POLICY ON SELF-FUNDED TEACHING PROGRAMMES

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A: Policy statement

Purpose statement

The purpose of the *Policy on Self-Funded Teaching Programmes* (also referred to by the acronym SFTPs) is to regularise, and to regulate, all non-core (“non-mainstream”) teaching activities conducted by the University.

1. <u>Introduction</u>

1.1 This Policy is designed to define and prescribe principles and procedures under which those activities variously described as "Short Courses", "Additional Course Offerings", "Income Generation Courses" and “Self-Funded Teaching Programmes”, will be implemented and managed.[1]

1.2 This document should be read in conjunction with the following University Policy documents:

- Policy on Private Remunerative Work
- Principles and Procedures for Quality Management of Short Courses (approved by Senate: 11 May 2011) It replaces the previous Policy for the Quality Management of Short Courses *as approved by Senate on 2nd August 2006.)*
- Commercial Initiatives Policy *(as approved by Council on 26th June 2009).*

1.3 To facilitate uniformity of terminology and understanding, the term "Self-Funded Teaching Programmes” (also referred to, in abbreviated form, as “SFTPs”) is to be used in all future references and documentation.

1.4 This Policy also describes how academic staff will participate in the process of developing and delivering on SFTPs. In addition, the Policy defines how staff, units, centres, schools, colleges and departments will benefit through this participation.

1.5 This Policy accommodates the establishment of UKZN Extended Learning as a wholly-owned subsidiary of the University for the delivery, administration and management of Short Courses.

2. <u>Definitions</u>

2.1 "Self-funded Teaching Programmes” (“SFTPs”) are programmes that are mounted to address a market need and are based on a commercial model, and which are funded totally through external grants or fee income. That is, these funds are retained and utilised to run the programme. They are distinguished from “mainstream” programmes, which are programmes and courses funded through the University Main Fund (operating) budget.

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[1] The scope of this policy does not extend to core (“mainstream”) teaching programmes, including “specifically-funded teaching programmes”, as currently exist, but which are in the process of being phased out. Specifically-funded Teaching Programmes are academic programmes offered by the University that are operated as self-funding, but that were nevertheless allocated annual operating budgets through the University Main Fund (operating) budget. They are distinguished from SFTPs by the fact that the risks and rewards of running such specifically-funded programmes were borne by and accrued to the University. Two such programmes are in accounting and nursing. During 2012, these are to be either phased out, converted to SFTPs or mainstreamed by the respective Colleges.

2.2 SFTPs are characterised by one or more of the following:

- They are offered outside the ordinary University timetable;
- They target a different student or client group than the mainstream programmes;

They make use of external, in addition to internal, resources and expertise.

2.3 UKZN Extended Learning (Pty) Ltd (abbreviated as "UEL") is the statutory vehicle established by the University to manage and administer all Short Courses offered through the University.

2.4 "Short Courses" are SFTPs that are managed through UEL, but that do not generate subsidy, and are not on the University Programme and Qualification Mix (PQM). For a comprehensive definition of 'Short Courses' refer to the "Principles and Procedures for the Quality Management of Short Courses"

2.5 "Net Profit", (also referred to variously as "net surplus" and/or "net income") is defined, for the purpose of this Policy, as the gross income generated by the SFTP, less all direct and indirect expenditure associated with the SFTP.

2.6 "The University" shall mean the University of KwaZulu-Natal (or "UKZN").

2.7 "Department is used both as a specific term to refer to a sub-division of the Support Sector and also as a generic term to refer holistically to all academic and support sector component structures such as Schools, Divisions, Departments, Sections and Units"[2].

3. <u>Principles</u>

The informing principles regulating SFTPs are as follows:

3.1 Self-funded Teaching Programmes should:

- Respond to market opportunities and demands;
- Enable staff members to participate and benefit from this participation without compromising their roles in, and responsibilities for, the core University teaching programmes or so-called "mainstream" programmes;
- Be accessible to full-time students with or without financial aid requirements;
- Meet the applicable quality standards, both of the University and of external regulatory bodies;
- Not compete with mainstream offerings;
- Have a business plan that ensures a reasonable profit after all applicable costs and expenses have been accounted for, appropriately and correctly.
- Have an appropriate completed and approved template.

3.2 The generation and distribution of net income from SFTPs should support the vision and mission of the University.

3.3 Entrepreneurship in the identification and development of new SFTPs should be encouraged.

3.4 As a general principle, the concept of "Income Generation" should recognise the objective of benefiting, in equitable ratios, the individual (staff member), the School/College and the University.

[2] See Principles for naming component structures of the academic and support sectors (Approved EMC 26 Aug 2010)

3.5 SFTPs may, but are not necessarily required to, generate income through a subsidy or a potential subsidy via the approved PQM, as audited by the Division of Management Information (DMI).

3.6 SFTPs which generate income through a subsidy or a potential subsidy via the approved Programme and Qualification Mix (PQM) are managed and administered by the respective Colleges/Schools.

3.7 SFTPs which do not generate subsidy and are not on the University approved PQM, are managed and administered by UEL.

3.8 Colleges may request UEL to run SFTPs on their behalf and, if so, such requests should be facilitated by this Policy.

3.9 Distribution of net profit will be made after bridging finances, if applicable, have been repaid by the SFTP to the University. Any exceptions require approval by the University Finance Committee.

3.10 The use of surplus funds distributed from an SFTP must be clear, transparent and accounted for in the appropriate respective line management structures of the University.

4. Policy

4.1 General

4.1.1 All SFTPs must be approved formally through established University processes. The College Academic Affairs Board (CAAB) in the relevant College will, *inter alia,* consider the following criteria before approving SFTPs:

- Such programmes shall not create an artificial and academically indefensible separation of the University's teaching activities into "mainstream" and "non-mainstream" categories;
- SFTPs shall not compromise the quality and viability of the existing operations of the School involved;
- SFTPs shall not compete with the other academic programmes of the School, Faculty or University.

4.1.2 If a SFTP is a Short Course (as defined), the prescriptions of the Principles and Procedures for Quality Management of Short Courses will apply in respect of the relevant quality assurance procedures.

4.1.3 Members of University staff may participate in, and be remunerated for, the teaching of SFTPs, provided their respective Deans & Heads of School/Department are satisfied that such additional teaching is over and above the normal teaching load for the School concerned, as determined by the College/School Board and does not compromise research and postgraduate supervision. The appointment of staff (both internal and external) to SFTPs will be subject, in each case, to approval by the relevant Dean & Head of School/Department.

4.1.4 The participation of University staff in SFTPs is handled within the Policy on Private Remunerative Work, and is not considered to constitute Community Engagement or Outreach activity.

4.1.5 SFTPs are expected to make creative use of external resources and expertise and should therefore not depend solely on internal staff and resources.

4.1.6 All forms of Short Courses that are offered under, in or using the name of the University, whether these are offered on or off University campuses, by staff from inside or outside the University, and offered through any University Department, across both support and academic sectors - Schools, Colleges, Institutes, Centres and Units of UKZN, will be offered through UEL

4.1.7 UEL will assist Colleges in monitoring the extent of Short Course offerings by providing, on an annual basis or more frequently if so requested, the respective College Management Committees with lists of all Short Courses, in each of the Colleges.

4.2 <u>Financial: SFTPs offered through Colleges</u>

4.2.1 The University will, in addition to ensuring that all applicable direct operating expenses are charged to the relevant SFTPs, recoup indirect overhead costs that are incurred in supporting these programmes. Unless more accurate data are available, a set overhead charge, of ten percent (10%) of gross fee income raised by the particular programme(s) will be levied on all such SFTP's in lieu of the indirect costs envisaged. These costs will be recovered from the SFTP's account (UKZN cost centre) and will include, for example, but not be limited to, space, electricity and other utility charges, use of University equipment and other resources such as the library, information and communications technology ("ICT") and audio-visual services, the cost of printing of module materials, postages, assessments on campus or at other centres, and evaluation of teaching materials.

4.2.2 All new initiatives falling within the terms of this Policy must be self-financing on the basis of fee income only, *i.e.* without taking into account (future) subsidy income, if any.

4.2.3 Any deficit incurred by, or accruing to the SFTPs offered in the College shall be the responsibility of and, consequently, for the account of the College and School concerned, on the basis that the close monitoring of these programmes must take place at this level. SFTPs should not be allowed to operate without the relevant College having first assessed their viability.

4.2.4 Rates of remuneration for academic and support staff involved in presenting and/or administering SFTPs should be standardised as far as possible and, in the case of academic staff, should not normally exceed the University's current lecture, tutorial and/or examination-marking rates by more than 100%. Deputy Vice-Chancellors and Heads of Colleges are, as the designated budgetholders in terms of the University's Financial Regulations, permitted to make exceptions regarding the rates of remuneration payable to participating academic staff members in SFTPs. This discretion and authority should be exercised within the assessed financial viability and strategic importance of the particular SFTPs.

4.2.5 The relevant College Management Committee must ensure that, in respect of all SFTPs over which it has jurisdiction, the related budgets and management accounts are presented for timely consideration and approval at least on an annual basis, or more frequently if so warranted.

4.2.6 Schools or Colleges, as applicable, will manage and account for funds generated by SFTP's in separately identified (*i.e.* "earmarked") cost centre codes, and according to terms and conditions to be stipulated in advance and to be approved in each case by the relevant College Management Committee.

4.3 <u>Financial: SFTPs offered through UEL</u>

4.3.1 SFTPs (or Short Courses) that are not on the University PQM and that do not generate subsidy are managed and administered through UEL. UEL will provide a costing guide.

4.3.2 UEL will ensure that all direct and indirect costs incurred in delivering, administering and managing a Short Course are charged against each Short Course. Indirect costs will include, but not be limited to marketing costs, operations costs, and hardware, software and network requirements of UEL.

4.3.3 All Short Courses must be self-funded on the basis of fee income only.

4.3.4 A Short Course will not be allowed to run unless the course is financially viable and provides for the minimum number of students required to break even. However, carefully motivated exceptions will be considered by UEL on the merits of each case and a Short Course may be allowed to run, notwithstanding that it is unlikely to break even, for strategic or marketing reasons, provided there are credits offsetting the deficit from another Short Course run by the same Short Course developer/owner. Since this may negatively affect UEL, following consultation with the College/School, the final decision will rest with the UEL Short Courses Quality Committee and UEL Board

4.3.5 All fees for Short Courses offered by UEL will be paid directly into a bank account of UEL.

4.3.6 Where course fees are paid from a grant, donation and/or project and the amount allocated to Short Courses may only be one part of the entire grant/donation/project, the donor/funder may make a single payment to UKZN. Payment of the amount allocated to Short Courses may be made from UKZN into a bank account of UEL. Where the grant/donation/project may have clear guidelines on the amount allocated for Short Courses, course fees must be determined in advance and approved as indicated in the Principles and Procedures for Quality Management of Short Courses.

4.3 7 No remuneration will be paid to University office-bearers or staff who undertake any duties in relation to UEL in their capacity as University employees (e.g. Board Directors; QPA or Deans & Heads of School). However, staff who provide services (such as lectures or workshops) outside their normal working hours will be remunerated for their services as per the Short Courses approval template. Independent Directors, who are external members on the UEL Board, will be remunerated in accordance with the prevailing rates applicable to external members of the University Council and the Committees of Council.

4.3.8 Annual financial statements, duly audited, will be tabled for consideration and approval at the UEL Board and the Executive Management Committee meetings.

B: Procedures and guidelines for implementation

Compliance with this Policy is the responsibility of the relevant College DVC’s and/or UEL, as applicable. Assistance in this respect will be provided by the Chief Finance Officer and by senior Finance Division managers, including the respective College Financial Managers, to facilitate the correct classification, conversion of, and accounting for all SFTPs.

A *pro forma* budget *(i.e.* a customised template), is available for use by SFTP co-ordinators upon request from the Finance Division Office.

5. Procedures

5.1 Authority for the approval and setting up of new SFTPs rests with the relevant CAAB All financial planning for those SFTPs offered by Colleges/Schools must be approved by the relevant College Management Committee (CMC). Proposals will follow a progressive sequence of evaluation and approval commencing with the Dean & Head of School, followed successively by the School Board, the CAAB and the CMC. For SFTPs not offered through UEL, proposed fee levels will be evaluated and determined by the CMC, having regard to prevailing market factors and University course fee structures for similar academic programmes.

5.2 New SFTPs offered by Colleges/Schools will be regulated in each case by the development of a Memorandum of Agreement (MOA), which will provide, *inter alia*, provisions for the management, responsible agents, conditions, content and processes of the relevant programme, as well as the subsequent management and distribution, where applicable, of the SFTP's proportion of profit.

5.3 The proposals should be submitted on the official templates for programmes, modules or Short Course approval, which is to be found on the Quality Promotion and Assurance (QPA) website. A clear financial motivation should be incorporated therein. These proposals must, at least, include an assessment of the proposed SFTP's impact on teaching and research, given existing workloads of both academic and administrative staff, as well as a detailed financial evaluation based, in turn, on a uniformly-structured income and expenditure budget, together with details of proposed tuition fees and levels of remuneration.

5.4 The relevant College Management Committee must ensure that adequate arrangements are made to fulfil the academic record-keeping and certification requirements in respect of SFTPs offered though the College.

5.5 All SFTPs not covered by the Principles and Procedures for Quality Management of Short Courses will nevertheless be subject to periodic quality reviews by the relevant School Boards and CAABs.

5.6 Initial/periodic reviews of each SFTP's viability must be conducted on a timely and regular basis during the course of the year/semester and with particular regard to actual student registrations relative to those budgeted and, consequently, their impact on the relevant School's/College's income base. This must be monitored variously by the Dean & Head of School, and the College Dean of Teaching & Learning, as appropriate.

5.7 Time spent by academic staff in developing or co-ordinating SFTPs should be remunerated at a rate to be fixed annually by the College Management Committee. The work involved in developing teaching material for SFTPs may qualify members of staff for additional remuneration, provided all the other criteria are met. Such remuneration must, however, be funded from the income generated by the SFTP(s) and not from the University Main Fund budget. Academic staff will not be eligible to be remunerated if their involvement in SFTPs is deemed to be part of their normal (full-time) workload commitment.

5.8 For all SFTPs offered through UEL, it takes responsibility for:

5.8.1 ensuring that business plans, budgets and funding are provided for all Short Courses;

5.8.2 the management, administration, logistics and delivery of all Short Courses approved from respective colleges or departments;

5.8.3 maintaining and updating a University-wide database to fulfill the academic record-keeping and certification requirements in respect of all approved Short Courses - with all student registration details, delivery modes, enrolments, pass rates, completion rates, credit accumulation, certification, facilitator records, etc.; ensure the data base is accessible to designated University members; and ensure backup of this database in conjunction with ICT;

5.8.4 marketing, advertising and promotion of Short Courses offered. (Where the UKZN logo is used, the artwork must be approved by the Executive Director: Corporate Relations);

5.8.5 the printing of course and other material;

5.8.6 the management and administration of budgets; the collection of fees, payment of all running expenses and the provision of a payroll function;

5.8.7 generation of quarterly and annual financial reports, as applicable and as required by the UEL Board;

5.8.8 the organisation and administration of course graduation, where applicable, in conjunction with the offices of the University Registrar and the Division of Corporate Relations;

5.8.9 other duties incidental to the administration, management and delivery of Short Courses.

6. <u>Distribution of Net Income</u>

6.1 <u>SFTPs managed through Colleges:</u>

6.1.1 Net income generated by, or accruing from the various SFTPs managed by the College, shall be distributed, or retained as appropriate, at the discretion of the College Management Committee, provided that, in each financial reporting cycle (ordinarily one year, unless a particular SFTP operates for less than one year), not less than 25% thereof is allocated to the University (Main Fund), as determined by reference to suitably-prepared financial statements.

6.1.2 SFTPs that are based on a separate entity being created or a partnership being entered into with the private sector, will be subjected to an equity-sharing model (to be negotiated by the various parties), in terms of which a minimum of 50% equity must be held by the University, (which would incorporate the UKZN Main Fund, Colleges, Schools, or Departments). (See also Commercial Initiatives Policy for further procedural guidelines).

6.1.3 The distributions of net income to participating entities shall take the form of transfers from the financial cost centre code(s) maintained in the University's financial accounting system in respect of the applicable SFTPs, to the relevant entities at the end of each financial year. Distributions shall, in each case, be based on the related SFTP's financial statements once these have been reviewed and approved by the relevant College Management Committee.

6.2 <u>SFTPs managed by UEL,</u>

6.2.1 The distribution of net surpluses arising from SFTPs managed by UEL will be as follows:

50% to the University (which would incorporate the UKZN Main Fund, Colleges, Schools, or Departments – see 6.1.2 above)

30% to the Course Developers/Owners

20% to Extended Learning (Retained Income)

6.2.2 The distribution of net surpluses shall be in the form of transfers/payments at the end of each financial year. Distributions shall be based on audited and approved financial statements of UEL, copies of which must be submitted annually to the University Executive Management Committee, the Finance Committee, and which must be published in UEL's Annual Reports.

6.2.3 Since each course is to be allocated its own unique cost code, the distribution of surpluses will be based on the reported net income attributable to the specific course itself. Unless otherwise determined by UEL, there will be no cross-subsidisation between profitable and loss-making programmes when distributing surpluses.

6.2.4 Distribution of UEL net surpluses does not constitute an acceptance of any shareholding or equity-based entitlement by recipients of the surpluses. This is simply a payment mechanism to relevant parties that offer a service to UEL. For commercial and legal purposes, shareholding of UEL vests wholly in the University, which owns 100% of the shares of UEL.

7. Assessment of Financial Viability

7.1 An SFTP that does not generate a net income must be assessed by the relevant College Management Committee or by the UEL Board (whichever is applicable), to ascertain the SFTP's future financial viability, or otherwise, as soon as this trend becomes evident, but at least by no later than the end of the year in which the SFTP's financial results reflect an operating deficit (net loss).

7.2 The assessment contemplated in 7.1 above must include details of specific remedial measures proposed to be taken by the relevant Executive budgetholder/UEL Board to terminate the programme or, alternatively, to obtain alternative sources of financing. These may include, for example, the possible provision of bridging finance facilities for such programme where the budgetholder concerned and/or the relevant College Management Committee is of the opinion that there is a reasonable prospect for the attainment, or restoration, as applicable, of the particular SFTP's financial viability in the short to medium-terms.

8. Fee Remissions/Dependants' Bursaries

8.1 For the purposes of this Policy, student fee remissions and dependants' bursaries will apply only to credit-bearing SFTPs s leading to an accredited qualification.

8.2 The University will be responsible for the reimbursement of all fees owed in terms of fee remissions granted to staff and in respect of staff dependants' bursaries awarded in terms of the University's Conditions of Service. As a matter of practice, these amounts will be subtracted from the portion owed to the University out of the net surplus(es) generated by the SFTP.

8.3 There will be no fee remission for Short Courses offered through UEL

8.4 Departments of the University desiring their staff to attend Short Courses may use their operating budgets to pay for the course(s) on behalf of the staff member, provided the training relates to the job of the staff member(s) concerned or through the programmes offered through the Division of Human Resources funded by the Skills Levy.

8.5 The involvement of staff in SFTPs is to be regulated in accordance with the prevailing *Conflicts of Interest Policy*, as developed by the relevant CAAB and as approved and reviewed from time to time by the University Senate.