funded programs and services on a sustainable model.

PRINCIPLES

Non-base funded programs and services will:

1. Be aligned with the College's mandate, mission, vision and strategic plan;
2. Provide additional financial resources to the College to support college priorities;
3. Not expose the College to unreasonable financial risk;
4. Cover direct and indirect costs including education and central administration costs, except as noted in the Limitations section;
5. Whenever possible include a reasonable return (net revenue) above the direct and indirect costs; and
6. Not result in a reduction in the overall base-funded programming of the College

Definitions:

Non-base funded activity: instruction and/or services that are not funded by the College's Operating Grant from the Province and which have to recover all direct costs and, depending on the activity, indirect costs.

Direct costs: are costs incurred to deliver specific programs or service and which can easily be attributable to the activity. Such costs include but are not limited to:

- Cost of faculty, staff and administrators as they relate to or are allocated to the specific activity;
- Costs of sessional or contracted work;
- Program supplies and materials;
- Mileage, travel, meals catering;
- Off campus facility rental;
- Advertising; and
- Cost of furniture, equipment, computer hardware or software, and related support, purchased for the activity.

Indirect costs – are College infrastructure costs that are needed to provide programs or services but which cannot be directly linked to a single specific activity. Indirect costs are generally recovered through an allocation process. Such costs include but are not limited to:

- Human resource and payroll services
- Accounting and purchasing services
- Facilities operations cost
- Computing and network services
- Counseling, library and other student services
- Photocopying, printing and postage

The Ministry of Advanced Education and Labour Market Development funding includes approximately 30% for general institutional support.

Limitations:

This policy does not apply to:

- Base-funded programs and related activities such as field schools
- Ancillary Services; and
- Elder College .

Tuition-based Community Education and non-base funded programs established prior to the effective date of this policy and which are subject to the Province’s Tuition Limit Policy are exempted from this policy.

Applied Research is exempted from this policy. Proposals will follow the guidelines of the granting agencies for recovery of indirect costs.

An activity that is deemed to be an institutional priority may be exempted from full application of this policy by the Senior Leadership Team. This exemption must be approved prior to entering into a contract or development of the program

Procedures:

Feasibility

Before undertaking any non-base-funded programs or services, an assessment of the suitability of the activity must be undertaken. The following factors should be considered:

- Relationship to existing College programs and services
- Ability to service special community needs
- Potential to generate FTEs
- Potential to generate net revenue to support the College
- Ability to create new capacity
- Potential long-term costs and implications
- Impact on staff, administration and general operations
- Facility requirements
- Risk involved in the project

Clear responsibility for management of the activity and the financial risk will be identified as part of the proposal development.

Financial Structure

1. Annually, a standard rate of recovery for faculty working on non-base funded activities will be established. The rate will be based on payroll costs including wages, benefits, professional development and vacation and education leave entitlements.
2. Payroll costs for staff and administrators will be based on the appropriate pay level, including a factor to cover benefits and annual statutory holiday and vacation entitlements.
3. An allocation of indirect costs must be included when budgeting non-based funded programs and services.
 - In recognition that programs and services delivered off-campus consume less College resources than on-campus activities a two tier rate will be used:
 - 8% for programs and services delivered off-campus and
 - 12% for other programs and services;
 - Provincial policy requires that International programs/services cover 100% of direct and indirect costs. In establishing international tuition or contract fees, the allocation percentage will be 25 %.
4. The allocation of overhead costs will be posted to the activity's unit to ensure the full cost of the activity is charged against the revenue.
5. Each year the College enters into a limited number of contracts that facilitate the transfer of funding for a specific purpose or activity. These "flow-through" contracts are exempt from the overhead allocation.

Distribution of Revenue

1. Non-base funded programs and services are managed within each division/department. Allocation of net revenues for all completed activities will take place at the end of each fiscal year.
2. Cumulative positive and negative net returns are carried forward to the following fiscal year.

3. Deficits from non-base funded programs and services are the responsibility of the Division/Department. Future positive net revenues will be used to offset deficits from prior years.
4. Net revenues will be divided as follows:
 - First \$5,000 and 50% of any remaining balance to the responsible division/department
 - Balance to a central fund to support College priorities
5. The Dean/Director has spending authority over the net revenue carry forward. Because the use of surplus funds must be closely monitored to ensure it does not impact the overall financial results of the College, expenditure of carry forward also requires approval of the Vice-President Finance & Administration.

Legislative and Collective Agreement References:

Links to Other Related Policies, Documents and Websites:

- Contract Signing Limits

Cross Reference: